

RELIANCE WIMAX LIMITED

Independent Auditor's Report

To the Members of Reliance Wimax Limited

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in sub-section 5 of Section 134 of the Companies Act, 2013 ('the Act') with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 ('the Rules'). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit.

4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

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

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

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2016, and its loss and cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

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

10. As required by subsection 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 financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- (e) on the basis of the written representations received from the directors as on March 31, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of subsection 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 does not have any pending litigations as at March 31, 2016, which would impact its financial position in its financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts as at 31st March, 2016 for which there were any material foreseeable losses; and
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2016.

For Chaturvedi & Shah
Chartered Accountants
(Firm's Registration No.101720W)

Lalit R. Mhalsekar
Partner
Membership No. 103418

Place: Mumbai
Dated: May 28, 2016

RELIANCE WIMAX LIMITED

Annexure A to Independent Auditor's Report – 31st March 2016

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

1. The company does not have any fixed assets during the year. Accordingly paragraph 3(i) of the Order is not applicable.
2. The company does not have any inventories during the year. Accordingly paragraph 3(ii) of the Order is not applicable.
3. 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 3(iii) of the Order is not applicable.
4. 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.
5. In our opinion, and information and explanations given to us, the Company has not accepted deposits as per directives issued by the Reserve Bank of India under the provisions of Section 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Accordingly, Paragraph 3(v) of the Order is not applicable.
6. As informed to us, the Central Government has not prescribed maintenance of cost records under Sub-Section (1) of section 148 of the Companies Act, 2013. Accordingly the paragraphs 3(vi) of the Order is not applicable.
7. (a) According to the information and explanation given to us and on the basis of our examination of the records of the Company, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, Sales Tax, Service Tax, Customs Duty, Value Added Tax (VAT), Entry Tax, Income Tax, Cess, and other material statutory dues applicable to the Company. According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Sales Tax, Service Tax, Customs Duty, Value Added Tax, Entry Tax, Income Tax, and Cess were in arrears as at March 31, 2016 for a period of more than six months from the date they became payable.
(b) According to the information and explanation given to us, there are no dues of Provident Fund, Employees' State Insurance, Sales Tax, Service Tax, Customs Duty, Value Added Tax, Entry Tax, Income Tax, and Cess which have not been deposited on account of dispute.
8. The company has not raised loans from Financial Institutions or Banks or Government or debenture holders. Hence paragraph 3(viii) of the Order requiring comment on period and amount is not applicable.
9. In our opinion and according to the information and explanations given to us, the company has not raised money by way of Initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, Paragraph 3(ix) of the Order is not applicable.
10. According to the information and explanations given to us, no significant fraud on or by the company by its officers or employees, that causes a material misstatement to the financial statements, has been noticed or reported during the year.
11. According to the information and explanations given to us and based on our examination of records the company is not required to appoint key managerial personnel. Accordingly, the provision of Clause 3(xi) of the order is not applicable to the company.
12. In our opinion and according to the information and explanations given to us, the company is not a Nidhi company, Accordingly, paragraph 3(xii) of the Order is not applicable.
13. According to the information and explanations given to us and based on our examination of records of the Company, transactions with the related parties in compliance with sections 177 & 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.
14. According to the information and explanations given to us and based on our examination of records, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
15. According to the information and explanations given to us and based on our examination of records, the Company has not entered into non cash transactions with the directors or persons connected with him. Accordingly, Paragraph 3(xv) of the Order is not applicable.
16. The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the paragraph 3(xvi) of the Order is not applicable.

For Chaturvedi & Shah
Chartered Accountants
(Firm's Registration No.101720W)

Lalit R. Mhalsekar
Partner
Membership No. 103418

Place: Mumbai
Dated: May 28, 2016

RELIANCE WIMAX LIMITED

Annexure B to Independent Auditor's Report – 31st March 2016

Annexure B to Independent Auditor's Report – 31st March 2016 on the Financial Statements of Reliance Wimax Limited

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 Wimax Limited ('the Company') as of March 31, 2016 in conjunction with our audit of the 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'. 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.

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 Institute of Chartered Accountants of India. 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 Institute of Chartered Accountants of India".

For Chaturvedi & Shah
Chartered Accountants
(Firm's Registration No.101720W)

Lalit R. Mhalsekar
Partner
Membership No. 103418

Place: Mumbai
Dated: May 28, 2016

RELIANCE WIMAX LIMITED

Balance Sheet as at March 31, 2016

	Notes	As at March 31, 2016		(Amount in ₹) As at March 31, 2015	
EQUITY AND LIABILITIES					
Shareholders' Funds					
(a)	2.01	1 68 70 660		1 68 70 660	
(b)	2.02	102 47 57 512	104 16 28 172	<u>102 72 18 344</u>	104 40 89 004
Non Current Liabilities					
	2.03		56 301		39 278
Current Liabilities					
(a)	2.04	14 14 028		12 99 185	
(b)	2.05	-		3 80 750	
(c)	2.06	5 538	14 19 566	<u>3 252</u>	16 83 187
TOTAL			<u>104 31 04 039</u>		<u>104 58 11 469</u>
ASSETS					
Non Current Assets					
(a)	2.07		-		-
Current Assets					
(a)	2.08	4 25 186		2 99 346	
(b)	2.09	104 26 78 853	104 31 04 039	<u>104 55 12 123</u>	104 58 11 469
TOTAL			<u>104 31 04 039</u>		<u>104 58 11 469</u>

Significant Accounting Policies

1

Notes on Accounts

2

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

As per our report of even date

For and on behalf of the Board

For Chaturvedi & Shah

Chartered Accountants
Firm Regn. No. 101720W

Lalit R Mhalsekar

Partner
Membership No 103418

Anil C Shah

DIN: 00004368

Shrenik Vaishnav - Director

DIN: 00386889

} Directors

Place : Mumbai

Date : May 28, 2016

RELIANCE WIMAX LIMITED

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

	Notes	For the year ended March 31, 2016		(Amount in ₹) For the year ended March 31, 2015	
INCOME					
Revenue from Operations			-		-
Other Income			-		-
Total Income			<u>-</u>		<u>-</u>
EXPENDITURE					
WPC Royalty charges	2.10	7 20 000		19 24 000	
Employee Benefits Expenses	2.11	6 54 770		6 38 921	
General Administration Expenses	2.12	10 86 062	24 60 832	<u>13 82 984</u>	39 45 905
Total Expenses			<u>24 60 832</u>		<u>39 45 905</u>
(Loss) Before Tax			(24 60 832)		(39 45 905)
Provision for:					
- Current Tax			-		-
(Loss) After tax			<u>(24 60 832)</u>		<u>(39 45 905)</u>
Earning per share of face value of ₹ 10 each fully paid					
- Basic (₹)	2.17		(3.58)		(5.74)
- Diluted (₹)			(3.58)		(5.74)
Significant Accounting Policies	1				
Notes on Accounts	2				

The notes referred to above, from an integral part of Financials Statements

As per our report of even date

For and on behalf of the Board

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

Lalit R Mhalsekar
Partner
Membership No 103418

Anil C Shah
DIN: 00004368

Shrenik Vaishnav - Director
DIN: 00386889

} **Directors**

Place : Mumbai
Date : May 28, 2016

RELIANCE WIMAX LIMITED

Cash Flow Statement for the year ended March 31, 2016

	For the year ended March 31, 2016	(Amount in ₹) For the year ended March 31, 2015
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/ (Loss) before tax as per statement of Profit and Loss	(24 60 832)	(39 45 905)
Operating Profit/ (Loss) before Working Capital Changes	(24 60 832)	(39 45 905)
Adjusted for:		
Receivables and other advances	28 33 270	36 08 872
Trade Payable and Other Liabilities	<u>(2 46 598)</u>	<u>4 20 308</u>
Cash Generated from/(used in) Operations	<u>125 840</u>	<u>83 275</u>
Net Cash from/(used in) Operating Activities	<u>125 840</u>	<u>83 275</u>
B CASH FLOW FROM INVESTING ACTIVITIES	-	-
Net Cash from/(used in) Investing Activities	-	-
C CASH FLOW FROM FINANCING ACTIVITIES	-	-
Net Cash from/(used in) Financing Activities	-	-
Net Increase/ (Decrease) in Cash and Bank Balance	125 840	83 275
Opening Balance of Cash and Bank Balance	2 99 346	2 16 071
Closing Balance of Cash and Bank Balance (Refer Note 2.08)	<u>4 25 186</u>	<u>2 99 346</u>

Note:

(1) Figures in bracket indicate cash outgo.

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

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

As per our report of even date

For and on behalf of the Board

For Chaturvedi & Shah

Chartered Accountants
Firm Regn. No. 101720W

Lalit R Mhalsekar

Partner
Membership No 103418

Anil C Shah

DIN: 00004368

Shrenik Vaishnav - Director

DIN: 00386889

} **Directors**

Place : Mumbai

Date : May 28, 2016

RELIANCE WIMAX LIMITED

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

Note 1

1.01 Basis of Preparation of Financial Statements

The Financial Statements are prepared under historical cost convention in accordance with the generally accepted accounting principles (GAAP) in India and Comply with Accounting Standard specified under Section 133 the Companies Act, 2013 ("the Act") read with Rule 7 of the Companies (Accounts) Rules, 2014 and other provisions of the Act to the extent notified and applicable, as well as applicable note and pronouncements of the Institute of Chartered Accountants of India (the ICAI).

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

1.02 Use of Estimates

The presentation of financial statements in conformity with the generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amount of assets and liabilities and disclosure of contingent liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual result and estimates are recognised in the period in which the results are known / materialised.

1.03 Fixed Assets and Depreciation

Fixed assets are stated at cost less accumulated depreciation.

1.04 Leases

(i) Finance leases

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

(ii) Operating leases

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

1.05 Impairment of Assets

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

1.06 Investment

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

1.07 Inventories of stores and spares

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

1.08 Employee Retirement Benefits

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

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

1.09 Revenue Recognition

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

RELIANCE WIMAX LIMITED

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

1.10 Provision for Doubtful Debts

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

1.11 Taxes on Income and Deferred Tax

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

1.12 Provision, Contingent Liabilities and Contingent Assets

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

1.13 Earning per Share

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

	As at March 31, 2016	(Amount in ₹) As at March 31, 2015
2.01 SHARE CAPITAL		
Authorised		
Equity		
25 00 000 Equity Shares of ₹ 10 each fully paid up (25 00 000)	2 50 00 000	2 50 00 000
Preference		
10 00 000 0% Non cumulative Redeemable Preference Shares of ₹ 10 each (10 00 000)	1 00 00 000	1 00 00 000
	<u>3 50 00 000</u>	<u>3 50 00 000</u>
Issued, Subscribed and Paid up		
6 87 066 Equity Shares of ₹ 10 each fully paid up (6 87 066)	68 70 660	68 70 660
10 00 000 0% Non cumulative Redeemable Preference Shares of ₹ 10 each (10 00 000)	1 00 00 000	1 00 00 000
	<u>1 68 70 660</u>	<u>1 68 70 660</u>

RELIANCE WIMAX LIMITED

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

Note :

2.01.01 Share held by holding/Ultimate holding company and/or their subsidiaries/associates

Equity Shares	No. of Shares	No. of Shares
Reliance Communications Limited, (Holding Company) & its Nominees	6 87 066	6 87 066
Preference Shares		
Reliance Communications Limited, (Holding Company)	10 00 000	10 00 000

2.01.02 Details of Shareholders holding more than 5% shares in the Company :

Equity Shares	%	No. of Shares	%	No. of Shares
Reliance Communications Limited, (Holding Company) & its Nominees	100	6 87 066	100	6 87 066
Preference Shares				
Reliance Communications Limited, (Holding Company)	100	10 00 000	100	10 00 000

2.01.03 Terms/Rights attached to Equity Share

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

2.01.04 Terms/ Rights attached to Preference Share

0% Non cumulative Redeemable Preference Shares shall be redeemed at the end of 20 (twenty) years from the date of allotment. The above shares shall be redeemed at 8.85% yield p.a. on face value plus premium paid at the time of application.

2.01.05 Reconciliation of shares outstanding at the beginning and at the end of the reporting year.

	No. of Shares	Amount	No. of Shares	Amount
Equity shares				
At the beginning of the year	6 87 066	68 70 660	6 87 066	68 70 660
Add/ (Less): Changes during the year	-	-	-	-
At the end of the year	<u>6 87 066</u>	<u>68 70 660</u>	<u>6 87 066</u>	<u>68 70 660</u>
Preference Shares				
At the beginning of the year	10 00 000	1 00 00 000	10 00 000	1 00 00 000
Add/ (Less): Changes during the year	-	-	-	-
At the end of the year	<u>10 00 000</u>	<u>1 00 00 000</u>	<u>10 00 000</u>	<u>1 00 00 000</u>

RELIANCE WIMAX LIMITED

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

	As at March 31, 2016	As at March 31, 2015
2.02 RESERVES AND SURPLUS		
Securities Premium Account		
As per last Balance Sheet	124 44 42 554	124 44 42 554
General Reserve		
As per last Balance Sheet	46 78 000	46 78 000
Surplus/ (Deficit) in the Statement of Profit and Loss		
As per last Balance Sheet	(22 19 02 210)	(21 79 56 305)
Add: Profit/ (Loss) during the year	(24 60 832)	(39 45 905)
Balance Carried forward	<u>(22 43 63 042)</u>	<u>(22 19 02 210)</u>
	<u>102 47 57 512</u>	<u>102 72 18 344</u>
2.03 LONG TERM PROVISIONS		
Retirement Benefits	<u>56 301</u>	<u>39 278</u>
	<u>56 301</u>	<u>39 278</u>
2.04 OTHER CURRENT LIABILITIES		
Payable to Related Party (Refer Note 2.20)	5 81 294	6 14 829
Provision for Expenses	8 24 901	6 76 828
Other Payables	7 833	7 528
	<u>14 14 028</u>	<u>12 99 185</u>
2.05 TRADE PAYABLES		
Trade Payables	<u>-</u>	<u>3 80 750</u>
	<u>-</u>	<u>3 80 750</u>
2.06 SHORT TERM PROVISIONS		
Retirement Benefits	<u>5 538</u>	<u>3 252</u>
	<u>5 538</u>	<u>3 252</u>

RELIANCE WIMAX LIMITED

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

NOTE 2.07

Fixed Assets

Description	Gross Block		Depreciation		Net Block	
	As at April 1, 2015	As at April 1, 2015, April 1, 2015, March 31, 2016	As at April 1, 2015, April 1, 2015, March 31, 2016	Depreciation for the year	As at March 31, 2016	As at March 31, 2015
Tangible Assets						
Vehicles	18 92 510	18 92 510	18 92 510	-	18 92 510	-
Leasehold Improvement	44 50 308	44 50 308	44 50 308	-	44 50 308	-
Office Equipment	65 54 983	65 54 983	65 54 983	-	65 54 983	-
Computers	81 69 347	81 69 347	81 69 347	-	81 69 347	-
Plant and Machinery	23 22 74 437	23 22 74 437	23 22 74 437	-	23 22 74 437	-
Furniture and Fixtures	19 61 483	19 61 483	19 61 483	-	19 61 483	-
Electrical Installation	2 37 285	2 37 285	2 37 285	-	2 37 285	-
Grand Total	25 55 40 353	25 55 40 353	25 55 40 353	-	25 55 40 353	-
Previous year	25 55 40 353	25 55 40 353	25 55 40 353	-	25 55 40 353	-

RELIANCE WIMAX LIMITED

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

	As at March 31, 2016	(Amount in ₹) As at March 31, 2015
2.08 CASH AND BANK BALANCES		
Balance in Current Account	4 05 186	2 79 346
Fixed Deposit	20 000	20 000
	<u>4 25 186</u>	<u>2 99 346</u>
2.09 SHORT TERM LOANS AND ADVANCES (Unsecured, Considered good – unless stated otherwise)		
Loans to related Party (Refer Note 2.20)	100 00 00 000	100 00 00 000
Others		
Advances to Related Parties (Refer Note 2.20)	4 26 78 853	4 47 78 853
Other Prepaid Expenses	-	7 20 000
Retirement Benefits	-	13 270
	<u>104 26 78 853</u>	<u>104 55 12 123</u>
	For the year ended March 31, 2016	For the year ended March 31, 2015
2.10 WPC ROYALTY EXPENSES		
WPC Royalty Charges	7 20 000	19 24 000
2.11 EMPLOYEE BENEFITS EXPENSES		
Salaries	6 06 385	5 91 468
Contribution to Provident fund, Gratuity and Superannuation Fund	<u>48 385</u>	<u>47 453</u>
	6 54 770	6 38 921
2.12 GENERAL ADMINISTRATION EXPENSES		
Insurance	87 623	1 00 140
Bank Charges	1 38 331	1 36 476
Legal and Professional Fees	3 08 846	5 95 122
Others	<u>1 262</u>	<u>1 247</u>
	5 36 062	8 32 984
Payment to Auditors	5 50 000	5 50 000
	<u>10 86 062</u>	<u>13 82 984</u>

RELIANCE WIMAX LIMITED

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

2.13 Previous Year :

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

2.14 Going Concern

The accompanying financial statements have been prepared assuming the Company will continue as a going concern. The management believes that it is appropriate to prepare these financial statements on 'going concern' basis. During the year, License issued by Department of Telecommunications, for providing Internet services has been expired but Management proposes to enter into trading activity and/ or any other activity utilizing the resources of the Company.

2.15 Contingent Liabilities

	As at March 31, 2016	Amount in ₹ As at March 31, 2015
Bank guarantees and letters of credit	2 20 20 000	2 20 20 000

2.16 Employee Benefits Expenses

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

Defined benefit Plan

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

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

i) Reconciliation of opening and closing balances of the present value of the defined benefit obligation

Particulars	Amount in ₹			
	Gratuity (Funded)		Leave Encashment (Unfunded)	
	As at March 31, 2016	As at March 31, 2015	As at March 31, 2016	As at March 31, 2015
Obligation at the beginning of the year	22 194	10 394	42 530	30 150
Service Cost	5 481	3 403	3 945	12 876
Interest Cost	1 623	967	3 394	2 804
Actuarial (gain)/ loss	13 519	7 430	7 578	(3 300)
Benefits Paid	-	-	-	-
Obligation at year end	42 817	22 194	57 447	42 530
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	35 464	32 536	-	-
Expected return on plan assets	2 830	3 026	-	-
Actuarial gain/ (loss)	131	(98)	-	-
Contributions	-	-	-	-
Benefits Paid	-	-	-	-
Plan assets at the year end, at fair value	38 425	35 464	-	-

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	38 425	35 464	-	-
Present value of the defined benefit obligations at the end of the year	(42 817)	(22,194)	57 447	42 530
Liability recognized in the balance sheet	4 392	(13 270)	57 447	42 530

RELIANCE WIMAX LIMITED

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

Particulars	Amount in ₹			
	Gratuity (Funded)		Leave Encashment (Unfunded)	
	As at March 31, 2016	As at March 31, 2015	As at March 31, 2016	As at March 31, 2015
iv) Cost for the year				
Service Cost	5 481	3 403	3 945	12 876
Interest Cost	1 623	967	3 394	2 804
Expected return on plan assets	(2 830)	(3 026)	-	-
Actuarial (gain)/ loss	13 388	7 528	7 578	(3 300)
Net Cost	17 662	8 872	14 917	12 380
v) Investment details of plan assets				
100% of the plan assets are invested in debt instruments				
vi) Actual return on plan assets	2 961	2 928	-	-
vii) Experience Adjustment				
on plan liabilities (Gain)/ Loss	13 375	6 667	7 448	(4 262)
on plan Assets Gain/ (Loss)	131	(98)	-	-
viii) Assumptions				
Interest rate	7.79%	7.98%	7.79%	7.98%
Estimated return on plan assets	7.79%	7.98%	N.A.	N.A.
Salary Escalation	8.00%	8.00%	8.00%	8.00%

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

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

	Gratuity for the year ended March 31				
	2016	2015	2014	2013	2012
Present Value of benefit obligation	42 817	22 194	10 394	5 324	76 347
Fair Value of plan assets	38 425	35 464	32 536	80 379	1 82 993
Excess of obligation over plan assets (Plan assets over obligation)	4 392	(13 270)	(22 142)	(75 055)	(1 06 646)

2.17 Earning per Share

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

	For the year ended March 31, 2016	For the year ended March 31, 2015
Profit / (Loss) for the year	(24 60 832)	(39 45 905)
Weighted average number of shares	6 87 066	6 87 066
Face value of shares	10	10
Earnings per share – basic and diluted ₹	(3.58)	(5.74)

RELIANCE WIMAX LIMITED

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

2.18 Deferred Tax Assets and Liabilities

Deferred Tax Asset	As at March 31, 2016	As at March 31, 2015
(i) Related to carried forward losses	2 38 78 852	2 34 52 443
(ii) Related to timing difference on depreciation of Fixed Assets	60 52 460	68 99 780
Total Deferred Tax Assets	<u>2 99 31 312</u>	<u>3 03 52 223</u>

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

2.19 Segment Reporting

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

2.20 Related Party Transactions

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

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

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

(ii) Transactions during the year with Related Parties

Sr. No.	Nature of Transactions	Holding Company	Fellow Subsidiary	Amount in ₹ Total
A	Loans Balance as at March 31, 2016		100 00 00 000	100 00 00 000
			(100 00 00 000)	(100 00 00 000)
B	Advances			
	Balance as at April 1, 2015	-	4 47 78 853	4 47 78 853
		-	(4 83 78 853)	4 83 78 853
	Paid/ Adjusted during the year	-	21 00 00 000	21 00 00 000
		-	(36 00 000)	(36 00 000)
	Received/ Adjusted during the year	-	-	-
		-	-	-
	Balance as at March 31, 2016	-	4 26 78 853	4 26 78 853
		-	(4 47 78 853)	(4 47 78 853)
C	Other Liabilities			
	Balance as at March 31, 2016	5 81 294	-	5 81 294
		(6 14 829)	-	(6 14 829)

Note: The figures in bracket are previous year figures

As per our report of even date

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

Lalit R Mhalsekar
Partner
Membership No 103418

For and on behalf of the Board

Anil C Shah
DIN: 00004368

Shrenik Vaishnav - Director
DIN: 00386889

} **Directors**

Place : Mumbai
Date : May 28, 2016

Internet Exchangenext.com Limited

Independent Auditor's Report

To the Members of Internet ExchangeNext.com Limited

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2016, and its profit and cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

As required by 'the Companies (Auditor's Report) Order, 2016', issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (hereinafter referred to as 'the Order'), we give in the 'Annexure A' statement on the matters specified in paragraphs 3 & 4 of the Order.

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

- (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- (c) the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- (d) in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- (e) on the basis of the written representations received from the directors as on March 31, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) 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 does not have any pending litigations as at March 31, 2016
 - ii. The Company did not have any long-term contracts including derivative contracts as at 31st March, 2016 for which there were any material foreseeable losses; and
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2016.

For S M A & Co

Chartered Accountants
Registration No.018452C

Place: Mumbai
Dated: May 28, 2016

Vimmy Doshi
Partner
Membership No. 144376

Internet Exchangenext.com Limited

Annexure A to Independent Auditor's Report – 31st March 2016

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

1. (a) The company has maintained proper records showing full particulars, including quantitative details and location of fixed assets.
- (b) As explained to us, the fixed assets have been physically verified by the management during the year in a phased periodic manner, which in our opinion is reasonable, having regard to the size of the company and nature of its asset and no material discrepancies were noticed on such verification.
- (c) The company does not own any Immovable properties. Accordingly paragraphs 1(c) of the orders are not applicable to the company.
2. The Company does not have inventories at the end of Financial year. Accordingly paragraphs 2 of the orders are not applicable to the company.
3. 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 paragraphs 3(iii) (a), (b) and (c) of the Order are not applicable to the Company.
4. In our opinion and according to the information and explanations given to us, the company has not given loans, investments, guarantees, and any security under provisions of section 185 and 186 of the Companies Act, 2013. Accordingly, Paragraph 3(iv) of the Order is not applicable to the Company.
5. In our opinion, and information and explanations given to us, the Company has not accepted deposits as per directives issued by the Reserve Bank of India under the provisions of Section 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Accordingly, Paragraph 3(v) of the Order is not applicable to the Company.
6. The Central Government has not prescribed maintenance of cost records under Sub- Section (1) of section 148 of the Companies Act, 2013. Accordingly the clause 3(vi) is not applicable.
7. According to the information and explanation given to us and on the basis of our examination of the records of the company, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, sales tax, service tax, customs duty, excise duty, value added tax (VAT), income tax, wealth tax, cess, and other material statutory dues applicable to the Company. According to the information and explanations given to us, no undisputed amounts payable in respect of sales tax, service tax, customs duty, excise duty, value added tax, income tax, wealth tax, and cess were in arrears as at March 31, 2016 for a period of more than six months from the date they became payable.
8. The company has not raised loans from Financial Institutions or Banks or Government or debenture holders. Hence clause 3(viii) of the order requiring comment on repayment of the dues to them is not applicable.
9. In our opinion and according to the information and explanations given to us, the company has not raised money by way of Initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, the provision of Clause 3(ix) of the order is not applicable to the company.
10. According to the information and explanations given to us, no significant fraud on or by the company by its officers or employees, that causes a material misstatement to the financial statements, has been noticed or reported during the year.
11. According to the information and explanations given to us, the company has not paid or provided managerial remuneration during the year. Accordingly, the provision of Clause 3(xi) of the order is not applicable to the company.
12. As the company is not the Nidhi company, the provision of Clause 3(xii) of the order is not applicable to the company.
13. According to the information and explanations given to us, the company has made all the transactions with the related parties in compliance with sections 177 & 188 of Companies Act and the details have been disclosed in the Financial Statements as required by the applicable Accounting Standards.
14. According to the information and explanations given to us, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year as per section 42 of the Companies Act, 2013. Accordingly, the provision of Clause 3(xiv) of the order is not applicable to the company.
15. According to the information and explanations given to us, the company has not entered into any non cash transactions with the directors or persons connected with them as per section 192 of Companies Act, 2013.
16. The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the clause 3(xvi) is not applicable.

For S M A & Co

Chartered Accountants
Registration No.018452C

Place: Mumbai
Dated: May 28, 2016

Vimmy Doshi
Partner
Membership No. 144376

Internet ExchangeNext.com Limited

Annexure B to Independent Auditor's Report – 31st March 2016

Annexure B to Independent Auditor's Report – 31st March 2016 on the Financial Statements of Internet ExchangeNext.com Limited

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 Internet ExchangeNext.com Limited ('the Company') as of March 31, 2016 in conjunction with our audit of the 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'. 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 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 Companies Act, 2013, 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 Institute of Chartered Accountants of India. 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 judgement, 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 Institute of Chartered Accountants of India".

For S M A & Co

Chartered Accountants
Registration No.018452C

Place: Mumbai
Dated: May 28, 2016

Vimmy Doshi
Partner
Membership No. 144376

Internet Exchangenext.com Limited

Balance Sheet as at March 31, 2016

	Notes	As at March 31, 2016		Amount in ₹ As at March 31, 2015	
EQUITY AND LIABILITIES					
Shareholders' Funds					
(a) Share Capital	2.01	15 07 000		15 07 000	
(b) Reserves and Surplus	2.02	(8 75 757)	6 31 243	(72 951)	14 34 049
Current Liabilities					
(a) Short-Term Borrowings	2.03	-		12 76 000	
(b) Trade Payables	2.04	2 90 66 185		2 90 66 185	
(c) Other Current Liabilities	2.05	97 68 14 071	100 58 80 256	89 401	3 04 31 586
TOTAL			100 65 11 499		3 18 65 635
ASSETS					
Non Current Assets					
(a) Fixed Assets					
(i) Tangible assets	2.06	15 238		15 238	
(b) Non Current Investments	2.07	-		2 80 500	
(c) Long Term Loans and Advances	2.08	62 33 308		65 12 294	
(d) Other Non Current Assets	2.09	-	62 48 546	1 31 995	69 40 027
Current Assets					
(a) Trade Receivables	2.10	-		2 48 46 351	
(b) Cash and Cash Equivalents	2.11	2 62 953		79 257	
(c) Short Term Loans and Advances	2.12	100 00 00 000	100 02 62 953	-	2 49 25 608
TOTAL			100 65 11 499		3 18 65 635
Significant Accounting Policies	1				
Notes on Accounts	2				

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

As per our Report of even date

For and on behalf of the Board

For SMA & Co.

Chartered Accountants
Regn. No. 018452C

Vimmy Doshi

Partner
Membership No : 144376

Hitesh Chawda
DIN 00373540

Tunu Sahu
DIN:02021223

} Directors

Place : Mumbai

Dated: May 28, 2016

Internet Exchangenext.com Limited

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

	Notes	For the year ended March 31, 2016	Amount in ₹ For the year ended March 31, 2015
INCOME			
Other Income	2.13	-	2 583
TOTAL		<u>-</u>	<u>2 583</u>
EXPENDITURE			
Other Expenses	2.14	5 23 821	83 942
TOTAL		<u>5 23 821</u>	<u>83 942</u>
Profit / (Loss) Before Tax		(5 23 821)	(81 359)
Provision for:			
Current Tax		-	(800)
Income Tax for earlier years		2 78 986	-
Profit/(Loss) after Tax		<u>(8 02 806)</u>	<u>(82 159)</u>
Earning Per share of face value of ₹ 10 each fully paid up			
Basic & Diluted (₹)	2.17	(5.33)	(0.55)

Significant Accounting Policies

Notes on Accounts

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

As per our Report of even date

For and on behalf of the Board

For SMA & Co.

Chartered Accountants
Regn. No. 018452C

Vimmy Doshi

Partner
Membership No : 144376

Hitesh Chawda
DIN 00373540

Tunu Sahu
DIN:02021223

} Directors

Place : Mumbai

Dated: May 28, 2016

Internet Exchangenext.com Limited

Cash Flow Statement for the year ended March 31, 2016

	For the year ended March 31, 2016	Amount in ₹ For the year ended March 31, 2015
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/(Loss) before tax as per Statement of Profit and Loss	(5 23 821)	(81 359)
Adjusted for:		
Provision made	-	20 880
Sundry Balances written off	-	51 169
Write off of Deposit no longer receivable	1 31 995	-
Write off of Debtors no longer receivable	3 72 950	-
	(18 876)	(9 310)
Operating Profit/(Loss) before Working Capital Changes	(18 876)	(9 310)
Working Capital Changes:		
Current Assets	21 95 332	2 28 757
Current Liabilities	(22 73 261)	-
	(77 929)	2 28 757
Cash Generated from Operations	(96 805)	2 19 447
Net Cash from/(Used In) Operating Activities	(96 805)	2 19 447
B CASH FLOW FROM INVESTING ACTIVITIES		
Sale/ (Purchase) of Investments	2 80 500	(1 68 500)
Net Cash from/(Used in) Investing Activities	2 80 500	(1 68 500)
C CASH FLOW FROM FINANCING ACTIVITIES		
Net Proceeds /(repayment) from Short term Borrowings	-	10 000
Net Cash from/(Used in) Financing Activities	-	10 000
Net Increase/ (Decrease) in Cash and Cash Equivalents	1 83 696	60 947
Opening Balance of Cash and Cash Equivalents	79 257	18 310
Closing Balance of Cash and Cash Equivalents	2 62 953	79 257

As per our Report of even date

For SMA & Co.

Chartered Accountants
Regn. No. 018452C

Vimmy Doshi

Partner
Membership No : 144376

Place : Mumbai

Dated: May 28, 2016

For and on behalf of the Board

Hitesh Chawda
DIN 00373540

Tunu Sahu
DIN:02021223

} Directors

Internet Exchangenext.com Limited

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

Note 1 Significant Accounting Policies to the Balance Sheet and Statement of Profit and Loss

1.1 Basis of Preparation of Financial Statements

The Financial Statements are prepared under historical cost convention, in accordance with the generally accepted accounting principles (GAAP) in India and to comply with Accounting Standard specified under Section 133 of the Companies Act, 2013 ("the Act") read with Rule 7 of the Companies (Accounts) Rules, 2014 and other provisions of the Act to the extent notified and applicable, as well as applicable guidance note and pronouncements of the Institute of Chartered Accountants of India (ICAI).

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

1.2 Use of Estimates

The preparation of the financial statements, in conformity with the generally accepted accounting principles, requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of financial statements and the reported amount of revenues and expenses during the reporting period. Differences between actual results and estimates are recognized in the period in which the results are known / materialised.

1.3 Revenue Recognition

Revenue is recognised only when no significant uncertainty as to measurability or collectability exists.

1.4 Investments

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

1.5 Taxes on Income

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.

1.6 Earnings per Share

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

1.7 Fixed Assets

Fixed assets are stated at cost net of cenvat / value added tax and includes amounts added on revaluation, less accumulated depreciation / amortisation and impairment loss, if any. All costs, including financing costs till commencement of operations attributable to fixed assets are capitalised.

1.8 Depreciation

Depreciation on fixed assets is provided on the Straight Line Method over the useful life of the assets prescribed in schedule II of Companies Act, 2013. The net block amount as at March 31, 2016 represent salvage value.

1.9 Provisions, Contingent Liabilities and Contingent Assets

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

1.10 Miscellaneous Expenditure

Miscellaneous Expenses are charged to the Statement of Profit and Loss in the year in which they are incurred.

Internet Exchangenext.com Limited

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

	Amount in ₹	
	As at March 31, 2016	As at March 31, 2015
Note 2.01		
Share Capital		
Authorised		
10 00 000 (10 00 000) Equity Shares of ₹ 10 each	1 00 00 000	1 00 00 000
	<u>1 00 00 000</u>	<u>1 00 00 000</u>
Issued, Subscribed and Paid Up		
1 50 700 (1 50 700) Equity Shares of ₹ 10 each fully paid up Held by Reliance Communications Infrastructure Ltd.the holding Company (w.e.f.-10.11.2015)	15 07 000	15 07 000
	<u>15 07 000</u>	<u>15 07 000</u>

2.01.1 Details of Shareholders Holding more than 5% shares in the Company

	No of Shares	%	No of Shares	%
Renovision Systems Private Limited	-	-	22 800	15.13%
Worldtel Tamilnadu Private Limited	-	-	27 066	17.96%
Netizen India Private Limited	-	-	29 367	19.49%
Reliance Infocomm Engineering Private Limited	-	-	28 467	18.89%
Realsoft Cyber Systems Private Limited	-	-	21 500	14.27%
Reliance Integrated Services Private Limited	-	-	21 500	14.27%
Reliance Communications Infrastructure Limited (w.e.f. 10.11.2015)	1 50 700	100%	-	-
	<u>1 50 700</u>	<u>100%</u>	<u>1 50 700</u>	<u>100%</u>

2.01.2 Reconciliation of shares outstanding at the beginning and at the end of the year

	March 31, 2016		March 31, 2015	
	No of Shares	₹	No of Shares	₹
Equity Shares				
At the beginning of the year	1 50 700	15 07 000	1 50 700	15 07 000
Add / (Less): Changes during the year	-	-	-	-
At the end of the year	<u>1 50 700</u>	<u>15 07 000</u>	<u>1 50 700</u>	<u>15 07 000</u>

2.01.3 Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holder of equity shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of equity shares held by the shareholder.

Internet Exchangenext.com Limited

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

Amount in ₹

As at
March 31, 2016

As at
March 31, 2015

Note 2.02

Reserves and Surplus

Surplus in the Statement of Profit and Loss

As per last Balance Sheet	(72 951)	53 409
Add: Profit/(Loss) for the year	(8 02 806)	(82 159)
Less : Additional Depreciation pursuant to enactment of schedule II of the CompaniesAct, 2013	<u>-</u>	<u>(44 201)</u>
Balance carried forward	(8 75 757)	(72 951)
	<u>(8 75 757)</u>	<u>(72 951)</u>

Note 2.03

Short Term Borrowings

Unsecured,

Loan from Holding Company (Repayable on Demand)	<u>-</u>	<u>12 76 000</u>
(Refer Note 2.16 for related parties)	<u>-</u>	<u>12 76 000</u>

Note 2.04

Trade Payables

Due to Micro, Small and Medium Enterprises	-	-
Others	<u>2 90 66 185</u>	<u>2 90 66 185</u>
	<u>2 90 66 185</u>	<u>2 90 66 185</u>

Note 2.05

Other Current Liabilities

Audit Fees Payable	13 740	80 601
Other Payable	<u>97 68 00 331</u>	<u>8 800</u>
	<u>97 68 14 071</u>	<u>89 401</u>

Internet Exchangenext.com Limited

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

Note 2.06 Fixed Assets and Depreciation

Amount in ₹

	Gross Block		As at March 31, 2016	Depreciation		Net Block	
	As at April 1, 2015	Additions / Deductions / Adjustment		For the Year (Adjustment)	As at March 31, 2016	As at March 31, 2015	As at March 31, 2016
COMPUTER SYSTEM	1 94 00 751	-	1 94 00 751	-	-	1 94 00 751	-
OFFICE EQUIPMENT	3 04 757	-	3 04 757	-	-	2 89 519	15 238
TOTAL	1 97 05 508	-	1 97 05 508	-	-	1 96 90 270	15 238
PREVIOUS YEAR	1 97 05 508	-	1 97 05 508	-	44 201	1 96 90 270	-

Internet Exchangenext.com Limited

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

	As at March 31, 2016	Amount in ₹ As at March 31, 2015
Note 2.07		
Non Current Investments		
Trade Investments (At Cost Unless Stated otherwise)		
In Equity Shares		
Unquoted, Fully Paid Up of ₹ 10 each		
- Netizen India Private Limited (1700)	-	17 000
- Reliance Infocomm Engineering Private Limited (1500)	-	15 000
- GCX India Limited (Formerly known as Reliance Data Center Limited) (8000)	-	80 000
- Tenormac Enterprises Private Limited (Formerly known as Macronet Mercantile Private Limited) (1975)	-	19 750
- Telebrosed Enterprises Private Limited (Formerly known as Macronet Private Limited) (1975)	-	19 750
- West Bengal Network Private Limited (11400)	-	1 14 000
- Worldtel Tamilnadu Private Limited (1500)	-	15 000
	<u>-</u>	<u>2 80 500</u>
Note 2.08		
Long Term Loans and Advances		
(Unsecured, Considered good)		
Loans and advances to body corporate	62 33 308	62 33 308
Advance Tax and Tax Deducted at Source (Net of Provisions)	-	2 78 986
	<u>62 33 308</u>	<u>65 12 294</u>
Note 2.09		
Other Non Current Assets		
(Unsecured, Considered Good – unless stated otherwise)		
Deposits	-	1 31 995
	<u>-</u>	<u>1 31 995</u>
Note 2.10		
Trade Receivables		
(Unsecured, Considered Good)		
Due for more than Six months	-	2 48 46 351
Others	-	-
	<u>-</u>	<u>2 48 46 351</u>

Internet Exchangenext.com Limited

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

	As at March 31, 2016	Amount in ₹ As at March 31, 2015
Note 2.11		
Cash and Bank Balance		
Balances with Banks in Current Account	2 62 953	79 257
	<u>2 62 953</u>	<u>79 257</u>
Note 2.12		
Short Term Loans and Advances		
(Unsecured, Considered Good)		
Advance Recoverable	100 00 00 000	-
	<u>100 00 00 000</u>	<u>-</u>
Note 2.13		
Other Income		
Miscellaneous Income	-	2 583
	<u>-</u>	<u>2 583</u>
Note 2.14		
Other Expenses		
Professional fees	-	9 000
Filing Fees	2 400	7 200
Bank Charges	1 476	2 893
Miscellaneous Expense	1 260	-
Sundry Balances w/off	5 04 945	51 169
	<u>5 10 081</u>	<u>70 262</u>
Payment to Auditors - Audit Fees	13 740	13 680
	<u>13 740</u>	<u>13 680</u>
	<u>5 23 821</u>	<u>83 942</u>

Note 2.15

Previous year

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

Internet Exchangenext.com Limited

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

Note 2.16

Related Parties Disclosures :

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

A. List of related parties and relationships :

a) Ultimate Holding Company

1. Reliance Communications Limited

b) Holding Company

1. Reliance Communications Infrastructure Limited (w.e.f.November 10, 2015)

B. Transaction with the related parties :-

Nature of Transaction

Amount in ₹

Holding Co.

A Unsecured Loans

Balance as at April 1, 2015

12 76 000
(12 66 000)

Unsecured Loan taken during the year

-
(10 000)

Repayment/Adjustment of Loan

12 76 000
(-)

Balance as at March 31, 2016

-
(12 76 000)

B Other Payable

Balance as at April 1, 2015

-
(-)

Taken during the year

100 00 00 000
(-)

Repayment/Adjustment

2 32 02 069
(-)

Balance as at March 31, 2016

97 67 97 931
(-)

Note 2.17

Earning per share :

Numerator - Profit /(Loss) after tax (₹)

Denominator - Weighted number of equity shares

Basic and diluted, earning per equity share (₹)

Amount in ₹	Amount in ₹
For the year ended	For the year ended
March 31, 2016	March 31, 2015
(8 02 806)	(82 159)
1 50 700	1 50 700
(5.33)	(0.55)

Note 2.18

Deferred Tax Assets :

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

Internet Exchangenext.com Limited

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

Note 2.19

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

Note 2.20

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

Note 2.21

Segment Reporting:

The principal business of the Company is the business of software development and customisation. All other activities of the Company revolve around / are connected with its main business. Considering this, the Company has only one reportable segment, as per Accounting Standard 17 on 'Segment Reporting'.

As per our Report of even date

For and on behalf of the Board

For SMA & Co.

Chartered Accountants
Regn. No. 018452C

Vimmy Doshi

Partner
Membership No : 144376

Hitesh Chawda

DIN 00373540

Tunu Sahu

DIN:02021223

} Directors

Place : Mumbai

Dated: May 28, 2016

Reliance Globalcom Limited

Balance Sheet as at March 31, 2016

	Notes	As at March 31, 2016		(Amount in ₹) As at March 31, 2015	
EQUITY AND LIABILITIES					
Shareholders' Funds					
(a) Share Capital	2.01	5 00 000		5 00 000	
(b) Reserves and Surplus	2.02	<u>2 48 05 773</u>	<u>2 53 05 773</u>	<u>1 99 78 717</u>	2 04 78 717
Current Liabilities					
(a) Trade Payables	2.03				
(i) Due to Micro and Small Enterprises		-		-	
(ii) Due to Other		<u>24 47 08 760</u>		28 86 86 592	
(b) Other Current Liabilities	2.04	<u>18 13 25 293</u>		3 17 12 549	
(c) Short Term Provisions	2.05	<u>1 92 71 996</u>	<u>44 53 06 049</u>	<u>91 28 106</u>	32 95 27 247
TOTAL			<u><u>47 06 11 822</u></u>		<u><u>35 00 05 964</u></u>
ASSETS					
Current Assets					
(a) Trade Receivables	2.06	<u>18 89 74 131</u>		29 27 06 621	
(b) Cash and Bank Balances	2.07	<u>19 82 84 605</u>		79 20 188	
(c) Short Term Loans and Advances	2.08	<u>8 33 53 086</u>	<u>47 06 11 822</u>	<u>4 93 79 155</u>	35 00 05 964
TOTAL			<u><u>47 06 11 822</u></u>		<u><u>35 00 05 964</u></u>

Significant Accounting Policies

1

Notes on Accounts

2

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

Reliance Globalcom Limited

Rajesh Burman

DIN No.: 07448741

Rajan Pawaskar

DIN No.: 06530082

} Directors

Place : Mumbai

Date : May 27, 2016

Reliance Globalcom Limited

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

		(Amount in ₹)	
	Notes	For the year ended March 31, 2016	For the year ended March 31, 2015
INCOME			
Revenue from Operations	2.10	71 48 91 539	43 35 15 582
Other Income	2.11	36 611	3 85 716
Total Revenue		<u>71 49 28 150</u>	<u>43 39 01 298</u>
EXPENDITURE			
Employee Benefits Expenses	2.12	47 63 12 283	22 56 65 273
Other Expenses	2.13	23 33 53 811	20 50 47 682
Depreciation	2.09	-	1 14 465
Total Expenses		<u>70 96 66 094</u>	<u>43 08 27 420</u>
Profit before Tax		52 62 056	30 73 878
Tax Expenses :			
Income Tax for earlier year		-	2 86 502
Current Tax		4 35 000	10 00 000
Profit after Tax		<u>48 27 056</u>	<u>17 87 376</u>
Basic and Diluted Earning per Share of ₹ 10 each	2.16	96.54	35.75
Significant Accounting Policies	1		
Notes on Accounts	2		
Notes referred to above form an integral part of the Financial Statements.			

Reliance Globalcom Limited

Rajesh Burman
DIN No.: 07448741

Rajan Pawaskar
DIN No.: 06530082

} Directors

Place : Mumbai
Date : May 27, 2016

Reliance Globalcom Limited

Cash Flow Statement for the year ended March 31, 2016

	(Amount in ₹)	
	For the year ended March 31, 2016	For the year ended March 31, 2015
A CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit before tax as per Statement of Profit and Loss	52 62 056	30 73 878
Adjusted for:		
Depreciation	-	1 14 465
	<hr/>	<hr/>
Operating Profit before Assets and Liabilities changes	52 62 056	31 88 343
Adjusted for:		
Decrease in trade receivables	10 37 32 490	(26 46 76 711)
Increase in loans and advances	(3 39 73 931)	52 19 099
Decrease in trade payables	(4 39 77 832)	
Increase in other current liabilities	14 96 12 744	26 26 25 365
Increase in short-term provisions	1 01 43 889	
	<hr/>	<hr/>
Cash Generated from / (used in) Operations	19 07 99 416	63 56 096
Tax (Paid)	(4 35 000)	(4 56 005)
Net Cash from / (used in) Operating Activities	19 03 64 416	59 00 091
B CASH FLOWS FROM INVESTING ACTIVITIES		
Net Cash from Investing Activities	<hr/> -	<hr/> -
C CASH FLOW FROM FINANCING ACTIVITIES:		
Net Cash from / (used in) Financing Activities	<hr/> -	<hr/> -
Net Increase / (Decrease) in Cash and Cash Equivalents	19 03 64 416	59 00 091
Opening Balance of Cash and Cash Equivalents	79 20 188	20 20 097
Closing Balance of Cash and Cash Equivalents	<hr/> 19 82 84 604 <hr/>	<hr/> 79 20 188 <hr/>

Notes :

1. Figures in bracket indicate cash outgo.

Reliance Globalcom Limited

Rajesh Burman
DIN No.: 07448741

Rajan Pawaskar
DIN No.: 06530082

} Directors

Place : Mumbai
Date : May 27, 2016

Reliance Globalcom Limited

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

Note 1

General Information

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

1. Significant Accounting Policies

(a) Basis of preparation of Financial Statements

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

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

(b) Use of Estimates

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

(c) Fixed Assets

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

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

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

(d) Depreciation

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

(e) Foreign Currency Transactions

Initial recognition

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

Subsequent recognition

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

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

(f) Revenue Recognition

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

(g) Employee Benefits

Provident Fund

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

Gratuity Plan

The Company provides for gratuity, a defined benefit plan (the "Gratuity Plan") covering eligible employees in accordance with the Payment of Gratuity Act, 1972. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses / gains are recognised in the Statement of Profit and Loss in the year in which they arise.

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

Compensated absences:

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

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

(h) Current and deferred tax

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

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

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

(i) Provision and contingent liabilities

Provisions :-

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

Contingent liabilities:

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

(j) Leases

As a lessee :

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

(k) Cash and Cash Equivalents

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

(l) Earning per Share

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

Reliance Globalcom Limited

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

	As at March 31, 2016	(Amount in ₹) As at March 31,2015
Note 2.01		
Share Capital		
Authorised		
1 00 000 Equity Shares of Rs. 10 each (1 00 000)	10 00 000	10 00 000
4 00 000 Preference Shares of Rs. 10 each (4 00 000)	40 00 000	40 00 000
	<u>50 00 000</u>	<u>50 00 000</u>
Issued, Subscribed and Paid up :		
50 000 Equity Shares of Rs. 10 each (50 000)	5 00 000	5 00 000
	<u>5 00 000</u>	<u>5 00 000</u>

(1) Details of Shares held by Holding Company

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

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

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

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

	March 31, 2016		March 31,2015	
	No. of Shares	Amount ₹	No. of Shares	Amount ₹
Equity Shares				
At the beginning of the Year	50 000	50 00 000	50 000	50 00 000
Add / Less: Changes during the year	-	-	-	-
At the end of the Year	<u>50 000</u>	<u>50 00 000</u>	<u>50 000</u>	<u>50 00 000</u>

(4) Terms attached to Equity Shares

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holder of equity shares will be entitled to received remaining assets of the Company. The distribution will be in proportion to the number of equity shares held by the shareholder.

Note 2.02

Reserves and Surplus

Surplus in the Statement of Profit and Loss

As per last Balance Sheet	1 99 78 717	1 81 91 341
Add : Profit for the year	48 27 056	17 87 376
	<u>2 48 05 773</u>	<u>1 99 78 717</u>

Reliance Globalcom Limited

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

	As at March 31, 2016		(Amount in ₹) As at March 31, 2015	
Note 2.03				
Trade Payable				
Micro and Small Enterprises	-		-	
Others	<u>24 47 08 760</u>	<u>24 47 08 760</u>	<u>28 86 86 592</u>	<u>28 86 86 592</u>
		<u>24 47 08 760</u>		<u>28 86 86 592</u>

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

Note 2.04

Other Current Liabilities

Advance from Customer	13 52 50 738	-
Statutory Dues Payable	95 10 180	37 45 598
Employee Benefits Payable	3 49 38 300	1 91 21 361
Other Liabilities	16 26 073	88 45 590
	<u>18 13 25 293</u>	<u>3 17 12 549</u>

Note 2.05

Short Term Provisions

Provision for Employee benefits

Provision for Gratuity	87 12 654	57 98 356
Provision for Compensated absences	86 11 093	33 10 726
Provision for Superannuation	2 48 250	19 024
Provision for Income Tax (Net)	17 00 000	-
	<u>1 92 71 996</u>	<u>91 28 106</u>

Reliance Globalcom Limited

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

	As at March 31, 2016	(Amount in ₹) As at March 31, 2015
Note 2.06		
Trade Receivables (Unsecured)		
Due for more than Six months from the date they are due for payment		
Considered Good	-	-
Considered Doubtful	-	-
Less: Provision for doubtful debts	-	-
Others		
Considered Good	18 89 74 133	29 27 06 621
Considered Doubtful	-	-
Less: Provision for doubtful debts	-	-
	<u>18 89 74 133</u>	<u>29 27 06 621</u>
	<u>18 89 74 133</u>	<u>29 27 06 621</u>
Note 2.07		
Cash and Bank Balances		
Balance with Current Account	19 82 84 605	79 20 188
	<u>19 82 84 605</u>	<u>79 20 188</u>
Note 2.08		
Short Term Loans And Advances		
(Unsecured, Considered good unless stated otherwise)		
Advance to Related Parties (Refer Note 2.19)	5 13 909	5 13 909
Advance recoverable in cash or kind	1 43 641	-
Balances with Government Authorities	6 85 27 578	-
Other loans and advances :		
- Advances to employee	1 03 31 514	-
- Others	20 57 384	-
Advance to Vendor	-	42 30 373
Prepaid Expenses	5 67 142	-
Others *	-	4 46 34 873
TDS and Advance Tax (Net)	12 11 918	-
	<u>8 33 53 086</u>	<u>4 93 79 155</u>

* Includes service tax receivable , advances to employees

Sr. No.	DESCRIPTION	GROSS BLOCK		DEPRECIATION		NET BLOCK		
		As at April 1, 2015	Additions	Deductions	As at March 31, 2016	For the year	Deductions	As at March 31, 2016
	Tangible Assets							
1	Computer System	15 24 827	-	-	15 24 827	-	15 24 827	
	T O T A L	15 24 827	-	-	15 24 827	-	15 24 827	
	Previous year	15 24 827			14 10 362	1 14 465	15 24 827	-

Note 2.09
FIXED ASSETS

(Amount in ₹)

Reliance Globalcom Limited

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

	For the year ended March 31, 2016	(Amount in ₹) For the year ended March 31, 2015
Note : 2.10		
Revenue from Operations		
Revenue from Operations	71 48 91 539	43 35 15 582
	<u>71 48 91 539</u>	<u>43 35 15 582</u>

	For the year ended March 31, 2016	(Amount in ₹) For the year ended March 31, 2015
Note : 2.11		
Other Income		
Interest Income	-	3 85 716
Other Income	7 011	-
Liabilities written off to the extent no longer required	29 600	-
	<u>36 611</u>	<u>3 85 716</u>

	For the year ended March 31, 2016	(Amount in ₹) For the year ended March 31, 2015
Note 2.12		
Employee Benefits Expense		
Salaries and Bonus	37 82 71 007	18 14 65 479
Contribution to Provident Fund, Pension Fund,	1 95 22 363	96 03 126
Gratuity & Leave Encashment	1 73 23 746	1 03 18 469
Employee Welfare and other Amenities	3 71 95 167	2 42 78 199
Hire Charges-Contract	2 40 00 000	-
	<u>47 63 12 283</u>	<u>22 56 65 273</u>

	For the year ended March 31, 2016	(Amount in ₹) For the year ended March 31, 2015
Note 2.13		
Other Expenses		
Facility Usage Charges	5 42 32 862	5 07 92 637
IT Support Service	11 81 75 835	11 12 18 234
Rates and Taxes	230	50 005
Travelling and Conveyance	2 30 97 601	1 47 38 899
Telephone Expenses	4 29 363	5 97 607
Professional Fees	3 63 76 107	2 68 12 132
Postage & Courier	6 07 759	-
Hire Charges	2 14 550	1 14 457
Printing and Stationery		13 735
Payment to Auditors'		
Audit Fees	30 000	29 400
Tax Audit Fees	13 708	10 600
Miscellaneous Expenses	1 75 796	6 69 976
	<u>23 33 53 811</u>	<u>20 50 47 682</u>

Reliance Globalcom Limited

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

Note 2.14

Previous year

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

Note 2.15

Segment Reporting

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

Note 2.16

Earning Per Share

	For the year ended March 31, 2016	For the year ended March 31, 2015
i) Basic Earning Per Share		
a) Net Profit after tax(₹) (Numerator used for calculation)	48 27 056	17 87 376
b) Weighted average number of Equity Shares (used as denominator for calculating EPS)	50 000	50 000
c) Basic and Diluted Earning per Share of ₹ 10 each (₹)	96.54	35.75

Note 2.17

Employee Benefits

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

Defined Contribution Plan

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

Employer's Contribution to Provident Fund	1 02 13 768	62 78 679
Employer's contribution to Pension Scheme	73 56 098	24 96 378

Defined Benefit Plan

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

Reliance Globalcom Limited

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

	(Amount in ₹)			
	Gratuity (Funded)		Leave Encashment (Funded)	
	As at March 31, 2016	As at March 31, 2015	As at March 31, 2016	As at March 31, 2015
(i) Reconciliation of opening and closing balances of the present value of the defined benefit obligation				
Obligation at period beginning	1 66 01 744	1 33 59 049	1 28 11 114	1 24 81 721
Service Cost	21 95 379	17 57 573	11 88 634	9 22 639
Interest Cost	13 24 819	12 42 392	10 22 327	11 60 800
Liability on transfer of employees	-	-	-	-
Liability Transferred In/Acquisitions	60 58 208	-	35 96 241	-
Actuarial (gain) / loss	59 83 264	37 46 103	80 74 090	33 61 019
Benefits Paid	(40 89 083)	(35 03 373)	(37 62 116)	(51 15 065)
Obligation at the year end	2 80 74 331	1 66 01 744	2 29 30 290	1 28 11 114
(ii) Change in plan assets				
Plan assets at period beginning, at fair value	1 08 03 388	76 78 249	95 00 388	1 34 80 598
Expected return on plan assets	8 62 110	7 14 077	7 58 131	12 53 696
Actuarial gain / (loss)	(71 302)	23 125	1 61 821	(1 18 841)
Contributions	57 98 356	58 91 310	33 10 726	-
Liability Transfer to other Company (net)	-	-	-	-
Assets Transferred In/Acquisitions	60 58 208	-	35 96 241	-
Benefits Paid	(40 89 083)	(35 03 373)	(30 08 110)	(51 15 065)
Plan assets at period end, at fair value	1 93 61 677	1 08 03 388	1 43 19 197	95 00 388
Actual Return on Plan Assets	7 90 808	7 37 202	9 19 952	11 34 855
(iii) Reconciliation of present value of the obligation and the fair value of the plan assets				
Fair value of plan assets at the end of the period	1 93 61 677	1 08 03 388	1 43 19 197	95 00 388
Present value of the defined benefit obligation at the end of the period	2 80 74 331	1 66 01 744	2 29 30 290	1 28 11 114
Liability recognized in the Balance Sheet	87 12 654	57 98 356	86 11 093	33 10 726
(iv) Expense recognized during the year				
Service Cost	21 95 379	17 57 573	11 88 634	9 22 639
Interest Cost	13 24 819	12 42 392	10 22 327	11 60 800
Expected return on plan assets	(8 62 110)	(7 14 077)	(7 58 131)	(12 53 696)
Actuarial (gain) / loss	60 54 566	37 22 978	79 12 269	34 79 860
Net Cost	87 12 654	60 08 866	93 65 099	43 09 603
(v) Investment details of plan assets				
Investment for employees gratuity fund scheme is managed by Reliance Life Insurance Company Ltd.				
(vi) Experience Adjustment				
Experience adjustments on plan liabilities (Gain)/Loss	53 45 230	15 28 040	77 02 160	21 85 076
Experience adjustments on plan Assets Gain/(Loss)	(71 302)	23 125	1 61 821	(1 18 841)
(vii) Assumptions				
Interest rate	7.79%	7.98%	7.79%	7.98%
Estimated return on plan assets	7.79%	7.98%	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 factor such as supply and demand factors in the employment market.

Reliance Globalcom Limited

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

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

	2016	Gratuity			
		For the year ended March			
		2015	2014	2013	2012
Present Value of benefit Obligation	2 80 74 331	1 66 01 744	1 33 59 049	89 53 899	1 07 92 600
Fair Value of Plan assets	1 93 61 677	1 08 03 388	76 78 249	71 42 258	90 50 932
Excess of obligation over Plan Assets (Plan assets over obligation)	87 12 654	57 98 356	56 80 800	18 11 641	17 41 668

	2016	Leave Encashment			
		For the year ended March			
		2015	2014	2013	2012
Present Value of benefit Obligation	2 29 30 290	1 28 11 114	1 24 81 721	98 83 506	1 85 58 962
Fair Value of Plan assets	1 43 19 197	95 00 388	1 34 80 598	1 34 64 328	2 27 49 894
Excess of obligation over Plan Assets (Plan assets over obligation)	86 11 093	33 10 726	(9 98 877)	(35 80 822)	(41 90 932)

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

Note 2.18

Related Parties Disclosure

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

A	Name of the Related Party	Relationship
1	Reliance Communications Limited	Ultimate Holding Company
2	Reliance GlobalCom Ltd- Bermuda	Holding Company
3	Reliance Communications Infrastructure Limited	} Fellow Subsidiary
4	Reliance Infocomm Infrastructure Limited	
5	Reliance Webstore Limited	
6	Reliance Tech Services Limited	
7	Vanco UK Limited	Associate Company
8	Reliance Globalcom Services Inc.	Associate Company

S r . No.	Nature of Transactions	Holding Company	Ultimate Holding Company	Fellow Subsidiary	Associate Company	Total
1	Trade Payables	-	-	24 47 08 760	-	24 47 08 760
		(-)	(1 13 72 623)	(27 60 81 124)	(-)	(28 74 53 747)
2	Trade Receivables	-	-	-	18 89 74 133	18 89 74 133
		(29 27 06 621)	(-)	(-)	(-)	(29 27 06 621)
3	Advance Received	13 52 50 738	-	-	-	13 52 50 738
		(-)	(-)	(-)	(-)	(-)
4	Advance Given	-	-	5 13 909	-	5 13 909
		(-)	(-)	(5 13 909)	(-)	(5 13 909)
5	Income					
	Revenue from Operations	52 59 17 406	-	-	18 89 74 133	71 48 91 539
		(43 35 15 582)	(-)	(-)	(-)	(43 35 15 582)
6	Expenses					
	Business Center Expenses	-	-	5 42 32 862	-	5 42 32 862
		(-)	(-)	(5 07 92 637)	(-)	(5 07 92 637)
	IT Services	-	-	11 81 75 835	-	11 81 75 835
		(-)	(-)	(11 12 18 234)	(-)	(11 12 18 234)

Reliance Globalcom Limited

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

C. Significant Related Party Transactions

- 1 Trade Payable include ₹ Nil (previous year ₹ 1 13 72 623) to Reliance Communications Limited, ₹133 290 185 (previous year ₹ 12 65 48 809) to Reliance Tech Services Limited, ₹ 74 772 399 (previous year ₹ 2 71 52 920) to Reliance Infocomm Infrastructure Limited and ₹ Nil (previous year ₹ 122 379 395) to Reliance Communications Infrastructure Limited.
- 2 Trade Receivables from Customer ₹ 17 68 96 107 (previous year ₹ Nil) to Vanco UK Limited, ₹ 12 078 025 (previous year ₹ Nil) to Reliance Globalcom Services Inc, ₹ Nil (previous year ₹ 29 27 06 621) to Reliance Globalcom Limited, Bermuda
- 3 Advance from Customer ₹ 135 250 738 (previous year ₹ Nil) to Reliance Globalcom Limited, Bermuda
- 4 Advances given ₹ 5 13 909 (previous year ₹ 5 13 909) to Reliance Webstores Limited
- 5 Revenue from Operations includes ₹ 525 917 407 (previous year ₹ 43 35 15 582) from Reliance Globalcom Limited, Bermuda, ₹ 17 68 96 107 (previous year ₹ Nil) from Vanco UK Limited and ₹ 12 078 025 (previous year ₹ Nil) from Reliance Globalcom Services Inc.
- 6 Business Center expenses include ₹ 5 42 32 862 (previous year ₹ 5 07 92 637) from Reliance Infocomm Infrastructure Limited. IT Services expenses include ₹ 11 81 75 835 (previous year ₹ 11 12 18 234) from Reliance Tech Services Limited

Reliance Globalcom Limited

Rajesh Burman

DIN No.: 07448741

Rajan Pawaskar

DIN No.: 06530082

} **Directors**

Place : Mumbai

Date : May 27, 2016

WORLDTEL TAMILNADU PRIVATE LIMITED

Independent Auditor's Report

To the Members of Worldtel Tamilnadu Private Limited

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2016, and its profit and cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

As required by 'the Companies (Auditor's Report) Order, 2016', issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (hereinafter referred to as 'the Order'), we give in the 'Annexure A' statement on the matters specified in paragraphs 3 & 4 of the Order.

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

- (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- (c) the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- (d) in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- (e) on the basis of the written representations received from the directors as on March 31, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) 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 does not have any pending litigations as at March 31, 2016
 - ii. The Company did not have any long-term contracts including derivative contracts as at 31st March, 2016 for which there were any material foreseeable losses; and
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2016.

For Chaturvedi & Shah

Chartered Accountants
(Firm's Registration No.101720W)

Lalit R. Mhalsekar

Partner

Membership No. 103418

Place: Mumbai
Dated: May 28, 2016

WORLDTEL TAMILNADU PRIVATE LIMITED

Annexure A to Independent Auditor's Report – 31st March 2016

With reference to the 'Annexure A' referred to in the Independent Auditors' Report to the Members of Worldtel Tamilnadu Pvt Ltd ('the Company') on the financial statements for the year ended March 31, 2016, we report the following:

1. (a) The company has maintained proper records showing full particulars, including quantitative details and location of fixed assets.
- (b) As explained to us, the fixed assets have been physically verified by the management during the year in a phased periodic manner, which in our opinion is reasonable, having regard to the size of the company and nature of its asset and no material discrepancies were noticed on such verification.
- (c) The company does not own any Immovable properties. Accordingly paragraphs 1(c) of the orders are not applicable to the company.
2. The Company does not have inventories at the end of Financial year. Accordingly paragraphs 2 of the orders are not applicable to the company.
3. 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 paragraphs 3(iii) (a), (b) and (c) of the Order are not applicable to the Company.
4. In our opinion and according to the information and explanations given to us, the company has not given loans, investments, guarantees, and any security under provisions of section 185 and 186 of the Companies Act, 2013. Accordingly, Paragraph 3(iv) of the Order is not applicable to the Company.
5. In our opinion, and information and explanations given to us, the Company has not accepted deposits as per directives issued by the Reserve Bank of India under the provisions of Section 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Accordingly, Paragraph 3(v) of the Order is not applicable to the Company.
6. The Central Government has not prescribed maintenance of cost records under Sub- Section (1) of section 148 of the Companies Act, 2013. Accordingly the clause 3(vi) is not applicable.
7. According to the information and explanation given to us and on the basis of our examination of the records of the company, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, sales tax, service tax, customs duty, excise duty, value added tax (VAT), income tax, wealth tax, cess, and other material statutory dues applicable to the Company. According to the information and explanations given to us, no undisputed amounts payable in respect of sales tax, service tax, customs duty, excise duty, value added tax, income tax, wealth tax, and cess were in arrears as at March 31, 2016 for a period of more than six months from the date they became payable.
8. The company has not raised loans from Financial Institutions or Banks or Government or debenture holders. Hence clause 3(viii) of the order requiring comment on repayment of the dues to them is not applicable.
9. In our opinion and according to the information and explanations given to us, the company has not raised money by way of Initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, the provision of Clause 3(ix) of the order is not applicable to the company.
10. According to the information and explanations given to us, no significant fraud on or by the company by its officers or employees, that causes a material misstatement to the financial statements, has been noticed or reported during the year.
11. According to the information and explanations given to us, the company has not paid or provided managerial remuneration during the year. Accordingly, the provision of Clause 3(xi) of the order is not applicable to the company.
12. As the company is not the Nidhi company, the provision of Clause 3(xii) of the order is not applicable to the company.
13. According to the information and explanations given to us, the company has made all the transactions with the related parties in compliance with sections 177 & 188 of Companies Act and the details have been disclosed in the Financial Statements as required by the applicable Accounting Standards.
14. According to the information and explanations given to us, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year as per section 42 of the Companies Act, 2013. Accordingly, the provision of Clause 3(xiv) of the order is not applicable to the company.
15. According to the information and explanations given to us, the company has not entered into any non cash transactions with the directors or persons connected with them as per section 192 of Companies Act, 2013.
16. The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the clause 3(xvi) is not applicable.

For Chaturvedi & Shah
Chartered Accountants
(Firm's Registration No.101720W)

Lalit R. Mhalsekar
Partner
Membership No. 103418

Place: Mumbai
Dated: May 28, 2016

WORLDTEL TAMILNADU PRIVATE LIMITED

Annexure B to Independent Auditor's Report – 31st March 2016

Annexure B to Independent Auditor's Report – 31st March 2016 on the Financial Statements of Worldtel Tamilnadu Private Limited

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 Worldtel Tamilnadu Private Limited ('the Company') as of March 31, 2016 in conjunction with our audit of the 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'. 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 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 Companies Act, 2013, 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 Institute of Chartered Accountants of India. 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 judgement, 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 Institute of Chartered Accountants of India".

For Chaturvedi & Shah
Chartered Accountants
(Firm's Registration No.101720W)

Lalit R. Mhalsekar
Partner
Membership No. 103418

Place: Mumbai
Dated: May 28, 2016

WORLDTEL TAMILNADU PRIVATE LIMITED

Balance Sheet as at March 31, 2016

	Notes	As at March 31, 2016	(Amount in ₹) As at March 31, 2015
EQUITY AND LIABILITIES			
Shareholders' Funds			
(a) Share Capital	2.01	1 00 000	1 00 000
(b) Reserves and Surplus	2.02	(1 92 16 583)	(1 85 56 899)
Current Liabilities			
(a) Other Current Liabilities	2.03	2 04 71 235	1 94 62 445
(b) Short Term Provisions	2.04	6 35 000	-
		<u>19 89 652</u>	<u>10 05 546</u>
ASSETS			
Non-Current Assets			
(a) Fixed Assets			
(i) Tangible Assets	2.05	82 685	82 685
(b) Non-Current Investments	2.06	-	4 32 760
(c) Long Term Loan and Advances	2.07	12 000	12 000
Current Assets			
(a) Trade Receivables	2.08	1 22 832	1 22 832
(b) Cash and Bank Balance	2.09	3 53 757	7 651
(c) Short Term Loan and Advances	2.10	14 18 378	3 47 618
		<u>19 89 652</u>	<u>10 05 546</u>
Significant Accounting Policies	1		
Notes on Accounts	2		

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

As per our report of even date

For and on behalf of the Board

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

Hitesh Chawda
DIN: 00373540

Lalit R. Mhalsekar
Partner
Membership No 103418

Rupali Nagar
DIN: 01784220

} **Directors**

Place : Mumbai
Date : May 28, 2016

WORLDTEL TAMILNADU PRIVATE LIMITED

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

	Notes	For the year ended March 31, 2016	(Amount in ₹) For the year ended March 31, 2015
INCOME			
Profit on Sale of Investment		76 86 000	-
		76 86 000	-
EXPENDITURE			
Depreciation Expenses	2.05	-	29 170
Other Expenses	2.11	77 10 684	28 185
		77 10 684	57 355
Profit (Loss) for the year before Tax		(24 684)	(57 355)
Tax Expenses			
- Current Tax		6 35 000	-
Profit (Loss) after tax		(6 59 684)	(57 355)
Earning per Share of face value of ₹10 each fully paid up			
Basic (₹)	2.16	(65.97)	(5.74)
Diluted (₹)		(65.97)	(5.74)

Significant Accounting Policies

1

Notes on Accounts

2

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

As per our report of even date

For and on behalf of the Board

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

Hitesh Chawda
DIN: 00373540

Lalit R. Mhalsekar
Partner
Membership No 103418

Rupali Nagar
DIN: 01784220

} **Directors**

Place : Mumbai
Date : May 28, 2016

WORLDTEL TAMILNADU PRIVATE LIMITED

Cash Flow Statement for the year ended March 31, 2016

	(Amount in ₹)	
	For the year ended March 31, 2016	For the year ended March 31, 2015
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/(Loss) before tax as per Statement of Profit and Loss	(24 684)	(57 355)
Depreciation/Impairment and Amortisation	-	29 170
Add- Profit on sale of Investment	(76 86 000)	-
Operating (Loss) before Working Capital Changes	(77 10 684)	(28 185)
Adjusted for :		
Receivables and other Advances	(10 70 760)	-
Trade Payables and other Liabilities	10 08 790	24 252
Net Cash Used in Operating Activities	(77 72 654)	(3 933)
B CASH FLOW FROM INVESTING ACTIVITIES		
Sale of Investments	81 18 760	-
Net Cash Flow from Investing Activities	81 18 760	-
C CASH FLOW FROM FINANCING ACTIVITIES	-	-
Net Increase/ (Decrease) in Cash and Cash Equivalents	3 46 106	(3 933)
Opening Balance of Cash and Cash Equivalents	7 651	11 584
Closing Balance of Cash and Cash Equivalents (Refer Note 2.09)	3 53 757	7 651

Note:

- i Cash and Cash Equivalent includes cash on hand, cheques on hand, bank balance including Fixed Deposits with Banks.
- ii Cash Flow has been prepared under the Indirect Method set out in Accounting Standard 3 "Cash Flow Statement"

As per our report of even date

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

Lalit R. Mhalsekar
Partner
Membership No 103418

For and on behalf of the Board

Hitesh Chawda
DIN: 00373540

Rupali Nagar
DIN: 01784220

} **Directors**

Place : Mumbai
Date : May 28, 2016

WORLDTEL TAMILNADU PRIVATE LIMITED

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

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

Note 1

1.1 Basis of Preparation of Financial Statements

The Financial Statements are prepared under historical cost convention, in accordance with the generally accepted accounting principles (GAAP) in India and to comply with Accounting Standard specified under Section 133 of the Companies Act, 2013 ("the Act") read with Rule 7 of the Companies (Accounts) Rules 2014 and other provisions of the Act to the extent notified and applicable, as well as applicable guidance note and pronouncements of the Institute of Chartered Accountants of India (ICAI).

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

1.2 Use of Estimates

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

1.3 Revenue Recognition

Profit on sale of Investments is recorded on transfer of title from the company and is determined as the difference between the sale consideration and the carrying value of the investment

1.4 Investments

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

1.5 Fixed Assets

Fixed Assets are stated at cost, less accumulated depreciation and impairment loss, if any. In case of capital work in progress, all related cost till commencement of commercial operations attributable to the fixed assets are capitalised.

1.6 Depreciation

Depreciation on fixed assets is provided on the Straight Line Value method over the useful lives of the assets prescribed in Schedule II of Companies Act, 2013

1.7 Taxes on Income

Provision for Income Tax is made on the basis of taxable income for the year at current rates. Tax expense comprises of Current Tax and Deferred Tax at the applicable enacted or substantively enacted rates. Current Tax represents the amount of Income Tax payable/ recoverable in respect of the taxable income/ loss for the reporting period.

Deferred Tax represents the effect of timing difference between taxable income and accounting income for the reporting period that originate in one period and are capable of reversal in one or more subsequent periods. The Deferred Tax Asset is recognised and carried forward only to the extent that there is a reasonable certainty that the assets will be realised in future. However, where there is unabsorbed depreciation or carried forward loss under taxation laws, Deferred Tax Assets are recognised only if there is virtual certainty of realisation of assets.

1.8 Earnings per Share

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

1.9 Provisions, Contingent Liabilities and Contingent Assets

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

WORLDTEL TAMILNADU PRIVATE LIMITED

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

	As at March 31, 2016		(Amount in ₹) As at March 31, 2015	
Note : 2.01				
Share Capital				
Authorised :				
2 50 00 000 (2 50 00 000) Equity Shares of ₹ 10 each	25 00 00 000		25 00 00 000	
2 50 00 000 (2 50 00 000) Unclassified Share of ₹ 10 each	25 00 00 000		25 00 00 000	
	<u>50 00 00 000</u>		<u>50 00 00 000</u>	
Issued, Subscribed and Paid up:				
10 000 (10 000) Equity Shares of Rs.10 each fully paid up	1 00 000		1 00 000	
	<u>1 00 000</u>		<u>1 00 000</u>	
1) Shares held by Holding Company	No.of Shares	Percentage	No.of Shares	Percentage
Reliance Communications Infrastructure Limited (w.e.f. March 30, 2016)	10 000	100%	-	-
	<u>10 000</u>	<u>100%</u>	<u>-</u>	<u>-</u>
2) Details of Shareholders Holding more than 5% shares in the Company	No.of Shares	Percentage	No.of Shares	Percentage
Netizen India Private Limited	-	-	1 900	19%
Renovision Systems Private Limited	-	-	1 700	17%
Reliance Infocomm engineering Private Ltd.	-	-	1 500	15%
Realsoft Cyber System Private Limited	-	-	1 900	19%
Reliance Globalcom Management Private Limited	-	-	1 500	15%
Internet Exchange Next.Com Limited	-	-	1 500	15%
Reliance Communication Infrastructure Limited	10 000	100%	-	-
Total	<u>10 000</u>	<u>100%</u>	<u>10 000</u>	<u>100%</u>
3) Reconciliation of shares outstanding at the beginning and at the end of the reporting year				
	As at March 31, 2016		As at March 31, 2015	
Equity Shares	No.of shares	Amount in ₹	No.of shares	Amount in ₹
At the beginning of the year	10 000	1 00 000	10 000	1 00 000
Add/(Less): Changes during the year	-	-	-	-
At the end of the year	<u>10 000</u>	<u>1 00 000</u>	<u>10 000</u>	<u>1 00 000</u>
4) Terms/rights attached to Equity shares				
The company has only one class of equity shares having a par value of ₹10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holder of equity share will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the numbers of equity shares held by the shareholder.				

WORLDTEL TAMILNADU PRIVATE LIMITED

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

	As at March 31, 2016	(Amount in ₹) As at March 31, 2015
Note : 2.02		
Reserves and Surplus		
Surplus/(Deficit) in the Statement of Profit and Loss		
As per last Balance Sheet	(1 85 56 899)	(1 84 99 544)
Add: Loss during the year	<u>(6 59 684)</u>	<u>(57 355)</u>
Balance Carried Forward	(1 92 16 583)	(1 85 56 899)
	<u>(1 92 16 583)</u>	<u>(1 85 56 899)</u>
Note : 2.03		
Other Current Liabilities		
Outstanding Liabilities	11 000	9 200
Payable to Tax Authorities	1 67 832	14 832
Other Payables	<u>2 02 92 403</u>	<u>1 94 38 413</u>
	<u>2 04 71 235</u>	<u>1 94 62 445</u>
Note : 2.04		
Short Term Provisions		
Others		
Provison for Income Tax	<u>6 35 000</u>	-
	<u>6 35 000</u>	<u>-</u>

WORLDTEL TAMILNADU PRIVATE LIMITED

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

Note 2.05
Fixed Assets

(Amount in ₹)

Fixed Assets	Gross Block			Depreciation			Net Block	
	As at April 1, 2015	Additions During the year	Deletion During the year	As at March 31, 2016	As at April 1, 2015	For the Year	As at March 31, 2016	As at March 31, 2015
Tangible Assets								
Computer	8 43 200	-	-	8 43 200	8 43 200	-	-	-
Office Equipments	5 67 972	-	-	5 67 972	5 40 410	-	27 562	27 562
Furniture and Fixtures	11 02 464	-	-	11 02 464	10 47 341	-	55 123	55 123
Total	25 13 636	-	-	25 13 636	24 30 951	-	82 685	82 685
Previous Year	25 13 636	-	-	25 13 636	24 01 781	29 170	82 685	2 08 620

WORLDTEL TAMILNADU PRIVATE LIMITED

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

	As at March 31, 2016	(Amount in ₹) As at March 31, 2015
Note : 2.06		
Non Current Investment		
In Equity Shares of Companies		
Non Trade Investment		
Unquoted		
In Equity Shares - fully paid up		
- West Bengal Network Private Limited of ₹ 10 each (6600)	-	66 000
- Reliance Entertainment Private Limited of ₹ 10 each (1810)	-	18 100
- Internet Exchange Next.Com Limited of ₹ 10 each (27066)		2 70 660
- Realsoft Cyber Systems Private Limited of ₹ 10 each (1400)	-	14000
- Orissa Network Private Limited of ₹ 10 each (5000)	-	50 000
- Reliance HR Services Private Limited of ₹ 10 each (1400)	-	14 000
	<u>-</u>	<u>4 32 760</u>
Note 2.07		
Long Term Loans and Advances		
Unsecured		
Tax Deducted at Source	<u>12 000</u>	12 000
	<u>12 000</u>	<u>12 000</u>
Note 2.08		
Trade Receivables Unsecured Considered goods		
Due for more than Six months from the date they are due for payment	<u>1 22 832</u>	-
Others	-	1 22 832
	<u>1 22 832</u>	<u>1 22 832</u>
Note : 2.09		
Cash and Bank Balance		
Balances with Banks	<u>3 53 757</u>	7 651
	<u>3 53 757</u>	<u>7 651</u>
Note 2.10		
Short Term Loans and Advances		
Others*	<u>14 18 378</u>	3 47 618
	<u>14 18 378</u>	<u>3 47 618</u>

* includes Service Tax Recoverable

WORLDTEL TAMILNADU PRIVATE LIMITED

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

	(Amount in ₹)	
	For the year ended March 31, 2016	For the year ended March 31, 2015
Note: 2.11		
Other Expenses		
Bank Charges	6 654	3 933
Audit Fees	13 740	13 483
Filing Fees	1 800	7 200
Rates & Taxes	-	3 569
Miscellaneous Expenses	38 490	-
Business Support Services	76 50 000	-
	<u>77 10 684</u>	<u>28 185</u>

Note 2.12

Previous Year

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

Note : 2.13

In accordance with Accounting Standard 22 - 'Accounting for Taxes on Income' as prescribed under the Accounting Standard Rules, the Company has no Deferred Tax Liability as at March 31, 2016. However the Company has Deferred Tax Assets consisting of unabsorbed depreciation and carried forwarded loss. In absence of virtual certainty of realisability of deferred tax assets, the Company on a conservative basis has not recognized Deferred tax assets in the book of accounts.

	(Amount in ₹)	
	For the year ended March 31, 2016	For the year ended March 31, 2015
Deferred Tax Asset		
Related to timing difference on depreciation of fixed assets	66 578	76 816
Related to Carry Forward Loss & Unabsorbed Depreciation	19 532	4 08 468
	<u>86 110</u>	<u>4 85 285</u>

Note : 2.14

The accumulated losses of the Company as at March 31, 2016 exceeds its paid up Capital resulting in an erosion of its net worth, the accounts have been prepared on the "Going Concern" basis on the understanding that the other body corporate, hereby undertakes that the financial support will be maintained at least until the end of next twelve months. With such financial support, the Company shall continue its business as a going concern.

Note 2.15

Related Parties

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

A. List of related parties and relationships :

a) Ultimate Holding Company

1. Reliance Communications Limited

b) Holding Company

1. Reliance Communications Infrastructure Limited (w.e.f. March 30, 2016)

WORLDTEL TAMILNADU PRIVATE LIMITED

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

For the year ended
March 31, 2016

For the year ended
March 31, 2015

Note : 2.16

Earning per share

Numerator - Profit /(Loss) after tax (₹)	(6 59 684)	(57 355)
Denominator - Weighted number of equity shares	10 000	10 000
Basic as well as diluted, earning per equity share of ₹ 10 each fully paid up (₹)	(65.97)	(5.74)

As per our report of even date

For Chaturvedi & Shah

Chartered Accountants
Firm Regn. No. 101720W

Lalit R. Mhalsekar

Partner
Membership No 103418

For and on behalf of the Board

Hitesh Chawda

DIN: 00373540

Rupali Nagar

DIN: 01784220

} Directors

Place : Mumbai

Date : May 28, 2016

Gateway Net Trading Pte Limited

Independent Auditor's Report

To

The Board of Directors of Gateway Net Trading Pte Limited

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

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India including Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We conducted our audit in accordance with the Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion whether the Company has in place an adequate Internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016 and its loss and its cash flows for the year ended on that date.

Other Reporting Requirements

We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account.

Other Matters

This report is issued for the information and use of the Board of Directors of the Company and of Reliance Communications Limited, the ultimate holding company in India to comply with the financial reporting requirements in India and should not be used for any other purposes without our prior written consent.

For M S Sethi & Associates

Chartered Accountants
Firm Regn. No. 109407W

Manoj Sethi

Proprietor
Membership No. 39784

Place: Mumbai
Dated: May 27, 2016

Gateway Net Trading Pte Limited

Balance Sheet as at March 31, 2016

(Amount in ₹)

	Note	As at March 31, 2016		As at March 31, 2015
EQUITY AND LIABILITIES				
Shareholders' Funds				
Share Capital	2.01	1,72,93,21,755		1,63,13,12,500
Reserves and Surplus	2.02	<u>(2,82,36,84,357)</u>	<u>(1,09,43,62,602)</u>	<u>(2,64,46,96,806)</u> (1,01,33,84,306)
Current Liabilities				
(a) Trade Payables	2.03	1,91,21,80,255		1,80,38,07,500
(b) Other Current Liabilities	2.04	<u>10,45,106</u>	<u>1,91,32,25,361</u>	<u>4,93,000</u> 1,80,43,00,500
TOTAL			<u>81,88,62,759</u>	<u>79,09,16,194</u>
ASSETS				
Current Assets				
(a) Cash and Bank Balance	2.05	47,52,806		91,23,533
(b) Short-term loans and advances	2.06	<u>81,41,09,953</u>	<u>81,88,62,759</u>	<u>78,18,53,091</u> 79,09,76,624
TOTAL			<u>81,88,62,759</u>	<u>79,09,76,624</u>
Significant Accounting Policies	1			
Notes on Accounts	2			

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

As per our Report attached

For and on behalf of the Board

For M. S. Sethi & Associates

Chartered Accountants
Regn. No. 109407W

B.K.Shah

Toh Weng Cheong

} **Directors**

Manoj Sethi

Proprietor
Membership No. 39784

Place : Mumbai

Date : May 27, 2016

Gateway Net Trading Pte Limited

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

	Note	For the year ended March 31, 2016	(Amount in ₹) For the year ended March 31, 2015
INCOME			
Other Income	2.07	569	2,020
Total		<u>569</u>	<u>2,020</u>
EXPENDITURE			
General Administration Expenses	2.08	1,98,52,480	1,86,44,683
Total		<u>1,98,52,480</u>	<u>1,86,44,683</u>
Profit/(Loss) before Tax		<u>(1,98,51,911)</u>	<u>(1,86,42,663)</u>
Provision for Tax			
Current Tax		-	-
Profit / (Loss) After Tax		<u>(1,98,51,911)</u>	<u>(1,86,42,663)</u>
Earning per Share – Basic and Diluted	2.10	(14.71)	(13.81)
Significant Accounting Policies	1		
Notes on Accounts	2		

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

As per our Report attached

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

For and on behalf of the Board

B.K.Shah
Toh Weng Cheong } **Directors**

Manoj Sethi
Proprietor
Membership No. 39784

Place : Mumbai
Date : May 27, 2016

Gateway Net Trading Pte Limited

Cash Flow Statement for the year ended March 31, 2016

	(Amount in ₹)	
	For the year ended March 31, 2016	For the year ended March 31, 2015
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/(Loss) before tax as per Statement of Profit and Loss	(1,98,51,911)	(1,86,42,663)
Adjusted for :		
Interest income	<u>(569)</u>	<u>(2,020)</u>
Operating Profit/(loss) before Working Capital Changes	(1,98,52,480)	(1,86,44,683)
Adjusted for:		
Effects of exchange difference on translation of assets and liabilities	2,41,872	(2,32,146)
other current assets	1,47,16,826	24,65,27,438
other current liabilities	5,22,487	(22,25,51,438)
	<u>1,54,81,185</u>	<u>2,37,43,854</u>
Cash Generated from /(used in) from Operations	(43,71,295)	50,99,171
Net Cash from/(used in) Operating Activities	<u>(43,71,295)</u>	<u>50,99,171</u>
B CASH FLOW FROM INVESTING ACTIVITIES	<u>-</u>	<u>-</u>
C CASH FLOW FROM FINANCING ACTIVITIES	<u>-</u>	<u>-</u>
Interest Income	569	2,020
Net Cash from/(used in) from Financing Activities	<u>569</u>	<u>2,020</u>
Net Increase/ (Decrease) in Cash and Bank Balance (A+B+C)	(43,70,726)	51,01,191
Opening Balance of Cash and Bank Balance	91,23,533	40,24,342
Closing Balance of Cash and Bank Balance	<u>47,52,806</u>	<u>91,23,533</u>

Note:

Cash and Cash Equivalent includes cash on hand and balance with Bank

As per our Report attached

For M. S. Sethi & Associates

Chartered Accountants
Regn. No. 109407W

For and on behalf of the Board

B.K.Shah

Toh Weng Cheong

} **Directors**

Manoj Sethi

Proprietor
Membership No. 39784

Place : Mumbai

Date : May 27, 2016

Gateway Net Trading Pte Limited

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

Note 1: SIGNIFICANT ACCOUNTING POLICIES

1.01 Basis of preparation of financial statements :

The financial statements are prepared under historical cost convention, in accordance with the generally accepted accounting principles (GAAP) in India and Comply with Accounting Standard specified under Section 133 of the Companies Act, 2013 ("the Act") read with Rule 7 of the Companies (Accounts) Rules, 2014 and other provisions of the Act, to the extent notified and applicable as well as applicable guidance note and pronouncements of the Institute of Chartered Accountants of India (the ICAI).

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

1.02 Use of Estimates :

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

1.03 Taxes on Income and Deferred Tax :

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

1.04 Provisions, Contingent Liabilities and Contingent Assets

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

1.05 Foreign Currency Transactions :

Exchange difference arising either on settlement or on translation of monetary items is recognised in the Statement of Profit and Loss.

1.06 Revenue recognition :

The Company recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that future economic benefits will flow to the entity and when the specific criteria for each of the Company's activity are met.

Interest Income is recognised using the time proportion method, based on the underlying interest rates.

Gateway Net Trading Pte Limited

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

Note	(Amount in ₹)	
	As at March 31, 2016	As at March 31, 2015
2.01 SHARE CAPITAL		
Authorised		
11,00,000 Equity Shares of USD 1 Each	7,28,80,500	6,87,50,000
2,50,010 Equity Shares of USD 100 Each	<u>1,65,64,41,255</u>	<u>1,56,25,62,500</u>
	<u>1,72,93,21,755</u>	<u>1,63,13,12,500</u>
Issued, Subscribed and Paid up		
1100,000 Equity Share of USD 1 each fully paid up	7,28,80,500	6,87,50,000
250,010 Equity Shares of USD 100 each fully paid up	<u>1,65,64,41,255</u>	<u>1,56,25,62,500</u>
	<u>1,72,93,21,755</u>	<u>1,63,13,12,500</u>

1) Details of Shares held by holding Company/ultimate holding Company:

Particulars	No. of Shares	%	No of Shares	%
10,00,000 Equity Shares of USD 1 each				
Reliance Globalcom BV	10,00,000	90.90%	10,00,000	90.90%
Reliance Communications Ltd	<u>1,00,000</u>	<u>9.10%</u>	<u>1,00,000</u>	<u>9.10%</u>
	11,00,000		11,00,000	
250,010 Equity Shares of USD 100 Each				
Reliance Globalcom BV	2,50,010	100%	2,50,010	100%

2) Details of shareholders holding more than 5% share in the Company:

Particulars	% of Holding	No. of Shares	% Holding	No of Shares
Reliance Globalcom BV				
10,00,000 Equity Shares of USD 1 each	90.90	10,00,000	90.90	10,00,000
2,50,010 Equity Shares of USD 100 each	100.00	2,50,010	100.00	2,50,010
Reliance Communications Ltd				
1,00,000 Equity Shares of USD 1 each	9.10	1,00,000	9.10	1,00,000

3) Terms / Right attached to Equity Share:

The Company has two class of equity shares having par value of USD 1 per share and USD 100 per share. Each holder of equity share is entitled to one vote per share. In the event of liquidation of the Company, the holder of equity share will be entitled to receive remaining assets of the Company.

4) Reconciliation of shares outstanding at the beginning and at the end of year:

	No. of Shares	Amount in ₹	No of Shares	Amount in ₹
Equity Shares USD 1 each				
At the beginning of the year	11,00,000	7,28,80,500	11,00,000	6,59,06,500
Add/(Less): Changes during the year	-	-	-	-
At the end of the year	11,00,000	7,28,80,500	11,00,000	6,59,06,500
Equity Shares USD 100 each				
At the beginning of the year	2,50,010	1,65,64,41,255	2,50,010	1,49,79,34,915
Add/(Less): Changes during the year	-	-	-	-
At the end of the year	13,50,010	1,72,93,21,755	13,50,010	1,56,38,41,415

Gateway Net Trading Pte Limited

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

	As at March 31, 2016	(Amount in ₹) As at March 31, 2015
2.02 RESERVES AND SURPLUS		
Exchange Fluctuation Reserve	(26,80,22,080)	(10,88,86,438)
Profit/ (Loss) in Statement of Profit and Loss	(2,53,58,10,366)	(2,51,71,67,705)
As per last Balance Sheet	(1,98,51,911)	(1,86,42,663)
Add: Profit/(Loss) for the year	(2,55,56,62,277)	(2,53,58,10,368)
Total Reserves and Surplus	(2,82,36,84,357)	(2,64,46,96,806)
2.03 TRADE PAYABLES-		
(Unsecured - Considered good)		
- to Related Party (Refer Note : 2.12)	1,91,21,80,255	1,80,38,07,500
	1,91,21,80,255	1,80,38,07,500
2.04 OTHER CURRENT LIABILITIES		
Other Payables	10,45,106	4,93,000
	10,45,106	4,93,000
2.05 CASH AND BANK BALANCES		
Balance with Banks		
- Current Accounts	47,52,806	91,23,533
	47,52,806	91,23,533
2.06 SHORT TERM LOANS AND ADVANCES		
(Unsecured. Considered good - unless stated otherwise)		
Income tax recoverable	6,33,12,202	6,10,48,376
Advances Recoverable in Cash or Kind or for Value to be Received	75,07,97,751	72,08,04,715
	81,41,09,953	78,18,53,091
		(Amount in ₹)
	For the year ended March 31, 2016	For the year ended March 31, 2015
2.07 OTHER INCOME		
Interest from Banks	569	2,020
	569	2,020
2.08 GENERAL AND ADMINISTRATION EXPENSES		
Professional Fees	18,73,095	10,04,076
Audit Fees	5,16,188	5,63,385
Bank Charges	1,74,63,197	1,48,07,673
Foreign Exchange (Gain) / Loss (net)	-	22,69,549
	1,98,52,480	1,86,44,683

Gateway Net Trading Pte Limited

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

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

2.10 Earnings per share

	For the yer ended March 31, 2016	For the yer ended March 31, 2015
Profit / (loss) after tax	(1,98,51,911)	(1,86,42,663)
Weighted average number of equity shares	13,50,010	13,50,010
Earning per share –Basic and Diluted	(14.71)	(13.81)
Nominal value per equity share	100	100
Nominal value per equity share	1	1

2.11 Segment Reporting

The Company has not identified any separate reportable segment as given in As-17, as referred in Rule 7 of Companies (Accounts) Rules, 2014, as all the activities of the company relates to International Long distance business as used for the internal business reporting systems.

2.12 Related Party Transactions

As per the Accounting Standard 18 (AS 18), as referred in Rule 7 of the Companies (Accounts) Rules, 2014 the disclosure of transactions with the related parties are as under:

i List of Related Parties with whom transactions have taken place and relationships.

S r. No.	Name of the Related Party	Relationship
1	Reliance Communications Ltd.	Ultimate Holding Company
2	Reliance Globalcom B.V.	Holding Company

(Amount in ₹)

ii Transactions with related parties and Closing Balance

Figures in brackets are pertaining to Previous Year's

	As on 31.03.2016
Reliance Globalcom B.V. - Trade Payables	1,91,21,80,255 (1,80,38,07,500)

2.13 The amount relating to Balance Sheet items appearing in Indian Rupees have been translated at Closing Rate of USD = ₹ 66.255 (Previous year 1 USD = ₹ 62.50) and items relating to profit and loss have been translated at average rate of 1 USD = ₹ 65.46 and (Previous year 1 USD = ₹ 61.15)

As per our Report attached

For and on behalf of the Board

For M. S. Sethi & Associates

Chartered Accountants
Regn. No. 109407W

B.K.Shah

Toh Weng Cheong

} Directors

Manoj Sethi

Proprietor
Membership No. 39784

Place : Mumbai

Date : May 27, 2016

Reliance Infra Realty Limited

Independent Auditor's Report

To the Members of Reliance Infra Realty Limited

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2016, and its profit and cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

As required by 'the Companies (Auditor's Report) Order, 2016', issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (hereinafter referred to as 'the Order'), we give in the 'Annexure A' statement on the matters specified in paragraphs 3 & 4 of the Order.

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

- (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- (c) the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- (d) in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) on the basis of the written representations received from the directors as on March 31, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) 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 does not have any pending litigations as at March 31, 2016
 - ii. The Company did not have any long-term contracts including derivative contracts as at 31st March, 2016 for which there were any material foreseeable losses; and
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2016.

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

Place: Mumbai
Dated: May 27, 2016

Dilip J. Diwan
Proprietor
Membership No. 016665

Reliance Infra Realty Limited

Annexure A to Independent Auditor's Report – 31st March 2016

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

1. (a) The company do not have fixed assets as on 31st March 2016. Accordingly paragraphs 1(a), (b) and (c) of the orders are not applicable to the company.
2. The Company does not have inventories at the end of Financial year . Accordingly paragraphs 2 of the orders are not applicable to the company.
3. The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other covered in the register maintained under section 189 of the Act. Accordingly paragraphs 3(iii) (a), (b) and (c) of the Order are not applicable to the Company.
4. In our opinion and according to the information and explanations given to us, the company has not given loans, investments, guarantees, and any security under provisions of section 185 and 186 of the Companies Act, 2013. Accordingly, Paragraph 3(iv) of the Order is not applicable to the Company.
5. In our opinion, and information and explanations given to us, the Company has not accepted deposits as per directives issued by the Reserve Bank of India under the provisions of Section 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Accordingly, Paragraph 3(v) of the Order is not applicable to the Company.
6. The Central Government has not prescribed maintenance of cost records under Sub- Section (1) of section 148 of the Companies Act, 2013. Accordingly the clause 3(vi) is not applicable.
7. According to the information and explanation given to us and on the basis of our examination of the records of the company, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, sales tax, service tax, customs duty, excise duty, value added tax (VAT), income tax, wealth tax, cess, and other material statutory dues applicable to the Company. According to the information and explanations given to us, no undisputed amounts payable in respect of sales tax, service tax, customs duty, excise duty, value added tax, income tax, wealth tax, and cess were in arrears as at March 31, 2016 for a period of more than six months from the date they became payable.
8. The company has not raised loans from Financial Institutions or Banks or Government or debenture holders. Hence clause 3(viii) of the order requiring comment on repayment of the dues to them is not applicable.
9. In our opinion and according to the information and explanations given to us, the company has not raised money by way of Initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, the provision of Clause 3(ix) of the order is not applicable to the company.
10. According to the information and explanations given to us, no significant fraud on or by the company by its officers or employees, that causes a material misstatement to the financial statements, has been noticed or reported during the year.
11. According to the information and explanations given to us, the company has not paid or provided managerial remuneration during the year. Accordingly, the provision of Clause 3(xi) of the order is not applicable to the company.
12. As the company is not the Nidhi company, the provision of Clause 3(xii) of the order is not applicable to the company.
13. According to the information and explanations given to us, the company has made all the transactions with the related parties in compliance with sections 177 & 188 of Companies Act and the details have been disclosed in the Financial Statements as required by the applicable Accounting Standards.
14. According to the information and explanations given to us, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year as per section 42 of the Companies Act, 2013. Accordingly, the provision of Clause 3(xiv) of the order is not applicable to the company.
15. According to the information and explanations given to us, the company has not entered into any non cash transactions with the directors or persons connected with them as per section 192 of Companies Act, 2013.
16. The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the clause 3(xvi) is not applicable.

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

Place: Mumbai
Dated: May 27, 2016

Dilip J. Diwan
Proprietor
Membership No. 016665

Reliance Infra Realty Limited

Annexure B to Independent Auditor's Report – 31st March 2016

Annexure B to Independent Auditor's Report – 31st March 2016 on the Financial Statements of Reliance Infra Realty Limited

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 Infra Realty Limited ('the Company') as of March 31, 2016 in conjunction with our audit of the 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'. 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 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 Companies Act, 2013, 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 Institute of Chartered Accountants of India. 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 judgement, 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 Institute of Chartered Accountants of India".

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

Place: Mumbai
Dated: May 27, 2016

Dilip J. Diwan
Proprietor
Membership No. 016665

Reliance Infra Realty Limited

Balance Sheet as at March 31, 2016

Amount in ₹

	Note	As at March 31, 2016		As at March 31, 2015
EQUITY AND LIABILITIES				
Shareholders' Funds				
(a) Share Capital	2.01	5 00 000	5 00 000	
(b) Reserves and Surplus	2.02	(73 137)	4 26 863	(45 267) 4 54 733
Current Liabilities				
(a) Trade Payable	2.03	-	120 00 00 000	
(b) Other Current Liabilities	2.04	15 283	15 283	45 155 120 00 45 155
TOTAL		4 42 146	4 42 146	120 04 99 888
ASSETS				
Current Assets				
(a) Cash And Bank Balances	2.05	4 40 186	4 99 888	
(b) Short Term Loans and Advances	2.06	1 960	4 42 146	120 00 00 000 120 04 99 888
TOTAL		4 42 146	4 42 146	120 04 99 888
Significant Accounting Policies	1			
Notes on Accounts	2			

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

As per our report of even date

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

DILIP JIVANDAS DIWAN
Proprietor
Membership No. 016665

Place : Mumbai
Date : May 27, 2016

For and on behalf of the Board

Anil Shah
DIN: 00004368

Tunu Sahu
DIN: 02021223

} **Directors**

Reliance Infra Realty Limited

Statement of Profit and Loss for the year ending on March 31, 2016

	Note	For the year ended March 31, 2016	Amount in ₹ For the period November 11, 2014 to March 31, 2015
INCOME			
Income		-	-
TOTAL REVENUE		-	-
EXPENDITURE			
General and Administration Expenses	2.07	27 870	45 267
Total Expenses		27 870	45 267
Profit/(Loss) Before Tax		(27 870)	(45 267)
Provision for:			
- Current Tax		-	-
Profit/(Loss) After tax		(27 870)	(45 267)
Earning per Share of face value of ₹ 10 each fully paid up			
Basic & Diluted (₹)	2.11	(0.56)	(0.91)
Significant Accounting Policies	1		
Notes on Accounts	2		

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

As per our report of even date

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

DILIP JIVANDAS DIWAN
Proprietor
Membership No. 016665

Place : Mumbai
Date : May 27, 2016

For and on behalf of the Board

Anil Shah
DIN: 00004368

Tunu Sahu
DIN: 02021223

} **Directors**

Reliance Infra Realty Limited

Cash Flow Statement for the year ended March 31, 2016

	For the year ended March 31, 2016	Amount in ₹ For the Period November 11, 2014 to March 31, 2015
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit / (Loss) before tax as per Statement of Profit and Loss	(27 870)	(45 267)
Adjusted for:	-	-
Operating Profit/(Loss) before Working Capital Changes	<u>(27 870)</u>	<u>(45 267)</u>
Adjusted for:		
Receivables and Other Advances	119 99 98 040	(120 00 00 000)
Trade Payable and Other Liabilities	<u>(120 00 29 872)</u>	<u>120 00 45 155</u>
Cash Used in Operations	<u>(59 702)</u>	<u>(112)</u>
Tax Paid		
Net Cash Used in Operations	<u>(59 702)</u>	<u>(112)</u>
B CASH FLOW FROM INVESTING ACTIVITIES		
Net Cash from / (Used in) Investing Activities	<u>-</u>	<u>-</u>
C CASH FLOW FROM FINANCING ACTIVITIES		
Share Capital Issued during the year\period	-	5 00 000
Net Cash from Financing Activities	<u>-</u>	<u>5 00 000</u>
Net Increase / Decrease in Cash and Cash Equivalents	(59 702)	4 99 888
Opening Balance of Cash and Cash Equivalents	4 99 888	-
Closing Balance of Cash and Cash Equivalents (Refer Note 2.05)	<u>4 40 186</u>	<u>4 99 888</u>

Note

- (1) Figures in brackets indicate cash outgo.
- (2) Cash and cash equivalents includes cash on hand and bank balances including Fixed Deposits.
- (3) Cash Flow Statement has been prepared under the Indirect Method set out in Accounting Standard 3 "Cash Flow Statements".

As per our report of even date

For and on behalf of the Board

For D.J. DIWAN & CO.

Chartered Accountants
Firm Registration No. 102658W

DILIP JIVANDAS DIWAN

Proprietor
Membership No. 016665

Anil Shah
DIN: 00004368

Tunu Sahu
DIN: 02021223

} **Directors**

Place : Mumbai

Date : May 27, 2016

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

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

1.1 Basis of Preparation of Financial Statements

The Financial Statements are prepared under historical cost convention, in accordance with the generally accepted accounting principles (GAAP) in India and to comply with Accounting Standard specified under Section 133 the Companies Act, 2013 ("the Act") read with Rule 7 of the Companies (Accounts) Rules 2014 and other provisions of the Act to the extent notified and applicable, as well as applicable guidance note and pronouncements of the Institute of Chartered Accountants of India (ICAI).

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

1.2 Use of Estimates

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

1.3 Revenue Recognition

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

1.4 Investments

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

1.5 Taxes on Income

Provision for Income Tax is made on the basis of taxable income for the year at current rates. Tax expense comprises of Current Tax and Deferred Tax at the applicable enacted or substantively enacted rates. Current Tax represents the amount of Income Tax payable/ recoverable in respect of the taxable income/ loss for the reporting period.

Deferred Tax represents the effect of timing difference between taxable income and accounting income for the reporting period that originate in one period and are capable of reversal in one or more subsequent periods. The Deferred Tax Asset is recognised and carried forward only to the extent that there is a reasonable certainty that the assets will be realised in future. However, where there is unabsorbed depreciation or carried forward loss under taxation laws, Deferred Tax Assets are recognised only if there is virtual certainty of realisation of assets.

1.6 Earnings per Share

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

1.7 Provisions, Contingent Liabilities and Contingent Assets

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

Reliance Infra Realty Limited

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

	As at March 31, 2016	Amount in ₹ As at March 31, 2015
Note 2.01		
Share Capital		
Authorised		
50 000 (50 000) Equity Shares of ₹ 10 each	<u>5 00 000</u>	<u>5 00 000</u>
	<u>5 00 000</u>	<u>5 00 000</u>
Issued, Subscribed and Paid up		
50 000 (50 000) Equity Shares of ₹ 10 each fully paid up	<u>5 00 000</u>	<u>5 00 000</u>
	<u>5 00 000</u>	<u>5 00 000</u>

- 1) All the 50 000 shares are held by Reliance Communication Infrastructure Ltd. (Holding Company).
2) Reconciliation of shares outstanding at the beginning and at the end of the reporting year

	As at March 31, 2016		As at March 31, 2015	
	No of Shares	Amount in ₹	No of Shares	Amount in ₹
Equity Shares				
At the beginning of the year	50 000	5 00 000	-	-
Add/ (Less) : Changes during the year	-	-	50 000	5 00 000
At the end of the year	<u>50 000</u>	<u>5 00 000</u>	<u>50 000</u>	<u>5 00 000</u>

3) Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holder of equity share will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the numbers of equity shares held by the shareholder.

	As at March 31, 2016	Amount in ₹ As at March 31, 2015
Note 2.02		
Reserves And Surplus		
Surplus/(Deficit) in the Statement of Profit and Loss		
As per last Balance Sheet	(45 267)	-
Less: Loss during the year	(27 870)	(45 267)
Balance Carried Forward	<u>(73 137)</u>	<u>(45 267)</u>

Note 2.03

Trade Payable

Others	-	120 00 00 000
	<u>-</u>	<u>120 00 00 000</u>

Note 2.04

Other Liabilities

Audit Fees Payable	13 483	13 483
Others Payable	1 800	31 672
	<u>15 283</u>	<u>45 155</u>

Note 2.05

Cash And Bank Balances

Balances with Banks	4 40 186	4 99 888
	<u>4 40 186</u>	<u>4 99 888</u>

Note 2.06

Short Term Loans And Advances

Advance to Related Parties	-	120 00 00 000
Others	1 960	-
	<u>1 960</u>	<u>120 00 00 000</u>

Reliance Infra Realty Limited

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

	For the year ended March 31, 2016	Amount in ₹ For the period November 11, 2014 to March 31, 2015
Note 2.07		
General and Administration Expenses		
Filing Fees	1 800	2 800
Professional Fees	14 000	-
Bank charges	-	112
Audit Fees	12 000	13 483
Preliminary Expenses		28 872
Miscellaneous Expenses	70	-
	<u>27 870</u>	<u>45 267</u>

Note 2.08

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

Note 2.09

Earning per share :

Numerator – Profit / (Loss) after tax (₹)	(27 870)	(45 267)
Denominator – Weighted number of equity shares	50 000	50 000
Basic as well as Diluted, earning per equity share (₹)	(0.56)	(0.91)

Note 2.10

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

Note 2.11

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

Note 2.12

Related Parties:

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

A. List of related parties and relationships :

a) Holding Company

- Reliance Communications Infrastructure Limited

B. Transactions with Related Parties during the year

Sr.	Nature of Transactions	Holding Co.	Total
A	Allotment of Shares		
	Equity Shares		
	Balance as at March 31, 2016	5 00 000	5 00 000
	Balance as at March 31, 2015	(5 00 000)	(5 00 000)
B	Trade Payable		
	Balance as at March 31, 2016	(-)	(-)
	Balance as at March 31, 2015	(120 00 00 000)	(120 00 00 000)

As per our report of even date

For D.J. DIWAN & CO.

Chartered Accountants
Firm Registration No. 102658W

DILIP JIVANDAS DIWAN

Proprietor
Membership No. 016665

Place : Mumbai
Date : May 27, 2016

For and on behalf of the Board

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

Reliance Globalcom BV

Balance Sheet as at March 31, 2016

	Notes	As at March 31, 2016	(Amount in ₹) As at March 31, 2015
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2.01	13,98,82,989	13,19,55,125
Reserves and Surplus	2.02	27,92,07,04,517	25,83,00,83,589
Non Current Liabilities			
(a) Long-Term Borrowings	2.03	1,98,76,50,000	-
Current Liabilities			
(a) Short Term borrowings	2.04	25,79,31,73,921	18,62,71,90,388
(b) Other Current Liabilities	2.05	4,08,79,34,368	9,51,70,14,552
TOTAL		59,92,93,45,795	54,10,62,43,654
ASSETS			
Non Current Assets			
(a) Capital Work in Progress		14,51,54,76,675	13,69,28,12,500
(b) Non Current Investments	2.06	36,22,59,58,008	34,17,28,53,000
(c) Long Term Loans and Advances	2.07	12,27,28,244	
Current Assets			
(a) Cash and Bank Balances	2.08	43,37,54,054	40,21,73,813
(b) Short-term Loans and Advances	2.09	7,63,76,03,814	5,83,84,04,341
(c) Other Current Assets	2.10	99,38,25,000	-
TOTAL		59,92,93,45,795	54,10,62,43,654

Significant Accounting Policies

1

Notes on Accounts

2

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

For and on behalf of the Board

BK Sinha

Jelle Hol

} Directors

Place : Mumbai

Date : May 27, 2016

Reliance Globalcom BV

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

		(Amount in ₹)	
	Notes	For the year ended March 31, 2016	For the year ended March 31, 2015
Income			
Other Income	2.11	<u>98,37,70,737</u>	1,49,76,81,140
		<u>98,37,70,737</u>	<u>1,49,76,81,140</u>
Expenditure			
General Administration Expenses	2.12	<u>2,38,07,282</u>	2,41,94,650
Finance Costs	2.13	<u>42,77,09,269</u>	(48,57,07,442)
		<u>45,15,16,551</u>	<u>(46,15,12,792)</u>
Profit Before Tax		53,22,54,186	1,95,91,93,932
Current Tax		-	-
Profit After Tax		53,22,54,186	1,95,91,93,932
Basic and Diluted Earning per Share of EURO 100 each (₹)	2.14	32,722	1,20,447

Significant Accounting Policies

1

Notes on Account

2

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

For and on behalf of the Board

BK Sinha

Jelle Hol

} **Directors**

Place : Mumbai

Date : May 27, 2016

Reliance Globalcom BV

Cash Flow Statement for the year ended March 31, 2016

	(Amount in ₹)	
	For the year ended March 31, 2016	For the year ended March 31, 2015
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax as per Profit and Loss Account	53,22,54,186	1,95,91,93,932
Adjusted for:		
Other Financial Cost	42,72,11,240	4,45,74,182
Effect of Exchange Loss	(14,29,709)	(1,00,85,85,924)
Operating Profit before Working Capital Changes	95,80,35,717	99,51,82,191
Adjusted for:		
Receivables and other Advances	(2,56,49,81,383)	8,26,65,83,901
Trade Payables and Other Liabilities	3,11,30,709	(5,46,42,88,005)
Effect of Exchange difference on translation of Assets & Liabilities	3,73,01,219	5,08,55,166
Net Cash from / (used in) from Operating Activities	(1,53,85,13,738)	3,84,83,33,252
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Investments	-	4,21,75,77,813
Net Cash from Investing Activities	-	4,21,75,77,813
C CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of Long Term Borrowings	(3,97,53,00,000)	(14,58,33,33,333)
Net proceeds from Short Term Borrowings	6,04,68,61,934	6,27,08,10,996
Financial Charges	(50,14,67,955)	(4,45,74,182)
Net Cash from/(used in) from Financing Activities	1,57,00,93,979	(8,35,70,96,519)
Net Increase/ (Decrease) in Cash and Cash Equivalents (A+B+C)	3,15,80,241	(29,11,85,454)
Opening Balance of Cash and Cash Equivalents	40,21,73,813	69,33,59,268
Closing Balance of Cash and Cash Equivalents	43,37,54,054	40,21,73,813

Note:

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

For and on behalf of the Board

BK Sinha

Jelle Hol

} Directors

Place : Mumbai

Date : May 27, 2016

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

Note :1 Significant Accounting Policies to the Financial Statements

1.01 Basis of Preparation of Financial Statements

The financial statements are prepared under historical cost convention, in accordance with the generally accepted accounting principles (GAAP) in India and Comply with Accounting Standard specified under Section 133 of the Companies Act, 2013 ("the Act") read with Rule 7 of the Companies (Accounts) Rules, 2014 and other provision of the Act, to the extent notified and applicable as well as applicable guidance notes and pronouncements of the Institute of Chartered Accountants of India (ICAI).

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

1.02 Revenue Recognition

Interest Income is recognised on time proportion basis.

1.03 Use of Estimates

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

1.04 Taxes on Income and Deferred Tax

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

1.05 Earning per Share

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

1.06 Provisions, Contingent Liabilities and Contingent Assets

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

Reliance Globalcom BV

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

	As at March 31, 2016	(Amount in ₹) As at March 31, 2015
Note: 2.01		
Share Capital		
Issued, Subscribed and Paid up		
16,266 (16,266) Equity Shares of EURO 100 each fully paid up	13,79,99,956	13,01,78,812
52 (52) 1% Non convertible Non-redeemable Preference Shares of EURO 1 each	4,335	4,090
22,143 (22,143) 8% Non Convertible Non-redeemable Preference Shares of EURO 1 each	18,78,698	17,72,223
	<u>13,98,82,989</u>	<u>13,19,55,125</u>

1) Details of Shares held by holding Company:

Particulars	% of Holding	No of Shares	% of Holding	No of Shares
Reliance Communications Ltd.	89.24	14,516	89.24	14,516

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

Particulars	% of Holding	No. of Shares	% of Holding	No. of Shares
Reliance Communications Ltd.	89.24	14,516	89.24	14,516
Reliance Communications Infrastructure Ltd.	10.76	1,750	10.76	1,750

3) Terms/Rights attached to Equity Share

The Company has only one class of ordinary shares having a par value of EURO 100 per share. Each holder of Ordinary shares is entitled to one vote per share. In the event of liquidation of the Company, the holder of ordinary share will be entitled to receive remaining assets of the Company.

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

	Number		₹	
			Number	₹
Equity Shares				
At the beginning of the year	16,266.00	13,79,99,956	16,266.00	13,01,78,812
Add/Less: Changes during the year	-	-	-	-
At the end of the year	16,266.00	13,79,99,955.56	16,266.00	13,01,78,812.49

Note: 2.02

Reserves and Surplus

	As at March 31, 2016	As at March 31, 2015
Security Premium	32,34,10,26,979	30,50,81,00,313
Currency Translation Reserve	(49,17,83,911)	(21,72,23,986)
Surplus in Statement of Profit and Loss		
As per last Balance Sheet	(4,46,07,92,737)	(6,41,99,86,670)
Add: Profit/ (Loss) for the year	53,22,54,186	1,95,91,93,932
	<u>27,92,07,04,517</u>	<u>25,83,00,83,589</u>

Note: 2.03

Long Term borrowings

Loan from Bank (Secured*)	1,98,76,50,000	-
	<u>1,98,76,50,000</u>	<u>-</u>

* against pledge of shares of material subsidiaries.

Reliance Globalcom BV

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

	As at March 31, 2016	(Amount in ₹) As at March 31, 2015
Note: 2.04		
Short Term borrowings		
Advance against equity	6,62,55,000	6,25,00,000
Loan from Related Parties	25,72,69,18,921	18,56,46,90,388
	<u>25,79,31,73,921</u>	<u>18,62,71,90,388</u>
Note: 2.05		
Other Current Liabilities		
Current Maturities of Long Term Debts	3,97,53,00,007	9,37,49,99,992
Interest accrued on Loan but not due	-	6,51,30,188
Other Payables	11,26,34,361	7,68,84,373
	<u>4,08,79,34,368</u>	<u>9,51,70,14,552</u>
Note: 2.06		
Non Current Investments		
Trade Investment (Valued at cost unless stated otherwise)		
22 000 Equity Shares of Reliance communications (UK) Ltd. Of USD 1 each (22 000)	1,29,76,06,295	1,22,40,64,500
1 00 000 Equity Shares of Reliance Communciations (Singapore) Pte. Ltd. of USD 0.72 each (1 00 000)	44,99,841	42,44,813
1 Equity Share of Reliance Communications New Zealand Pte. Ltd. of USD 1 each (1)	66	62
1 Equity Share of Reliance Communications Australia Pty. Ltd. of USD 1 each (1)	66	62
27 000 Equity Shares of Anupam Global Soft (Uganda) Ltd. of USHS 100,000 each (27 000)	42,90,05,962	40,46,92,062
10 00 000 Equity Shares of Gateway Net Trading Pte. Ltd. of USD 1 each (10 00 000)	1,70,32,47,497	1,60,67,16,000
2 50 010 Equity Shares of Gateway Net Trading Pte. Ltd. of USD 100 each (2 50 010)	1,65,64,413	1,56,25,625
12 000 Equity Shares of Reliance Flag Pacific Holdings Ltd of USD 1 each (12 000)	7,95,060	7,50,000
10 000 Equity Shares of Global Cloud Exchange Ltd of USD 1 each (10 000)	22,49,26,64,078	21,21,78,93,062
100 Equity Share of Reliance Infocomm Inc of no Face value (100)	1,45,76,10,000	1,37,50,00,000
30 00 04 130 Equity Shares of Reliance Infratel Limited of Rs. 10 each (30 00 04 130)	96,56,65,167	91,09,36,125
84 74 576 Series B Preferred Stock of E Band Communications Corporation of USD 0.354 each (84 74 576)	20,03,33,256	18,89,79,375
14 63 415 Series C Preferred Stock of Stoke Inc. of USD 2.05 each (14 63 415)	19,98,54,166	18,85,27,438

Reliance Globalcom BV

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

	As at March 31, 2016	(Amount in ₹) As at March 31, 2015
5 95 074 Sequans Communications SA of Euro 0.02 each (5 95 074)	24,70,28,455	23,30,28,125
39 342 Groupon INC-Class A Common Stock of USD 0.0001 each (39 342)	15,90,12,000	15,00,00,000
5 85 993 Series A Preferred Stock of Scalable Display Technologies Inc. of USD 1.62 each (5 85 993)	6,29,42,250	5,93,75,000
20 45 455 Series D Preferred Stock of Stoke Inc. of USD 2.2 each (20 45 455)	29,81,47,500	28,12,50,000
2 67 343 BlackRock US Dollar Liquidity First Fund - Institutional Share Class of USD 1 each (2 67 343)	1,77,12,810	1,67,08,938
15 721 BlackRock US Dollar Liquid Investment Fund of USD 1 each (15 721)	6,67,32,69,126	6,29,50,61,813
	<u>36,22,59,58,008</u>	<u>34,17,28,53,000</u>
Note: 2.07 Long Term Loans and Advances Other Loans and Advances	12,27,28,244 12,27,28,244	- -
Note: 2.08 Cash and Bank Balances in Current Account in Fixed Deposits	10,21,07,226 33,16,46,828 43,37,54,054	1,51,60,438 38,70,13,375 40,21,73,813
Note: 2.09 Short Term Loans and Advances (Unsecured, Considered good - unless stated otherwise) Receivable from Related Party Other Loans and Advances	5,19,74,57,221 2,44,01,46,593 7,63,76,03,814	4,90,28,91,500 93,55,12,841 5,83,84,04,341
Note: 2.10 Other Current Assets (Unsecured, Considered good - unless stated otherwise) Dividend Receivable	99,38,25,000 99,38,25,000	- -

Reliance Globalcom BV

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

	(Amount in ₹)	
	For the year ended March 31, 2016	For the year ended March 31, 2015
Note: 2.11		
Other Income		
Profit on Sale of Investments	-	1,25,87,06,303
Dividend Income	98,18,43,000	-
Miscellaneous Income	19,27,737	23,89,74,837
	98,37,70,737	1,49,76,81,140

Note: 2.12

General and Administration Expenses

Legal & Professional Fees	89,98,277	47,94,080
Payment to Auditors	13,07,003	44,17,562
Professional Fees	75,86,173	69,77,178
Other Miscellaneous Expenses	9,698	7,43,191
Tax advisory Fees	57,32,609	70,63,219
Bank Charges	1,73,522	1,99,420
	2,38,07,282	2,41,94,650

Note: 2.13

Financial Expenses

Finance Income (net)	-	2,72,314
Fees on loan from financial institution	9,85,80,511	4,43,01,868
Interest Expenses	33,05,58,467	47,83,04,300
Foreign Currency Exchanges Results (net)	(14,29,709)	(1,00,85,85,924)
	42,77,09,269	(48,57,07,442)

Note : 2.14

Earning Per Share (before and after Exceptional Items)

Net Profit (Numerator used for calculation) (₹)	53,22,54,186	1,95,91,93,932
Weighted Average number of Equity Shares used as denominator for calculating EPS	16,266	16,266
Basic and Diluted Earning Per Share (₹)	32,722	1,20,447

Note : 2.15

As per the Accounting Standard 18 (AS-18), as referred in Rule 7 of Companies (Accounts) Rules, 2014 the disclosure of transactions with the related parties are given below :

i List of Related Parties with whom transactions have taken place and relationships.

Sr. No.	Name of the Related Party	Relationship
1	Reliance Communications Limited (RCOM)	Ultimate Holding Company
2	Reliance Communications (Singapore) Pte. Limited (RCSG)	Subsidiary
3	Anupam Globalsoft (U) Limited (AGUL)	Subsidiary
4	Reliance Flag Pacific Holding Limited (RFPHL)	Subsidiary
5	Reliance Communications, Inc. (RCI)	Subsidiary
6	Gateway Net Trading Pte Limited (GNTPL)	Subsidiary
7	Reliance Globalcom Limited, Bermuda (RGL)	Subsidiary
8	Global Cloud Xchange Limited (GCXL)	Subsidiary
9	GCX Limited (GCX)	Subsidiary

Reliance Globalcom BV

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

ii Transactions with related parties and closing balances

Entity Name	RPHL	GCXL	GCX	RCOM	RCSG	AGUL	RCI	GNTPL	RGL
During the year	-	-	-	-	-	-	-	-	-
Dividend Income	-	98,18,43,000	-	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Fixed Assets									
Purchase	-	-	-	-	-	-	-	-	-
	(21,06,30,00,000)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Sale	-	-	-	-	-	-	-	-	-
	(-)	(21,87,50,00,000)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Investments									
Purchase of Shares of GCXL	-	-	-	-	-	-	-	-	-
	(-)	(13,33,01,87,500)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Sale of Shares of Flag Telecom Group Services Limited	-	-	-	-	-	-	-	-	-
	(-)	(-)	(7,50,000)	(-)	(-)	(-)	(-)	(-)	(-)
Sale of Shares of RGL	-	-	-	-	-	-	-	-	-
	(-)	(-)	(13,32,94,37,500)	(-)	(-)	(-)	(-)	(-)	(-)
Assignment of									
Intercompany Payable	-	-	-	-	-	-	-	-	-
	(-)	(15,62,50,00,000)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Year End									
Short Term Borrowings	-	-	-	3,83,05,32,802	16,62,33,79,500	-	5,27,30,06,619	-	-
	(-)	(-)	(-)	(2,30,09,37,500)	(15,68,12,50,000)	(-)	(58,25,02,888)	(-)	(-)
Other Current Liabilities	-	-	-	-	-	11,26,34,163	-	-	-
	(-)	(-)	(-)	(-)	(-)	(10,62,50,625)	(-)	(-)	(-)
Short Term Loans and Advances	3,01,31,82,258	-	-	-	-	27,20,94,709	-	1,91,21,80,255	-
	(2,84,24,10,250)	(-)	(-)	(-)	(-)	(25,66,73,750)	(-)	(1,80,38,07,500)	(-)
Other Current Assets	-	99,38,25,000	-	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)

Note : 2.16

The amounts relating to Balance Sheet items appearing in Indian Rupees have been translated at Closing Rate of 1 USD = ₹ 66.255 (Previous year 1 USD = ₹ 62.5) and items relating to profit and loss have been translated at average rate of 1 USD = ₹ 65.4562 and (Previous year 1 USD = ₹ 61.15).

For and on behalf of the Board

BK Sinha

Jelle Hol

Directors

Place : Mumbai

Date : May 27, 2016

Reliance Infocom Inc.

Independent Auditor's Report

To

The Board of Directors of Reliance Infocom Inc.

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

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India including Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We conducted our audit in accordance with the Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion whether the Company has in place an adequate Internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016 and its loss and its cash flows for the year ended on that date.

Other Reporting Requirements

We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account.

Other Matters

This report is issued for the information and use of the Board of Directors of the Company and of Reliance Communications Limited, the ultimate holding company in India to comply with the financial reporting requirements in India and should not be used for any other purposes without our prior written consent.

For M S Sethi & Associates

Chartered Accountants
Firm Regn. No. 109407W

Manoj Sethi

Proprietor
Membership No. 39784

Place: Mumbai
Dated: May 27, 2016

Reliance Infocom Inc.

Balance Sheet as at March 31, 2016

				(Amount in ₹)	
Particulars	Notes	As at		As at	
		March 31, 2016		March 31, 2015	
Equity and Liabilities					
Shareholders' Funds					
(a) Share Capital	2.01	5,96,29,500		5,62,50,000	
(b) Reserves and Surplus	2.02	<u>(17,03,80,853)</u>	<u>(11,07,51,353)</u>	<u>(12,83,81,047)</u>	(7,21,31,047)
Current Liabilities					
(a) Short Term borrowings	2.03	52,01,05,303		48,92,53,352	
(b) Other Current Liabilities	2.04	8,90,533		6,52,552	
(c) Short Term Provisions	2.05	<u>1,56,14,051</u>	<u>53,66,09,887</u>	<u>3,375</u>	48,99,09,279
TOTAL			<u><u>42,58,58,534</u></u>		<u><u>41,77,78,232</u></u>
Assets					
Non Current Assets					
(a) Non Current Investments	2.06		33,12,75,000		31,25,00,000
(b) Long Term Loans and Advances	2.07		2,42,17,395		3,91,12,313
Current Assets					
(a) Trade Receivables	2.08	6,97,92,686		6,58,37,213	
(b) Cash and Bank Balance	2.09	<u>5,73,453</u>		<u>3,28,706</u>	
			<u>7,03,66,139</u>		6,61,65,919
TOTAL			<u><u>42,58,58,534</u></u>		<u><u>41,77,78,232</u></u>
Significant Accounting Policies	1				
Notes on Accounts	2				

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

As per our Report attached

For and on behalf of the Board

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

Janet Troxell
Andrew Goldie } **Directors**

Manoj Sethi
Proprietor
Membership No. 39784

Place : Mumbai
Date : May 27, 2016

Reliance Infocom Inc.

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

(Amount in ₹)

Particulars	Notes	For the year ended March 31, 2016	For the year ended March 31, 2015
Income			
Revenue		-	-
		<u>-</u>	<u>-</u>
Expenses			
General & Administration Expenses	2.10	13,60,315	6,85,081
Profit / (Loss) before Tax		<u>(13,60,315)</u>	<u>(6,85,081)</u>
Provision for:			
- Current Tax/(Refund)		3,25,12,959	3,49,53,465
Profit / (Loss) After Tax		<u><u>(3,38,73,274)</u></u>	<u><u>(3,56,38,546)</u></u>
Earning per Share - Basic and Diluted	2.12	(3,38,733)	(3,56,385)
Significant Accounting Policies	1		
Notes on Accounts	2		

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

As per our Report attached

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

For and on behalf of the Board

Janet Troxell
Andrew Goldie } **Directors**

Manoj Sethi
Proprietor
Membership No. 39784

Place : Mumbai
Date : May 27, 2016

Reliance Infocom Inc.

Cash Flow Statement for the year ended March 31, 2016

		(Amount in ₹)
	For the year ended March 31, 2016	For the year ended March 31, 2015
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit / (Loss) before tax as per Profit and Loss Account	(13,60,315)	(6,85,081)
Operating Profit before Working Capital Changes	(13,60,315)	(6,85,081)
Adjusted for:		
Receivables and other Advances	(1,09,39,444)	(3,90,80,499)
Trade Payables & Provisions	1,58,48,658	(50,07,312)
Effects of exchange difference on translation of assets and liabilities	(16,43,144)	(7,58,350)
Cash Generated from Operations	19,05,755	(4,55,31,242)
(Payment of Taxes) / Refund	(3,25,12,959)	(3,49,53,465)
Net Cash used in Operating Activities	(3,06,07,204)	(8,04,84,707)
B. CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from Unsecured Loans	3,08,51,951	8,01,94,851
Net Cash from Financing Activities	3,08,51,951	8,01,94,851
Net Increase / (Decrease) in Cash and Cash Equivalents (A+B)	2,44,747	(2,89,856)
Opening Balance of Cash and Cash Equivalents	3,28,706	6,18,562
Closing Balance of Cash and Cash Equivalents	5,73,453	3,28,706

As per our Report attached

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

For and on behalf of the Board

Janet Troxell
Andrew Goldie } **Directors**

Manoj Sethi
Proprietor
Membership No. 39784

Place : Mumbai
Date : May 27, 2016

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

Note 1 SIGNIFICANT ACCOUNTING POLICIES :

1.01 Basis of preparation of financial statements :

The Financial Statements are prepared under historical cost convention in accordance with the generally accepted accounting principles (GAAP) in India and Comply with Accounting Standard specified under Section 133 the Companies Act, 2013 ("the Act") read with Rule 7 of the Companies (Accounts) Rules, 2014 and other provisions of the Act to the extent notified and applicable, as well as applicable note and pronouncements of the Institute of Chartered Accountants of India (the ICAI).

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

1.02 Use of Estimates :

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

1.03 Investments :

Investments are classified into long term and current investments. Investments which are intended to be held for more than one year, are classified as long term investments and investments, which are intended to be held for less than one year, are classified as current investments.

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

1.04 Revenue recognition :

Consultation revenue and other income is recognised on accrual basis.

1.05 Taxes on Income :

Provision for Income Tax is made on the basis of estimated taxable income for the year at current rates. Tax expense comprises of both Current Tax and Deferred Tax at the applicable enacted or substantively enacted rates. Current tax represents the amount of Income Tax payable/recoverable in respect of the taxable income / loss for the reporting period. Deferred tax represents the effect of timing difference between taxable income and accounting income for the reporting period that originate in one period and are capable of reversal in one or more subsequent periods. The deferred tax asset is recognised and carried forward only to the extent that there is a reasonable certainty that the asset will be realised in future.

1.06 Provisions, Contingent Liabilities and Contingent Assets

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

Reliance Infocom Inc.

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

		As at March 31, 2016	(Amount in ₹) As at March 31, 2015
2.01	Share Capital		
	Authorised		
	Equity		
	1 000 (Previous year 1 000) Equity Shares without par value	-	-
	Issued, Subscribed and Paid up		
	100 (Previous year 100) Equity Shares of without par value (Total Paid up value USD 9 00 000)	5 96 29 500	5 62 50 000
		<u>5 96 29 500</u>	<u>5 62 50 000</u>

Note :

2.01.01 Share held by holding/Ultimate holding company and/or their subsidiaries/asscoicates

Equity Shares	%	No. of Shares	%	No. of Shares
Reliance Globalcom B.V.	100	100	100	100

2.01.02 Details of Shareholders holding more than 5% shares in the Company :

Equity Shares	%	No. of Shares	%	No. of Shares
Reliance Globalcom B.V.	100	100	100	100

2.01.03 Terms/Rights attached to Equity Shares

The Company has only one class of equity share having no par value. Each holder of equity shares is entitled to one vote per share .In the event of liquidation of Company, the holder of equity share will be entitled to receive remaining assets of the company.

2.01.04 Reconciliation of shares outstanding at the beginning and at the end of the reporting year.

	No. of Shares	Amount	No. of Shares	Amount
Equity shares				
At the beginning of the year	100	5 96 29 500	100	5 62 50 000
Add/ (Less): Changes during the year	-	-	-	-
At the end of the year	<u>100</u>	<u>5 96 29 500</u>	<u>100</u>	<u>5 62 50 000</u>

Reliance Infocom Inc.

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

Note	(Amount in ₹)	
	As at March 31, 2016	As at March 31, 2015
2.02 Reserve & Surplus		
Statement of Profit and Loss		
As per last Balance Sheet	(12,37,97,764)	(8,81,59,218)
Add: Loss for the year	(3,38,73,274)	(3,56,38,546)
	(15,76,71,038)	(12,37,97,764)
Exchange Fluctuation Reserve	(1,27,09,815)	(45,83,283)
	(17,03,80,853)	(12,83,81,047)
2.03 Short Term Borrowing		
From Related Parties (Refer Note 2.15)	52,01,05,303	48,92,53,352
	52,01,05,303	48,92,53,352
2.04 Other Current Liabilities		
Outstanding Liabilities against Exp	8,90,533	6,52,552
	8,90,533	6,52,552
2.05 Short Term Provisions		
Provision for Income Tax	1,56,14,051	3,375
	1,56,14,051	3,375
2.06 Non Current Investments		
(Trade Investments, Unquoted, At Cost)		
100 (100) Equity Shares of Reliance Communications Inc of USD 50 000 each fully paid up	33,12,75,000	31,25,00,000
	33,12,75,000	31,25,00,000
2.07 Long Term Loans and Advances		
(Unsecured, Considered good unless stated otherwise)		
Advance Tax	2,42,17,395	3,91,12,313
	2,42,17,395	3,91,12,313
2.08 Trade Receivables		
Due for More than Six months		
Considered Good (Refer Note 2.14)	6,97,92,686	6,58,37,213
Others		
Considered Good	-	-
	6,97,92,686	6,58,37,213

Reliance Infocom Inc.

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

Note	(Amount in ₹)	
	As at March 31, 2016	As at March 31, 2015
2.09 Cash and Bank Balances		
Balances with Banks		
In Current Account	5,73,453	3,28,706
	<u>5,73,453</u>	<u>3,28,706</u>

2.10 General & Administration Expenses	(Amount in ₹)	
	For the year ended March 31, 2016	For the year ended March 31, 2015
Bank Charges	51,191	51,213
Membership & Sponership fee	-	8,579
Audit Fees	6,54,562	3,05,765
Professional fee	6,54,562	3,05,765
Others	-	13,759
	<u>13,60,315</u>	<u>6,85,081</u>

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

2.12 Earnings per share

	For the year ended March 31, 2016	For the year ended March 31, 2015
Profit / (loss) after tax and extra ordinary item	(3,38,73,274)	(3,56,38,546)
Weighted average number of equity shares	100	100
Nominal value per equity share	5,96,295	5,62,500
Earning per equity share - Basic and Diluted	(3,38,733)	(3,56,385)

2.13 Segment Reporting

The Company has not identified any separate reportable segment as given in AS -17, as referred in Rule 7 of Companies (Accounts) Rules 2014, as all the activities of the Company relates to International Long Distance business as used for the internal business reporting systems.

Reliance Infocom Inc.

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

2.14 Related Party Transactions

As per the Accounting Standard 18 (AS-18), referred in Rule 7 of Companies (Accounts) Rules 2014, the disclosures of transactions with the related parties is as under:

i List of Related Parties with whom transactions have taken place and relationships.

Sr. No.	Name of the Related Party	Relationship
1	Reliance Communications Ltd.	Ultimate Holding Company
2	Reliance Globalcom B.V.	Holding Company
3	Reliance Communications, Inc.	Subsidiary Company
4	Reliance Communications International Inc.	Subsidiary Company
5	Reliance Communications Canada Inc	Subsidiary Company

ii Transactions with related parties and closing balances

(Figures shown in brackets pertains to previous year.)

Entity Name	Year end Balances as on 31.03.2016		
	Trade Receivables	Investments	Short Term Borrowings
Reliance Communications Ltd	5,49,72,966 (5,18,57,375)	-	-
Reliance Communications Inc	-	33,12,75,000 (31,25,00,000)	51,89,71,180 (48,81,83,505)
Reliance Communications International Inc.	-	-	11,07,650 (10,44,874)
Reliance Communications Canada Inc	-	-	26,473 (24,973)

2.15 The amounts relating to Balance Sheet items appearing in Indian Rupees have been translated at Closing Rate of 1 USD = ₹ 66.26 (Previous year 1 USD = ₹ 62.50) and items relating to profit and loss have been translated at average rate of 1 USD = ₹ 65.46 and (Previous year 1 USD = ₹ 61.15).

As per our Report attached

For and on behalf of the Board

For M. S. Sethi & Associates

Chartered Accountants

Regn. No. 109407W

Janet Troxell

Andrew Goldie

} **Directors**

Manoj Sethi

Proprietor

Membership No. 39784

Place : Mumbai

Date : May 27, 2016

Reliance Communications Inc.

Independent Auditor's Report

To

The Board of Directors of Reliance Communications Inc.

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

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India including Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We conducted our audit in accordance with the Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion whether the Company has in place an adequate Internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016 and its profit and its cash flows for the year ended on that date.

Other Reporting Requirements

We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account.

Other Matters

This report is issued for the information and use of the Board of Directors of the Company and of Reliance Communications Limited, the ultimate holding company in India to comply with the financial reporting requirements in India and should not be used for any other purposes without our prior written consent.

For M S Sethi & Associates

Chartered Accountants
Firm Regn. No. 109407W

Manoj Sethi

Proprietor
Membership No. 39784

Place: Mumbai
Dated: May 27, 2016

Reliance Communications Inc.

Balance Sheet as at March 31, 2016

Particulars	Notes	As at		(Amount in ₹)
		March 31, 2016		As at March 31, 2015
Equity and Liabilities				
Shareholders' Funds				
Share Capital	2.01	33,12,75,000		31,25,00,000
Reserves and Surplus	2.02	<u>1,74,85,91,688</u>	2,07,98,66,688	<u>1,59,22,08,983</u>
				1,90,47,08,983
Current Liabilities				
(b) Trade Payables	2.03	7,85,12,80,447		3,19,52,24,715
(c) Other Current Liabilities	2.04	<u>75,93,21,231</u>	8,61,06,01,678	<u>75,51,81,830</u>
				3,95,04,06,545
TOTAL			<u>10,69,04,68,366</u>	<u>5,85,51,15,528</u>
Assets				
Non Current Assets				
(a) Fixed Assets	2.05			
(i) Tangible Assets		22,75,87,635		7,53,49,153
(ii) Intangible Assets		-		17,70,41,125
(iii) Capital Work in Progress		-	22,75,87,635	<u>2,89,56,674</u>
				28,13,46,953
(b) Non Current Investments	2.06		19,87,650	18,75,000
(c) Long Term Loans and Advances	2.07		5,26,48,608	4,96,64,750
Current Assets				
(a) Trade Receivables	2.08	1,44,41,97,134		1,08,21,19,830
(b) Cash and Bank Balance	2.09	13,32,57,073		14,14,04,968
(c) Short Term Loans and Advances	2.10	<u>8,83,07,90,266</u>		<u>4,29,87,04,028</u>
			10,40,82,44,473	5,52,22,28,826
TOTAL			<u>10,69,04,68,366</u>	<u>5,85,51,15,528</u>
Significant Accounting Policies	1			
Notes on Accounts	2			

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

As per our Report attached

For and on behalf of the Board

For M. S. Sethi & Associates

Chartered Accountants
Regn. No. 109407W

Janet Troxell

Andrew Goldie

} **Directors**

Manoj Sethi

Proprietor
Membership No. 39784

Place : Mumbai

Date : May 27, 2016

Reliance Communications Inc.

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

(Amount in ₹)

Particulars	Notes	For the year ended March 31, 2016	For the year ended March 31, 2015
Income			
Revenue	2.11	19,29,12,71,838	19,40,37,03,212
Other Income	2.12	29,98,412	18,00,070
		<u>19,29,42,70,250</u>	<u>19,40,55,03,283</u>
Expenses			
Network Expenses	2.13	18,51,24,12,680	18,75,12,71,663
Employee Benefit Expenses	2.14	4,69,56,159	5,17,81,772
Depreciation, Impairment and Amortisation	2.05	20,86,30,529	19,67,53,577
General Administration Expenses	2.15	45,43,94,815	34,28,57,425
		<u>19,22,23,94,183</u>	<u>19,34,26,64,437</u>
Profit Before Tax		<u>7,18,76,067</u>	<u>6,28,38,846</u>
Provision for:			
- Current Tax		1,18,85,356	1,32,97,349
Profit After tax		<u>5,99,90,712</u>	<u>4,95,41,497</u>
Earning per Share – Basic and Diluted	2.17	5,99,907	4,95,415
Significant Accounting Policies	1		
Notes on Accounts	2		

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

As per our Report attached

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

For and on behalf of the Board

Janet Troxell
Andrew Goldie } **Directors**

Manoj Sethi
Proprietor
Membership No. 39784

Place : Mumbai
Date : May 27, 2016

Reliance Communications Inc.

Cash Flow Statement for the year ended March 31, 2016

	For the year ended March 31, 2016	(Amount in ₹) For the year ended March 31, 2015
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax as per Profit and Loss Account	7,18,76,067	6,28,38,846
Adjusted for:		
Depreciation, Impairment and Amortisation	20,86,30,529	19,67,53,577
Interest Income	(29,98,412)	(18,00,070)
Operating Profit before Working Capital Changes	<u>27,75,08,184</u>	<u>25,77,92,353</u>
Adjusted for:		
Receivables and other Advances	(4,89,41,63,541)	68,97,95,204
Trade Payables	4,66,01,95,132	1,29,58,11,670
Effects of exchange difference on translation of assets and liabilities	12,84,09,538	70,97,634
	<u>(10,55,58,871)</u>	<u>1,99,27,04,508</u>
Cash Generated from Operations	17,19,49,313	2,25,22,96,931
Tax Paid	(1,18,85,356)	(1,32,97,349)
Net Cash from Operating Activities	<u>16,00,63,957</u>	<u>2,23,89,99,582</u>
B CASH FLOW FROM INVESTING ACTIVITIES		
Additions of Fixed Assets and Capital Work in Progress	(17,12,10,264)	(1,33,31,375)
Net Cash Used in Investing Activities	<u>(17,12,10,264)</u>	<u>(1,33,31,375)</u>
C CASH FLOW FROM FINANCING ACTIVITIES		
Net Proceeds/ (Repayment) from Short term Borrowings	-	(2,12,28,29,625)
Interest Income	29,98,412	18,00,070
Net Cash from/(Used in) Financing Activities	<u>29,98,412</u>	<u>(2,12,10,29,555)</u>
Net Increase/ (Decrease) in Cash and Cash Equivalents (A+B+C)	(81,47,895)	10,28,38,582
Opening Balance of Cash and Cash Equivalents	14,14,04,968	3,85,66,386
Closing Balance of Cash and Cash Equivalents	<u>13,32,57,073</u>	<u>14,14,04,968</u>

Note:

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

As per our Report attached

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

For and on behalf of the Board

Janet Troxell
Andrew Goldie

} **Directors**

Manoj Sethi
Proprietor
Membership No. 39784

Place : Mumbai
Date : May 27, 2016

Reliance Communications Inc.

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

1 SIGNIFICANT ACCOUNTING POLICIES :

1.01 Basis of preparation of financial statements :

The Financial Statements are prepared under historical cost convention in accordance with the generally accepted accounting principles (GAAP) in India and Comply with Accounting Standard specified under Section 133 the Companies Act, 2013 ("the Act") read with Rule 7 of the Companies (Accounts) Rules, 2014 and other provisions of the Act to the extent notified and applicable, as well as applicable note and pronouncements of the Institute of Chartered Accountants of India (the ICAI).

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

1.02 Use of Estimates :

The Financial Statements are prepared under historical cost convention, in accordance with the generally accepted accounting principles in India and provisions of the Companies Act, 1956 read with the Companies (Accounting Standards) Rules, 2006 (Accounting Standard Rules) as well as applicable pronouncements of the Institute of Chartered Accountants of India (the ICAI).

1.03 Fixed Assets

Fixed Assets are stated in the balance sheet at cost less accumulated depreciation and impairment losses. Depreciation is calculated to write off the cost of items of fixed assets, less their estimated residual value, if any, using the straight line method over their estimated useful life as 10 years.

The carrying amounts of fixed assets are reviewed for indications of impairment at each balance sheet date. An impairment loss is recognised to the extent that the carrying amount of an asset, or the cash generating unit to which it belongs, is more than its recoverable amount. The recoverable amount of an asset, or of the cash generating unit to which it belongs, is the greater of its net selling price and value in use. An impairment loss is reversed if there has been a favourable change in estimates used to determine the recoverable amount.

Gains or losses arising from retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

1.04 Depreciation / Amortisation

Depreciation is provided using the straight line method over the useful life of the assets.

1.05 Investments :

Investments are classified into long term and current investments. Investments which are intended to be held for more than one year, are classified as long term investments and investments, which are intended to be held for less than one year, are classified as current investments.

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

1.06 Inventories of Stores and Spares

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

1.07 Revenue recognition :

International Voice and Data revenue is recognised as the services are performed. Interest on investment is recognised on accrual basis.

1.08 Taxes on Income :

Provision for Income Tax is made on the basis of estimated taxable income for the year at current rates. Tax expense comprises of both Current Tax and Deferred Tax at the applicable enacted or substantively enacted rates. Current tax represents the amount of Income Tax payable/recoverable in respect of the taxable income / loss for the reporting period. Deferred tax represents the effect of timing difference between taxable income and accounting income for the reporting period that originate in one period and are capable of reversal in one or more subsequent periods. The deferred tax asset is recognised and carried forward only to the extent that there is a reasonable certainty that the asset will be realised in future.

1.09 Provisions, Contingent Liabilities and Contingent Assets

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

Reliance Communications Inc.

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

	As at March 31, 2016	(Amount in ₹) As at March 31, 2015
2.01 Share Capital		
Authorised		
Equity		
1 000 (Previous year 1 000) Equity Shares of USD 0.01 each	331 27 50 000	312 50 00 000
	<u>331 27 50 000</u>	<u>312 50 00 000</u>
Issued, Subscribed and Paid up		
100 (Previous year 100) Equity Shares of USD 0.01 each fully paid up (Total paid up value USD 50 000 each)	33 12 75 000	31 25 00 000
	<u>33 12 75 000</u>	<u>31 25 00 000</u>

Note :

2.01.01 Share held by holding/Ultimate holding company and/or their subsidiaries/associates

Equity Shares	%	No. of Shares	%	No. of Shares
Reliance Infocom Inc.	100	100	100	100

2.01.02 Details of Shareholders holding more than 5% shares in the Company :

Equity Shares	%	No. of Shares	%	No. of Shares
Reliance Infocom Inc.	100	100	100	100

2.01.03 Terms/Rights attached to Equity Share

The Company has only one class of equity share having a par value of USD 0.01 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of Company, the holder of equity share will be entitled to receive remaining assets of the company.

2.01.04 Reconciliation of shares outstanding at the beginning and at the end of the reporting year.

	No. of Shares	Amount	No. of Shares	Amount
Equity shares				
At the beginning of the year	100	33 12 75 000	100	31 25 00 000
Add/ (Less): Changes during the year	-	-	-	-
At the end of the year	<u>100</u>	<u>33 12 75 000</u>	<u>100</u>	<u>31 25 00 000</u>

Reliance Communications Inc.

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

		(Amount in ₹)	
Note		As at March 31, 2016	As at March 31, 2015
2.02 Reserve & Surplus			
Surplus in Statement of Profit and Loss			
As per last Balance Sheet		1,53,34,98,789	1,48,39,57,292
Add: Profit during the year		5,99,90,712	4,95,41,497
		1,59,34,89,501	1,53,34,98,789
Exchange Fluctuation Reserve		15,51,02,187	5,87,10,194
		1,74,85,91,688	1,59,22,08,983
2.03 Trade Payables			
Due to Related Parties (Refer Note 2.19)		7,56,31,39,485	3,07,29,27,948
Due to others		28,81,40,962	12,22,96,767
		7,85,12,80,447	3,19,52,24,715
2.04 Other Current Liabilities			
Other Liabilities		55,10,26,708	44,79,69,779
Advance from Customers and Unearned Income		20,82,94,523	30,72,12,051
		75,93,21,231	75,51,81,830

Reliance Communications Inc.

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

(Amount in ₹)

Description	Gross Block			Depreciation			Net Block		
	As at April 1, 2015	Additions / Adjustments	Deductions/ Adjustment Including on Account of CTR	As at March 31, 2016	As at April 1, 2015	For the year	Deductions/ Adjustment Including on Account of CTR	As at March 31, 2016	As at March 31, 2015
Tangible Assets									
Plant and Machinery	74,44,32,629	17,12,10,264	4,47,25,512	96,03,68,405	66,90,83,476	2,32,15,457	4,04,81,838	73,27,80,770	7,53,49,153
Sub Total	74,44,32,629	17,12,10,264	4,47,25,512	96,03,68,405	66,90,83,476	2,32,15,457	4,04,81,838	73,27,80,770	7,53,49,153
Intangible Assets									
Indefeasible Right of Connectivity Software	2,17,16,04,196	-	-	2,17,16,04,196	2,17,16,04,196	-	-	2,17,16,04,196	-
	90,00,00,000	-	-	90,00,00,000	72,29,58,875	18,54,15,071	(83,73,946)	90,00,00,000	17,70,41,125
Sub Total	3,07,16,04,196	-	-	3,07,16,04,196	2,89,45,63,071	20,86,30,529	(83,73,946)	3,07,16,04,196	17,70,41,125
Grand Total	3,81,60,36,825	17,12,10,264	4,47,25,512	4,03,19,72,602	3,56,36,46,547	23,18,45,986	3,21,07,891	3,80,43,84,967	25,23,90,278
Previous Period	3,73,52,43,102	1,33,31,375	6,74,62,348	3,81,60,36,825	3,31,33,01,238	21,73,86,514	5,35,91,732	3,56,36,46,547	42,19,41,865
Capital Work- in - Progress									2,89,56,674

NOTE 2.05
Fixed Assets

Reliance Communications Inc.

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

Note	(Amount in ₹)	
	As at March 31, 2016	As at March 31, 2015
2.06 NON CURRENT INVESTMENTS		
(Trade Investments, Unquoted, At Cost)		
In Equity Shares of		
100 (Previous year 100) of Reliance Communications International Inc. of USD 100 each fully paid	6,62,550	6,25,000
100 (Previous year 100) of Reliance Communications Canada Inc. of USD 100 each fully paid	6,62,550	6,25,000
100 (Previous year 100) of Bonn Investment Inc. of USD 100 each fully paid	6,62,550	6,25,000
	19,87,650	18,75,000
2.07 LONG TERM LOANS AND ADVANCES		
(Unsecured, Considered good unless stated otherwise)		
Advance Tax	5,26,48,608	4,96,64,750
	5,26,48,608	4,96,64,750
2.08 TRADE RECEIVABLES		
(Unsecured)		
Due for More than Six months		
Considered Good	70,82,76,254	68,29,70,668
Others		
Considered Good	73,59,20,880	39,91,49,163
	1,44,41,97,134	1,08,21,19,830
2.09 CASH AND BANK BALANCES		
Balance with Banks		
In Current Account	13,32,57,073	14,14,04,968
	13,32,57,073	14,14,04,968
2.10 SHORT TERM LOANS AND ADVANCES		
(Unsecured, Considered good unless stated otherwise)		
Loans and Advances to Related parties (Refer Note 2.19)	8,63,54,83,641	3,55,44,22,863
Others		
Advance to Vendors	4,96,81,210	61,15,84,084
Other Receivable	5,48,01,198	5,16,95,313
Prepaid expenses	8,81,70,372	7,84,98,643
Deposits	26,53,843	25,03,125
	8,83,07,90,265	4,29,87,04,028

Reliance Communications Inc.

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

	(Amount in ₹)	
	For the year ended March 31, 2016	For the year ended March 31, 2015
Note		
2.11 SERVICE REVENUE AND OTHER OPERATING INCOME		
Service Revenue -Bandwidth/ Port Charges	1,13,86,634	1,25,36,426
Wholesale Traffic Charges	19,27,98,85,204	19,39,11,66,786
	19,29,12,71,838	19,40,37,03,212
2.12 OTHER INCOME		
Interest Income	29,98,412	18,00,070
	29,98,412	18,00,070
2.13 NETWORK EXPENSES		
Access Charges	18,22,67,89,604	18,51,02,01,193
Telecom circuit cost & Equipments	27,33,48,581	23,05,67,250
Electricity Charges& Utility	1,22,74,495	1,05,03,220
	18,51,24,12,680	18,75,12,71,663
2.14 EMPLOYEE BENEFIT EXPENSES		
(Including Managerial Remuneration)		
Salaries	4,69,56,159	5,17,81,772
	4,69,56,159	5,17,81,772
2.15 GENERAL ADMINISTRATION EXPENSES		
Insurance	63,14,094	1,36,39,308
Rates & Taxes	33,47,51,583	28,42,53,237
Rent	86,58,082	78,46,390
Travelling & Conveyance	26,96,154	25,14,281
Legal & Professional Fees	1,85,76,912	80,44,713
Communication Expenses	28,75,549	36,34,292
Membership & Sponserhip fee	23,53,691	30,45,986
Billing & IT expenss	-	10,23,151
Bank Charges	9,24,297	15,03,982
Other Miscellaneous Expenses	1,93,53,080	1,61,29,025
Bad debts Written off	5,65,82,248	-
Payment to Auditors	13,09,125	12,23,060
	45,43,94,815	34,28,57,425
2.16	The Previous year's figures have been reworked, regrouped, rearranged and reclassified wherever necessary.	
2.17 Earnings per share		(Amount in ₹)
	For the year ended March 31, 2016	For the year ended March 31, 2015
Profit / (loss) after tax	5 99 90 712	4 95 41 497
Weighted average number of equity shares	100	100
Nominal value per equity share	33,12,750	31,25,000
Earning per share - Basic and Diluted	5,99,907	4,95,415

Reliance Communications Inc.

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

2.18 SEGMENT REPORTING

The Company has not identified any separate reportable segment as given in AS -17, as referred in Rule 7 of Companies (Accounts) Rules 2014, as all the activities of the Company relates to International Long Distance business as used for the internal business reporting systems.

2.19 RELATED PARTY TRANSACTIONS

As per the Accounting Standard 18 (AS-18), referred in Rule 7 of Companies (Accounts) Rules 2014, the disclosures of transactions with the related parties.

i List of Related Parties with whom transactions have taken place and relationships.

Sr. No.	Name of the Related Party	Relationship
1	Reliance Communications Limited	Ultimate Holding Company
2	Reliance Infocom Inc.	Holding Company
3	Reliance Communications International Inc.	Subsidiary Company
4	Reliance Communications Canada Inc.	Subsidiary Company
5	Bonn Investment Inc.	Subsidiary Company
6	Reliance Communications Infrastructure Limited	Fellow Subsidiary
7	Reliance Globalcom Limited	Fellow Subsidiary
8	Reliance Globalcom B.V.	Fellow Subsidiary
9	Reliance Communications (UK) Limited	Fellow Subsidiary
10	Reliance Communications (Hong Kong) Limited	Fellow Subsidiary
11	Reliance Communications (Singapore) Pte. Limited	Fellow Subsidiary
12	Reliance Communications (New Zealand) Pte Limited	Fellow Subsidiary
13	Reliance Communications (Australia) Pty Limited	Fellow Subsidiary
14	Reliance Flag Telecom Limited	Fellow Subsidiary
15	Reliance FLAG Atlantic France SAS	Fellow Subsidiary
16	Reliance FLAG Pacific Holdings Limited	Fellow Subsidiary
17	FLAG Telecom Network USA Limited	Fellow Subsidiary
18	Reliance Globalcom Services Inc.	Fellow Subsidiary
19	Vanco UK Limited	Fellow Subsidiary

Reliance Communications Inc.

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

(Amount in ₹)

ii Transactions with related parties and closing balance at year end are as below:

(Figures shown in brackets pertains to previous year.)

Entity Name	For the year ended March 31, 2016				As At March 31, 2016			
	Service Income	Access Charges	Trade Receivables	Investments	Advances & Loans Given	Trade Payables	Other Liabilities	
Reliance Communications Limited	3,99,84,70,986 (3,65,78,90,141)	8,82,63,92,143 (7,40,65,97,659)	87,67,044 (82,70,173)			5,31,90,21,105 (1,54,95,31,668)		
Reliance Infocom Inc.					51,89,71,180 (48,81,83,527)			
Reliance Communications International Inc.	53,18,31,204 (57,67,30,164)		-	6,62,550 (6,25,000)	20,40,52,276 (49,87,620)	28,25,04,704 (33,01,693)		
Reliance Communications Canada Inc.	2,69,98,696 (3,33,21,531)		-	6,62,550 (6,25,000)	84,80,640 (75,00,000)		1,00,41,836 (8,77,058)	
Bonn Investment Inc.				6,62,550 (6,25,000)	34,31,34,645 (32,36,87,500)			
Reliance Communications Infrastructure Limited			19,68,53,808 (18,56,97,125)		39,36,01,025 (36,84,31,824)	38,07,489 (35,91,699)		
Reliance Globalcom B.V.					5,27,30,06,619 (58,25,02,888)			
Reliance Communications (UK) Limited	3,34,60,34,025 (4,88,75,45,085)	2,72,60,73,378 (4,15,45,66,110)	7,46,84,359 (7,04,51,625)		6,01,16,623 (5,62,23,637)	1,05,57,39,171 (87,03,09,975)		
Reliance Communications (Hong Kong) Limited	2,75,31,14,137 (2,93,99,07,108)	2,56,47,72,388 (2,76,55,60,740)			30,98,80,371 (29,00,16,901)	2,00,78,402 (1,86,06,386)		
Reliance Communications (Singapore) Pte. Limited	8,20,363 (9,51,190)		-		1,38,39,062 (1,08,32,663)	74,22,334 (43,95,643)		
Reliance Communications (New Zealand) Pte Limited	2,43,366 (1,33,768)		13,14,180 (14,33,661)		33,77,583 (40,25,170)			
Reliance Communications (Australia) Pty Limited	59,26,276 (57,40,888)	20,26,91,715 (19,38,85,703)			1,13,59,148 (87,01,879)		3,56,81,350 (3,00,92,894)	
Reliance Globalcom Limited						84,80,76,382 (60,71,24,185)		
Reliance FLAG Atlantic France SAS								
Reliance FLAG Pacific Holdings Limited					1,47,88,76,662 (1,39,55,68,970)			
FLAG Telecom Network USA Limited					- (3,82,617)			
Vanco UK Limited					-			
Reliance Globalcom Services Inc.					1,45,87,003 (1,37,60,285)	2,64,89,898 (1,60,66,700)		

Reliance Communications Inc.

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

2.20

The amounts relating to Balance Sheet items appearing in Indian Rupees have been translated at Closing Rate of 1 USD = ₹ 66.26 (Previous year 1 USD = ₹ 62.50) and items relating to profit and loss have been translated at average rate of 1 USD = ₹ 65.46 and (Previous year 1 USD = ₹ 61.15).

As per our Report attached

For and on behalf of the Board

For M. S. Sethi & Associates

Chartered Accountants

Regn. No. 109407W

Janet Troxell

Andrew Goldie

} **Directors**

Manoj Sethi

Proprietor

Membership No. 39784

Place : Mumbai

Date : May 27, 2016

Reliance Communications International Inc.

Independent Auditor's Report

To

**The Board of Directors of
Reliance Communications International Inc.**

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

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India including Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We conducted our audit in accordance with the Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion whether the Company has in place an adequate Internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016 and its profit and its cash flows for the year ended on that date.

Other Reporting Requirements

We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account.

Other Matters

This report is issued for the information and use of the Board of Directors of the Company and of Reliance Communications Limited, the ultimate holding company in India to comply with the financial reporting requirements in India and should not be used for any other purposes without our prior written consent.

For M S Sethi & Associates

Chartered Accountants
Firm Regn. No. 109407W

Manoj Sethi

Proprietor
Membership No. 39784

Place: Mumbai
Dated: May 27, 2016

Reliance Communications International Inc.

Balance Sheet as at March 31, 2016

	Notes	As at		(Amount in ₹)
		March 31, 2016		As at March 31, 2015
Equity and Liabilities				
Shareholders' Funds				
(a) Share Capital	2.01	6,62,550		6,25,000
(b) Reserves and Surplus	2.02	<u>73,03,41,623</u>	<u>73,10,04,173</u>	<u>66,49,06,381</u>
				66,55,31,381
Current Liabilities				
(a) Trade Payables	2.03	15,02,23,339		20,49,67,354
(b) Other Current Liabilities	2.04	31,46,70,937		30,23,84,676
(c) Short Term Provisions	2.05	<u>1,51,18,133</u>	<u>48,00,12,408</u>	<u>1,20,94,438</u>
				51,94,46,468
TOTAL			<u><u>1,21,10,16,581</u></u>	<u><u>1,18,49,77,849</u></u>
Assets				
Non Current Assets				
(a) Long Term Loans and Advances	2.06		21,74,117	20,50,899
Current Assets				
(a) Trade Receivables	2.07	33,24,80,426		33,54,29,170
(b) Cash and Bank Balance	2.08	2,24,93,308		11,23,34,061
(c) Short Term Loans and Advances	2.09	<u>85,38,68,730</u>	<u>1,20,88,42,464</u>	<u>73,51,63,719</u>
				1,18,29,26,950
TOTAL			<u><u>1,21,10,16,581</u></u>	<u><u>1,18,49,77,849</u></u>
Significant Accounting Policies	1			
Notes on Accounts	2			

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

As per our Report attached

For and on behalf of the Board

For M. S. Sethi & Associates

Chartered Accountants

Regn. No. 109407W

Janet Troxell

Andrew Goldie

} **Directors**

Manoj Sethi

Proprietor

Membership No. 39784

Place : Mumbai

Date : May 27, 2016

Reliance Communications International Inc.

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

		(Amount in ₹)	
	Notes	For the year ended March 31, 2016	For the year ended March 31, 2015
Income			
Revenue	2.10	1,08,24,68,868	1,17,53,51,974
		<u>1,08,24,68,868</u>	<u>1,17,53,51,974</u>
Expenses			
Network Operating Expenses	2.11	93,77,50,694	89,01,32,855
General & Administration Expenses	2.12	7,59,42,309	16,18,57,971
Selling & Distribution Expenses	2.13	4,13,26,323	8,04,14,815
		<u>1,05,50,19,326</u>	<u>1,13,24,05,641</u>
Profit Before Tax		<u>2,74,49,542</u>	4,29,46,333
Provision for:			
- Current Tax		22,69,367	6,06,210
Profit After tax		<u>2,51,80,174</u>	<u>4,23,40,123</u>
Earning per Share - Basic and Diluted	2.15	2,51,802	4,23,401
Significant Accounting Policies	1		
Notes on Accounts	2		

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

As per our Report attached

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

For and on behalf of the Board

Janet Troxell
Andrew Goldie } **Directors**

Manoj Sethi
Proprietor
Membership No. 39784

Place : Mumbai
Date : May 27, 2016

Reliance Communications International Inc.

Cash Flow Statement for the year ended March 31, 2016

	(Amount in ₹)	
	For the year ended March 31, 2016	For the year ended March 31, 2015
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit / (Loss) before tax as per Statement of Profit and Loss	2,74,49,542	4,29,46,333
Operating Profit before Working Capital Changes	2,74,49,541	4,29,46,333
Adjusted for:		
Receivables and other Advances	(11,57,56,268)	36,27,98,268
Trade Payables	(3,94,34,060)	(30,48,50,376)
Effects of exchange difference on translation of assets and liabilities	4,01,69,400	13,92,200
	(11,50,20,927)	5,93,40,092
Cash Generated from Operations	(8,75,71,386)	10,22,86,425
Payment of Taxes	(22,69,367)	(6,06,210)
Net Cash from / (used in) Operating Activities	(8,98,40,753)	10,16,80,215
B CASH FLOW FROM INVESTING ACTIVITIES:	-	-
C CASH FLOW FROM FINANCING ACTIVITIES:	-	-
Net Increase/ (Decrease) in Cash and Cash Equivalents	(8,98,40,753)	10,16,80,215
Opening Balance of Cash and Cash Equivalents	11,23,34,061	1,06,53,846
Closing Balance of Cash and Cash Equivalents	2,24,93,308	11,23,34,061

Note:

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

As per our Report attached

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

For and on behalf of the Board

Janet Troxell
Andrew Goldie

} **Directors**

Manoj Sethi
Proprietor
Membership No. 39784

Place : Mumbai
Date : May 27, 2016

Reliance Communications International Inc.

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

Note 1: SIGNIFICANT ACCOUNTING POLICIES

1.01 Basis of preparation of financial statements :

The Financial Statements are prepared under historical cost convention in accordance with the generally accepted accounting principles (GAAP) in India and Comply with Accounting Standard specified under Section 133 the Companies Act, 2013 ("the Act") read with Rule 7 of the Companies (Accounts) Rules, 2014 and other provisions of the Act to the extent notified and applicable, as well as applicable note and pronouncements of the Institute of Chartered Accountants of India (the ICAI).

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

1.02 Use of Estimates :

The Financial Statements are prepared under historical cost convention, in accordance with the generally accepted accounting principles in India and provisions of the Companies Act, 1956 read with the Companies (Accounting Standards) Rules, 2006 (Accounting Standard Rules) as well as applicable pronouncements of the Institute of Chartered Accountants of India (the ICAI).

1.03 Investments :

Investments are classified into long term and current investments. Investments which are intended to be held for more than one year, are classified as long term investments and investments, which are intended to be held for less than one year are classified as current investments.

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

1.04 Inventories of Stores and Spares

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

1.05 Revenue recognition :

International Voice and Data revenue is recognised as the services are performed. Interest on investment is recognised on accrual basis.

1.06 Taxes on Income :

Provision for Income Tax is made on the basis of estimated taxable income for the year at current rates. Tax expense comprises of both Current Tax and Deferred Tax at the applicable enacted or substantively enacted rates. Current tax represents the amount of Income Tax payable/recoverable in respect of the taxable income / loss for the reporting period. Deferred tax represents the effect of timing difference between taxable income and accounting income for the reporting period that originate in one period and are capable of reversal in one or more subsequent periods. The deferred tax asset is recognised and carried forward only to the extent that there is a reasonable certainty that the asset will be realised in future.

1.07 Provisions, Contingent Liabilities and Contingent Assets

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

Reliance Communications International Inc.

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

		As at March 31, 2016	(Amount in ₹) As at March 31, 2015
2.01	SHARE CAPITAL		
	Authorised		
	Equity		
	1 000 (Previous year 1 000) Equity Shares without par value	-	-
		<u>-</u>	<u>-</u>
	Issued, Subscribed and Paid up		
	100 (Previous year 100) Equity Shares of USD 0.01 each fully paid up (Total Paid up value USD 10 000)	6 62 550	6 25 000
		<u>6 62 550</u>	<u>6 25 000</u>

Note :

2.01.01 Share held by holding/Ultimate holding company and/or their subsidiaries/associates

Equity Shares	%	No. of Shares	%	No. of Shares
Reliance Communications Inc.	100	100	100	100

2.01.02 Details of Shareholders holding more than 5% shares in the Company :

Equity Shares	%	No. of Shares	%	No. of Shares
Reliance Communications Inc.	100	100	100	100

2.01.03 Terms/Rights attached to Equity Share

The Company has only one class of equity share having a par value of USD 0.01 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of Company, the holder of equity share will be entitled to receive remaining assets of the company.

2.01.04 Reconciliation of shares outstanding at the beginning and at the end of the reporting year.

	No. of Shares	Amount	No. of Shares	Amount
Equity shares				
At the beginning of the year	100	6 62 550	100	6 25 000
Add/ (Less): Changes during the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At the end of the year	<u>100</u>	<u>6 62 550</u>	<u>100</u>	<u>6 25 000</u>

Reliance Communications International Inc.

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

NOTE	(Amount in ₹)	
	As at March 31, 2016	As at March 31, 2015
2.02 Reserve & Surplus		
Surplus in Statement of Profit and Loss		
As per last Balance Sheet	63,85,55,087	59,62,14,964
Add: Profit during the year	2,51,80,174	4,23,40,123
	<u>66,37,35,261</u>	<u>63,85,55,087</u>
Exchange Fluctuation Reserve	6,66,06,361	2,63,51,294
	<u>73,03,41,623</u>	<u>66,49,06,381</u>
2.03 Trade Payable		
Due to Related Parties (Refer Note 2.17)	13,86,81,789	20,05,51,253
Due to Others	1,15,41,550	44,16,101
	<u>15,02,23,339</u>	<u>20,49,67,354</u>
2.04 Other Current Liabilities		
Advance from Customers and Unearned Income	10,67,34,883	14,38,10,718
Other Liabilities	20,79,36,054	15,85,73,958
	<u>31,46,70,937</u>	<u>30,23,84,676</u>
2.05 Short Term Provisions		
Provision for Income Tax	1,51,18,133	1,20,94,438
	<u>1,51,18,133</u>	<u>1,20,94,438</u>
2.06 Long Term Loans and Advances		
(Unsecured, Considered good unless stated otherwise)		
Advance Income Tax	21,74,117	20,50,899
	<u>21,74,117</u>	<u>20,50,899</u>
2.07 Trade Receivables		
(Unsecured, Considered good unless stated otherwise)		
Due for More than Six months		
Considered Good	27,31,43,717	25,21,50,750
Others		
Considered Good	5,93,36,709	8,32,78,420
	<u>33,24,80,426</u>	<u>33,54,29,170</u>
	<u>33,24,80,426</u>	<u>33,54,29,170</u>

Reliance Communications International Inc.

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

		As at March 31, 2016		(Amount in ₹) As at March 31, 2015
2.08 Cash and Bank Balances				
Balance with Banks				
In Current Account	<u>2,24,93,308</u>	<u>2,24,93,308</u>	11,23,34,061	11,23,34,061
		<u><u>2,24,93,308</u></u>		<u><u>11,23,34,061</u></u>
2.09 Short Term Loans and Advances				
(Unsecured, Considered good unless stated otherwise)				
Loans and Advances to Related parties (Refer Note:2.17)		77,92,82,213		66,44,11,986
Prepaid expenses		91,10,427		85,94,094
Deposits		6,12,859		5,78,125
Balance with Customs, Central Excise Authorities etc.		85,84,415		80,97,894
Others		5,62,78,815		5,34,81,620
		<u><u>85,38,68,730</u></u>		<u><u>73,51,63,719</u></u>
		For the year ended March 31, 2016		For the year ended March 31, 2015
2.10 Revenue				
Post Paid/Prepaid	1,08,01,69,751		1,16,61,23,272	
Local Loop Income	<u>22,99,117</u>	<u>1,08,24,68,868</u>	92,28,702	1,17,53,51,974
		<u><u>1,08,24,68,868</u></u>		<u><u>1,17,53,51,974</u></u>
2.11 Network Operating Expenses				
Charges for Commercial Support Service	33,94,84,199		17,18,92,520	
Whole Traffic cost	36,20,72,558		39,41,16,019	
Licence and Application	2,78,88,673		7,12,28,985	
Toll free Access	<u>20,83,05,265</u>	<u>93,77,50,694</u>	25,28,95,331	89,01,32,855
		<u><u>93,77,50,694</u></u>		<u><u>89,01,32,855</u></u>
2.12 General & Administration Expenses				
Merchant Bank Charges	5,80,81,577		5,86,87,222	
Professional Fees	1,18,91,219		84,06,748	
Bad Debts	-		8,79,99,167	
Bank Charges	3,48,460		3,14,158	
Software License Fee	46,39,210		53,66,176	
Other Miscellaneous	-	7,49,60,466	1,67,205	16,09,40,676
Payment to Auditors		<u>9,81,843</u>		9,17,295
		<u><u>7,59,42,309</u></u>		<u><u>16,18,57,971</u></u>
2.13 Selling & Distribution Expenses				
Call Center Expenses	42,99,658		2,41,82,705	
Advertisement Expenses	<u>3,70,26,665</u>	<u>4,13,26,323</u>	5,62,32,110	8,04,14,815
		<u><u>4,13,26,323</u></u>		<u><u>8,04,14,815</u></u>

Reliance Communications International Inc.

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

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

(Amount in ₹)

2.15 Earnings per share	For the year ended March 31, 2016	For the year ended March 31, 2015
Profit / (loss) after tax	2,51,80,174	4,23,40,123
Weighted average number of equity shares	100	100
Nominal value per equity share	6,626	6,250
Earning per share – Basic and Diluted	2,51,802	4,23,401

2.16 Segment Reporting

The Company has not identified any separate reportable segment as given in AS -17, as referred in Rule 7 of Companies (Accounts) Rules 2014, as all the activities of the Company relates to International Long Distance business as used for the internal business reporting systems.

2.17 Related Party Transactions

As per the Accounting Standard 18 (AS-18), referred in Rule 7 of Companies (Accounts) Rules 2014, the disclosures of transactions with the related parties.

i List of Related Parties with whom transactions have taken place and relationships.

Sr. No.	Name of the Related Party	Relationship
1	Reliance Communications Ltd.	Ultimate Holding Company
2	Reliance Communications Inc.	Holding Company
3	Bonn Investment Inc.	Fellow Subsidiary
4	Reliance Infocom Inc.	Fellow Subsidiary
5	Reliance Communications Infrastructure Ld	Fellow Subsidiary
6	Reliance Communications (Australia) Pty Limited	Fellow Subsidiary
7	Reliance Communications (Singapore) Pte Limited	Fellow Subsidiary
8	Reliance Communications (Hong Kong) Limited	Fellow Subsidiary
9	Reliance Communications (New Zealand) Pte Limited	Fellow Subsidiary
10	Reliance Communications Canada Inc.	Fellow Subsidiary
11	Reliance Communications (U K) Limited	Fellow Subsidiary

ii Transactions with related parties and closing balance

(Amount in ₹)

(Figures shown in brackets pertains to previous year.)

Entity Name	For the year ended March 31, 2016	As At March 31, 2016		Trade Payables
	Network Operating Expenses	Other Current Liabilities	Short Term Loans and Advances given	
Reliance Communications Limited	35,51,47,154 18,90,83,285)	9,11,74,499 (1,97,55,563)	- -	10,89,86,494 (16,75,51,313)
Reliance Communications Inc.	53,18,31,204 (57,67,30,152)	- -	7,84,52,413 (33,01,693)	- (49,87,625)
Bonn Investment Inc.	- -	- -	15,33,80,325 (14,46,87,500)	- -
Reliance Infocom Inc.	- -	- -	11,07,650 (10,44,874)	- -
Reliance Communications Infrastructure Limited	- (1,31,59,740)	- -	51,40,97,653 (48,49,61,185)	2,55,64,277 (2,41,15,422)

Reliance Communications International Inc.

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

Entity Name	For the year ended	As At March 31, 2016		
	March 31, 2016	Other Current Liabilities	Short Term Loans and Advances given	Trade Payables
	Network Operating Expenses			
Reliance Communications (Australia) Pty Limited	-	-	13,75,352	-
	-	-	(12,97,404)	-
Reliance Communications (Singapore) Pte Limited	-	-	32,035	-
	-	-	(30,219)	-
Reliance Communications (Hong Kong) Limited	-	-		41,31,018
	-	-		(38,96,893)
Reliance Communications (New Zealand) Pte Limited	-	-	34,17,963	-
	-	-	(32,24,250)	-
Reliance Communications Canada Inc.	-	-	2,40,18,615	-
	-	-	(2,26,57,361)	-
Reliance Communications (U.K) Limited	-	-	34,00,207	-
	-	-	(32,07,500)	-

2.18 The amounts relating to Balance Sheet items appearing in Indian Rupees have been translated at Closing Rate of 1 USD = ₹ 66.26 (Previous year 1 USD = ₹ 62.50) and items relating to profit and loss have been translated at average rate of 1 USD = ₹ 65.46 and (Previous year 1 USD = ₹ 61.15).

As per our Report attached

For and on behalf of the Board

For M. S. Sethi & Associates

Chartered Accountants
Regn. No. 109407W

Janet Troxell

Andrew Goldie

} **Directors**

Manoj Sethi

Proprietor
Membership No. 39784

Place : Mumbai

Date : May 27, 2016

Reliance Infratel Limited

Independent Auditors' Report

To the Members of Reliance Infratel Limited

Report on the financial statements

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

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in sub-section 5 of Section 134 of the Companies Act, 2013 ('the Act') with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 ('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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal 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 accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2016, and its profit and cash flows for the year ended on that date.

Emphasis of Matter

We draw your attention to Note 2.28 (a) of the financial statements regarding the Scheme of Arrangement and Amalgamation ('the Scheme') sanctioned by the Hon'ble High Court of Judicature at Mumbai. The Scheme permits the Company to adjust expenses and/or losses identified by the Board of Directors, which are required to be debited to the Statement of Profit and Loss by a corresponding withdrawal from General Reserve, which is considered to be an override to the relevant provisions of Accounting Standard 5 (AS 5) 'Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies'. The Company has identified exchange variations of ₹ 46,80,012 (loss) (previous year ₹ 4 crore (gain)), amortization of Foreign Currency Monetary Items Translation Difference Account (FCMITDA) of ₹ 150 crore (previous year ₹ 264 crore), and depreciation on exchange losses capitalised of ₹ 38 crore (previous year ₹ 44 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. Had such write off of expenses not been met from General Reserve, the Company would have reflected a profit after tax for the year of ₹ 59 crore (previous year loss after tax ₹ 1,268 crore). Our opinion is not qualified in this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ('the Order'), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure 'A' a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by sub-section 3 of Section 143 of the Act, we report that:
 - (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014; and read with Emphasis of Matter paragraph above, the Company has exercised the option available as per the Court Order which overrides the relevant provisions of the AS 5;

Reliance Infratel Limited

Independent Auditors' Report

- (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 other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 2.33 to the 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 were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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

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

Lalit R. Mhalsekar
Partner
Membership No. 103418

Vijay Bhatt
Partner
Membership No: 036647

Mumbai
30 May, 2016

Annexure A to the Independent Auditors' Report – 31 March 2016

With reference to the Annexure referred to in the Independent Auditor's Report to the Members of Reliance Infratel Limited ('the Company') on the 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 underground fibre infrastructure and passive infrastructure assets. We are informed that these assets are under continuous operational surveillance at National Network Operating Centre through base trans-receiver stations or direct surveillance and are therefore not separately physically verified. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this policy, the Company has physically verified certain fixed assets during the year and no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us, the title deeds of immovable properties, as disclosed in Note 2.11 to the 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 deed in its name as these were acquired through various schemes of arrangement entered through in earlier years:
- | Particulars | Freehold land |
|---|---------------|
| No of cases | 207 |
| Gross block as at 31 March 2016
(₹ in crore) | 9 |
| Net block as at 31 March 2016
(₹ in crore) | 9 |
- (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 accounts.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 189 of the Act. Accordingly, 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

Reliance Infratel Limited

Annexure A to the Independent Auditors' Report – 31 March 2016

dues including Provident Fund, Wealth Tax, Income Tax, Service Tax, Customs Duty, Sales Tax, Value Added Tax (VAT), Entry Tax and other material statutory dues have been generally regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of Employees' State Insurance, Excise Duty and Cess. 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 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 and Customs Duty which have not been deposited on account of any dispute. The dues of Sales Tax, Service Tax, VAT, Income tax and Entry Tax as disclosed below have not been deposited by the Company on account of dispute.

Name of the Statute	Nature of dues	Amount (₹ in crore)	Period to which the amount relates	Forum where the dispute is pending		
Central Sales Act, 1956	Central Sales Tax	0.02	2008-09	Jt. Commissioner (Appeals)		
		0.04	Apr'07 to Mar'09	Sales Tax Appellate Tribunal		
		0.65	Apr'09 to Sept'12	Joint Commissioner sales tax		
		0.39	2008-09	Sales Tax Appellate Tribunal		
		0.63	2008-09	Jt. Commissioner (Appeal)		
		0.01	2010-11	Jt. Commissioner (Appeal)		
		0.10	2011-12	Jt. Commissioner (Appeal)		
		0.05	2012-13	Jt. Commissioner (Appeal)		
		Entry Tax of various states	Entry Tax	0.49	2007-08	Madhya Pradesh Tax Board
				0.01	2008-09	Madhya Pradesh Tax Board
0.12	2008-09			Commercial Tax Appellate Tribunal		
0.57	2007-08			Commercial Taxes Appellate Tribunal		
0.47	2010-14			Himachal Pradesh High Court		
1.67	Apr'07 to Mar'09			Orissa High Court		
0.20	Apr'09 to Sept'12			Orissa High Court		
0.20	Jul'10 to Dec'12			Orissa High Court		
0.16	Oct'12 to Dec'12			Punjab & Haryana High Court		
5.36	2007-08			Supreme Court		
0.40	2009-10			Supreme Court		
0.12	2010-11			Supreme Court		
0.25	2011-12			Supreme Court		
0.22	2012-13			Supreme Court		
0.56	2007-08			Sales Tax Appellate Tribunal		
0.51	2013-14	Appellate Authority				
0.27	2014-15	Appellate Authority				
Finance Act, 1994	Service Tax	95.08	2009-13	CESTAT		
		7.04	2013-14	CESTAT		
		3.17	2012-14	CESTAT		
VAT of various states	VAT	0.01	2008-09	Asst. Commissioner of Commercial Taxes		
		0.53	2009-10	Asst. Commissioner of Commercial Taxes		
		0.42	2010-11	Asst. Commissioner of Commercial Taxes		
		0.28	2011-12	Asst. Commissioner of Commercial Taxes		
		0.01	2011-12	Dy. Commissioner of Commercial Tax		
		0.30	Apr'09 to Sept' 12	Assistant Commissioner of Sales Tax		
		0.07	2008-09	Sales Tax Appellate Tribunal		
		0.05	2009-10	Sales Tax Appellate Tribunal		
		0.69	2008-09	Dy. Commissioner of Commercial Tax		
		0.88	2009-10	Dy. Commissioner of Commercial Tax		
0.12	2010-11	Assistant Commissioner of Commercial Tax				
Income Tax Act, 1961	Income Tax	0.58	2012-13	Commissioner Income Tax (Appeals)		

Reliance Infratel Limited

Annexure A to the Independent Auditors' Report – 31 March 2016

- (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 its financial institutions and banks as at balance sheet date. The Company did not have any outstanding debentures during the year.
- (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 purposes 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.
- (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.
- (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
30 May, 2016

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

Vijay Bhatt
Partner
Membership No: 036647

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 Infratel Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the 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.

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 judgement, 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

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

Lalit R. Mhalsekar
Partner
Membership No. 103418

Vijay Bhatt
Partner
Membership No: 036647

Mumbai
30 May, 2016

Reliance Infratel Limited

Balance Sheet as at March 31, 2016

	Note	As at		(₹ in crore)
		March 31, 2016	March 31, 2015	As at March 31, 2015
EQUITY AND LIABILITIES				
Shareholders' Funds				
(a) Share Capital	2.01	2,833		2,833
(b) Reserves and Surplus	2.02	<u>3,879</u>	6,712	<u>3,802</u> 6,635
Non Current Liabilities				
(a) Long-Term Borrowings	2.03	3,219		2,875
(b) Deferred Tax Liabilities (net)	2.04	677		527
(c) Long Term Provisions	2.05	4		-
(d) Other Long Term Liabilities	2.06	<u>1,380</u>	5,280	<u>220</u> 3,622
Current Liabilities				
(a) Short Term Borrowings	2.07	322		124
(b) Trade Payables	2.08			
(i) Due to Micro and Small Enterprises		14		16
(ii) Due to Others		<u>1,230</u>		695
(c) Short Term Provisions	2.09	-		-
(d) Other Current Liabilities	2.10	<u>3,916</u>	5,482	<u>2,320</u> 3,155
TOTAL			<u><u>17,474</u></u>	<u><u>13,412</u></u>
ASSETS				
Non Current Assets				
(a) Fixed Assets	2.11			
(i) Tangible Assets		9,803		10,268
(ii) Intangible Assets		10		13
(iii) Capital Work in Progress		<u>253</u>		<u>251</u>
		<u>10,066</u>		<u>10,532</u>
(b) Long Term Loans and Advances	2.12	4,251		1,303
(c) Other Non Current Assets	2.13	<u>11</u>	14,328	<u>1</u> 11,836
Current Assets				
(a) Inventories	2.14	16		18
(b) Trade Receivables	2.15	449		580
(c) Cash and Bank Balances	2.16	63		8
(d) Short Term Loans and Advances	2.17	2,548		729
(e) Other Current Assets	2.18	<u>70</u>	3,146	<u>241</u> 1,576
TOTAL			<u><u>17,474</u></u>	<u><u>13,412</u></u>

Significant Accounting Policies

1

Notes on Accounts

2

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

As per our Report of even date

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

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

For and on behalf of the Board

Hasit Shukla
Suresh Rangachar } Directors

Mangesh Chavan Chief Financial Officer

Anil C. Shah Company Secretary
and Manager

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

Vijay Bhatt
Partner
Membership No: 036647

Reliance Infratel Limited

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

	Note	For the year ended March 31, 2016	(₹ in crore) For the year ended March 31, 2015
INCOME			
Revenue from Operations	2.19	4,739	5,858
Other Income	2.20	11	58
Total Income		4,750	5,916
EXPENDITURE			
Network Expenses	2.21	2,740	3,391
Employee Benefits Expenses	2.22	21	48
Finance Costs	2.23	631	690
Depreciation, Impairment / write off and Amortization	2.11	885	909
General and Administration Expenses	2.24	66	79
Total Expenses		4,343	5,117
Profit before Exceptional items and Tax		407	799
Exceptional Items			
	2.28		
Lease Rent Equalisation written off		-	4,328
Yield on Preference Shares written back		-	(1,359)
Depreciation on account of change in exchange rate	2.11	38	44
Equivalent amount withdrawn from General Reserve - II		(38)	(44)
Foreign Currency Exchange Fluctuation variation (net)		150	260
Equivalent amount withdrawn from General Reserve - II		(150)	(260)
Profit/ (Loss) before Tax		407	(2,170)
Tax Expenses:			
Current Tax			
		47	70
Less: MAT Credit Entitlement		(47)	-
Short provision of tax for earlier years		10	-
Deferred Tax Charge/ (Credit)	2.04	150	(1,276)
Profit/ (Loss) after Tax		247	(964)
Earning per Share of Face Value of ₹ 10 each fully paid up (before Exceptional items)			
	2.34		
Basic (₹)		0.89	7.18
Diluted (₹)		0.89	7.18
Earning per Share of Face Value of ₹ 10 each fully paid up (after exceptional items)			
	2.34		
Basic (₹)		0.89	(3.45)
Diluted (₹)		0.89	(3.45)

Significant Accounting Policies

1

Notes on Accounts

2

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

As per our Report of even date

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

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

For and on behalf of the Board

Hasit Shukla
Suresh Rangachar } Directors

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

Vijay Bhatt
Partner
Membership No: 036647

Reliance Infratel Limited

Cash Flow Statement for the year ended March 31, 2016

	For the year ended March 31, 2016	For the year ended March 31, 2015
(₹ in crore)		
A: CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit/ (Loss) before tax as per Statement of Profit and Loss	407	(2,170)
Adjusted for:		
Depreciation, Impairment / write off and Amortisation	885	909
Lease Rent Equalisation (Refer Note 2.28)	-	4,328
Provision for Doubtful Debts	6	17
Write back of provision for liabilities no longer required	(11)	(31)
Yield on Preference Shares written back (Refer Note 2.28)	-	(1,359)
Finance Costs (Net)	631	690
Realised Foreign Exchange variation ₹ 12,21,878	-	-
Interest Income ₹ 4,31,821 (Previous year ₹ 28,69,900)	-	-
	1,511	4,554
Operating Profit before Working Capital Changes	1,918	2,384
Adjusted for:		
Receivables and other Advances	370	1,878
Inventories	2	2
Trade Payables and Other Liabilities	2,625	(573)
	2,997	1,307
Cash Generated from Operations	4,915	3,691
Income tax paid	(72)	(237)
Income tax refund	-	116
Net Cash Generated from Operating Activities	4,843	3,570
B: CASH FLOW FROM INVESTING ACTIVITIES:		
Additions to Fixed Assets and CWIP	(743)	(1,087)
Loans given to Fellow Subsidiaries	(4,353)	-
Purchase of Investment ₹ 2,00,000 (Previous year ₹ 4,00,000) (Refer Note 2.40)	-	-
Sale of Investment ₹ 2,00,000 (Previous year ₹ 5,00,000) (Refer Note 2.40)	-	-
Interest Income (Previous year ₹ 23,19,534)	6	-
Net Cash Used in Investing Activities	(5,090)	(1,087)
C: CASH FLOW FROM FINANCING ACTIVITIES:		
Repayment of Long Term Borrowings	(206)	(622)
Proceeds from Long term Borrowings	1,050	-
Proceeds from / (Repayment of) Short Term Borrowings (net)	198	(898)
Realised Foreign Exchange variation ₹ 22,14,201 (Previous year ₹ 22,63,754)	-	-
Finance Cost including interest capitalization	(740)	(959)
Net Cash generated from/(Used in) Financing Activities	302	(2,479)
Net Increase / (Decrease) in Cash and Cash Equivalents	55	4
Cash and Cash Equivalents at the beginning of the year	8	4
Effect of Exchange Gain on Cash and Cash Equivalents (Previous year ₹ 22,82,339)	-	-
Cash and Cash Equivalents at the end of the year (Refer Note 2.16)	63	8

Note:

Cash Flow Statement has been prepared under the Indirect Method set out in Accounting Standard 3 (AS3) "Cash Flow Statements".

As per our Report of even date

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

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

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

Vijay Bhatt
Partner
Membership No: 036647

For and on behalf of the Board

Hasit Shukla
Suresh Rangachar } Directors

Mangesh Chavan Chief Financial Officer

Anil C. Shah Company Secretary and Manager

Reliance Infratel Limited

Significant Accounting policies to the Balance sheet and Statement of Profit and Loss

1.00 Significant Accounting Policies

1.01 Basis of Preparation of Financial Statements

The Financial Statements are prepared under historical cost convention and / fair valuation under a Scheme approved by the Hon'ble High Court, in accordance with the generally accepted accounting principles (GAAP) in India and to comply with Accounting Standards specified under Section 133 of the Companies Act, 2013 ("the Act") read with Rule 7 of the Companies (Accounts) Rules 2014 and other provisions of the Act to the extent notified and applicable, as well as applicable guidance notes and pronouncements of the Institute of Chartered Accountants of India (ICAI).

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

1.02 Use of Estimates

The preparation and presentation of financial statements in conformity with the generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of Assets and Liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Although these estimates are based upon the management's best knowledge of current events and actions, actual results could differ from these estimates. Difference between the actual result and estimates are recognised in the period in which the results are known/ materialised.

1.03 Fixed Assets and Capital Work in Progress

- (i) Fixed assets are stated at cost (or fair value in case of assets acquired under Scheme of Arrangement) net of Modvat and Cenvat, less accumulated depreciation and impairment loss if any. Cost comprises the purchase price and attributable cost of bringing the asset to its working condition for its intended use.
- (ii) Expenses incurred relating to projects prior to commencement of commercial operation are considered as project development expenditure and shown under Capital Work in Progress.
- (iii) Indefeasible Rights of use (IRU) are stated at cost less accumulated amortisation.
- (iv) In respect of accounting period commencing on or after April 1, 2011, consequent to the insertion of Para 46A of AS 11 "The Effect of Changes in Foreign Exchange Rates", related to acquisition of depreciable assets pursuant to notifications dated December 29, 2011 and August 9, 2012 issued by the Ministry of Corporate Affairs (MCA), New Delhi, under The Companies (Accounting Standards) (Second Amendments) Rule 2011, the cost of Depreciable Capital Assets includes foreign exchange differences arising on translation of long term foreign currency monetary items as at the balance sheet date in so far as they relate to the acquisitions of such assets.

1.04 Depreciation/Amortisation

- (1) Depreciation on Fixed Assets (other than Telecom Towers) is provided on Written Down Value (WDV) Method at the rates and in the manner prescribed in Schedule II of the Companies Act 2013, except in respect of following assets where useful life is different than those prescribed in Schedule II:-
 - (i) In respect of Telecom Towers and OFC, the Company is providing depreciation over the useful life of 35 years as technically assessed.
 - (ii) In respect of Batteries, the Company is providing depreciation over the useful life of 9 years as technically assessed.
- (2) OFC assets provided to customers as Indefeasible Right to Use (IRU) are amortised fully in the same year on matching principle basis in line with upfront revenue recognition.
- (3) Indefeasible Right to Use in respect of cables purchased from other operators is amortised over the period of IRU.
- (4) Depreciation on foreign exchange difference, capitalised pursuant to Para 46A of AS 11 "The Effect of Changes in Foreign Exchange Rates" vide notifications dated December 29, 2011 and August 9, 2012 issued by the Ministry of Corporate Affairs (MCA), New Delhi, under The Companies (Accounting Standards) (Second Amendment) Rules 2011, is provided over the balance useful life of depreciable capital assets.

1.05 Impairment of Assets

The carrying amounts of assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal or external factors. An impairment loss is recognised when the carrying cost of assets exceeds recoverable value. An impairment loss is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired. The impairment loss of prior accounting period is increased/reversed where there has been change in the estimate of recoverable value. The recoverable value is higher of the net selling price and value in use of the Asset.

Reliance Infratel Limited

Significant Accounting policies to the Balance sheet and Statement of Profit and Loss

1.06 Investments

Investments that are readily realisable and intended to be held for not more than one year are classified as current investments. All other investments are classified as long term investments. Current investments are carried at lower of cost or fair value, computed investment wise. Long Term Investments are stated at cost. Provision for diminution in the value of long term investments is made only if such decline is other than temporary in the opinion of the management.

1.07 Inventories of Stores and Spares

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

1.08 Foreign Currency Transactions

- (i) Transactions denominated in foreign currencies are recorded at the exchange rates prevailing on the date of the transaction.
- (ii) Monetary items denominated in foreign currencies at the reporting date are restated at closing rates.
- (iii) Non monetary foreign currency items are recorded at the rate prevailing on the date of transaction.
- (iv) Any income or expense on account of exchange difference on settlement / restatement is recognised in the Statement of Profit and Loss.
- (v) The premium or discount arising at the inception of forward exchange contracts is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the Statement of Profit and Loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of foreign exchange contract is recognised as income or expense for the period.
- (vi) All long term foreign currency monetary items consisting of liabilities which relates to acquisition of depreciable capital assets at the end of the period / year have been restated at the rate prevailing at the Balance Sheet date. The exchange difference, arising as a result has been added or deducted from the cost of the assets as per the notifications issued by the Ministry of Company Affairs (MCA) dated December 29, 2011 and August 9, 2012. Exchange difference on other long term foreign currency monetary items is accumulated in "Foreign Currency Monetary Item Translation Difference Account" (FCMITDA) which will be amortised over the balance period of monetary assets or liabilities.

1.09 Revenue Recognition

- (i) Service Revenue is recognised net of taxes as and when the Base Transceiver Station (BTS) Tower is Ready for Installation of customer equipment, as per the terms of agreement.
- (ii) Income related to Optic Fibre Infrastructure given on operating lease is recognised net of taxes over the lease term.
- (iii) The Company sells rights of use (ROU) that provide customers with network capacity/ Passive infrastructure services typically over a 10 to 20 year without transferring the legal title or giving an option to purchase network capacity/ Passive infrastructure. Infrastructure/Capacity services revenues are accounted as operating lease and recognised in the Company's income statement over the life of the contract. Bills raised on customers / payments received from customers for long term contracts and for which revenue is not recognised are included in deferred revenue. Revenue on non cancellable 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.
- (iv) Interest Income is recognised on a time proportion basis taking into account the amount outstanding and rate applicable.

1.10 Income Taxes

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

Minimum Alternative Tax (MAT) credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period.

1.11 Provisions, Contingent Liabilities and Contingent Assets

Provision involving substantial degree of estimation in measurement is recognised when there is a present obligation as a

Reliance Infratel Limited

Significant Accounting policies to the Balance sheet and Statement of Profit and Loss

result of past events and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on best estimate required to settle the obligation as at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect current best estimates. Contingent Liabilities are not recognised but are disclosed in the notes to the financial statements. Contingent Assets are neither recognised nor disclosed in the financial statements.

1.12 Lease

Where the lessor effectively retains substantially all risk and benefits of ownership of the leased assets they are classified as operating lease. Operating lease payments are recognised as an expense in the Statement of Profit and Loss.

Assets given on operating lease are included in fixed assets. Costs, including depreciation, are recognised as an expense in the Statement of Profit and Loss.

1.13 Borrowing Cost

Borrowing costs that are attributable for construction of qualifying assets are capitalised, net of income from temporary investment of the borrowings, as part of the cost of such assets up to the commencement of commercial operation. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. Other borrowing costs are recognised as expense in the year in which they are incurred.

1.14 Earning per Share

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

1.15 Provision for Doubtful Debts and Loans and Advances

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

1.16 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 benefit plan

Gratuity Plan

The Company's gratuity benefit scheme is a defined benefit plan. The Company's net obligation in respect of the gratuity benefit scheme is calculated by estimating the amount of future benefit that employees have earned in return for their 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 .

(ii) Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which an entity pays specified contributions to separate entity and has no obligation to pay any further amounts. The Company makes specified monthly contributions towards employee provident fund and employees' state insurance scheme (ESIC). The Company's contribution is recognised as an expense in the statement of profit and loss during the period in which the employee renders the related service.

(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.

Reliance Infratel Limited

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

	As at March 31, 2016	(₹ in crore) As at March 31, 2015
Note 2.01		
SHARE CAPITAL		
Authorised		
750 00 00 000 Equity Shares of ₹ 10 each (750 00 00 000)	7,500	7,500
50 00 00 000 Preference Shares of ₹ 10 each (50 00 00 000)	500	500
	<u>8,000</u>	<u>8,000</u>
Issued, Subscribed and fully Paid up		
2 79 31 41 868 Equity Shares of ₹ 10 each fully paid up (2 79 31 41 868)	2,793	2,793
4 00 00 000 0.1% Redeemable, Non Cumulative, Non Convertible Preference Shares of ₹ 10 each (Refer Note 2.01.04) (4 00 00 000)	40	40
	<u>2,833</u>	<u>2,833</u>

2.01.01 Shares held by holding/ Ultimate holding Company and/ or their subsidiaries:

Equity Shares

Reliance Communications Infrastructure Limited.

Reliance Telecom Infrastructure (Cyprus) Holdings Limited

Reliance Globalcom BV, The Netherlands

Preference Shares

Reliance Communications Limited

No. of Shares	No. of Shares
222 64 15 796	222 64 15 796
13 37 50 582	13 37 50 582
30 00 04 130	30 00 04 130

2.01.02 Details of Shareholders holding more than 5% shares in the Company:

Equity Shares

Reliance Communications Infrastructure Limited

Reliance Globalcom BV, the Netherlands

Preference Shares

Reliance Communications Limited

No. of Shares	%	No. of Shares	%
222 64 15 796	80	222 64 15 796	80
30 00 04 130	11	30 00 04 130	11
4 00 00 000	100	4 00 00 000	100

2.01.03 Reconciliation of Shares outstanding at the beginning and at the end of reporting year:

Equity Shares

At the beginning of the year

Add/ (Less) : Changes during the year

Outstanding at the end of the year

No. of Shares	Amount	No. of Shares	Amount
279 31 41 868	2,793	279 31 41 868	2,793
-	-	-	-
<u>279 31 41 868</u>	<u>2,793</u>	<u>279 31 41 868</u>	<u>2,793</u>

Preference Shares

At the beginning of the year

Add/ (Less) : Changes during the year

Outstanding at the end of the year

No. of Shares	Amount	No. of Shares	Amount
4 00 00 000	40	4 00 00 000	40
-	-	-	-
<u>4 00 00 000</u>	<u>40</u>	<u>4 00 00 000</u>	<u>40</u>

2.01.04 Terms/ rights attached to the shares

Equity Shares

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

Reliance Infratel Limited

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

Preference Shares

Terms of Redeemable Preference Shares (RPS) had been revised during the previous year as agreed by the preference share holders. Yield on RPS was revised to 0.1% from 8.85% per annum. RPS shall continue to be redeemed at the end of 20 years from the date of allotment thereof at 0.1% yield per annum on face value plus premium paid at the time of application. However, if dividend has been paid in any year the same will be reduced while calculating the yield at the time of redemption. At the option of holders of Preference Share, the Preference Share can be redeemed at 0.1% yield p.a. on face value plus premium paid at the time of application, at any time after the date of allotment by giving not less than 3 months advance request to the Company. Such Preference Shares shall carry a preferential right over the equity shares of the Company as regard to payment of dividend and repayment of capital in the event of winding up of the Company.

2.01.05 Shares issued other than cash (during 5 years immediately preceding March 31, 2016)	As at March 31, 2016 No of Shares	As at March 31, 2015 No of Shares
Bonus Shares allotted on 11th November, 2010	139 65 70 934	139 65 70 934

	As at March 31, 2016	(₹ in crore) As at March 31, 2015
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Note 2.02

RESERVES AND SURPLUS

Capital Reserve (Refer Note 2.26)	1,793	1,793
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Debenture Redemption Reserve

As per last Balance Sheet	-	30
Less: Transferred to General Reserve - II	<u>-</u>	<u>30</u>

Securities Premium Account

As per last Balance Sheet	675	675
Add: Addition during the year	<u>-</u>	<u>-</u>

Other Reserve

General Reserve - II

As per last Balance Sheet	756	1,030
Add : Transferred from Debenture Redemption Reserve	-	30
Less : Transferred to Statement of Profit and Loss on account of depreciation on account of change in exchange rates (Refer Note 2.28)	38	44
Transferred to Statement of Profit and Loss on account of Foreign Currency Exchange Fluctuation variation (Refer Note 2.28)	<u>150</u>	<u>260</u>

Foreign Currency Monetary Items Translation Difference Account (FCMITDA) (Refer Note 2.27)	(25)	(43)
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Surplus in the Statement of Profit and Loss

As per last Balance Sheet	621	1,585
Add: Profit / (Loss) during the year	<u>247</u>	<u>(964)</u>
Balance Carried forward	<u>868</u>	<u>621</u>
	3,879	3,802

Reliance Infratel Limited

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

	As at March 31, 2016	(₹ in crore) As at March 31, 2015
Note 2.03		
LONG TERM BORROWINGS		
Term Loans from Banks		
Secured		
Rupee Loans from Banks (Refer Note 2.03.01 and 2.03.03)	500	-
From Others		
Unsecured		
Loan from Holding Company	-	156
Loan from Ultimate Holding Company (Refer Note 2.03.02 and 2.03.03)	2,719	2,719
	<u>3,219</u>	<u>2,875</u>

2.03.01 Foreign Currency Loans ("Secured Loans") are secured, by first pari passu charge on the whole of the movable plant and machinery, including (without limitation) tower assets and optic fibre cables, if any (whether attached or otherwise), capital work in progress (pertaining to movable fixed assets) both present and future including all the rights, titles, interest, benefits, claims and demands in respect of all insurance contracts relating thereto of the Borrower Group; comprising of the Company, Reliance Communications Limited, (RCOM), the Ultimate Holding Company, Reliance Telecom Limited (RTL), a fellow subsidiary and Reliance Communications Infrastructure Limited (RCIL), the Holding Company, in favour of the Security Trustee for the benefit of Lenders and also guaranteed by Ultimate Holding Company. Further, Rupee Loan of ₹ 1,000 crore is secured by second pari passu charge over movable plant and machinery and capital work in progress of the Borrower Group, including ₹ 550 crore on which charge created subsequently and guaranteed by Ultimate Holding Company.

2.03.02 Loan of ₹ 2,719 crore (Previous year ₹ 2,719 crore) pursuant to the Scheme of Arrangement approved by Hon'ble High court of Bombay vide an order dated July 18, 2009 from the Ultimate Holding Company, is payable by March 31, 2018 at an interest rate not less than 1% over and above the weighted average cost of debt of the Ultimate Holding Company.

2.03.03 Repayment Schedule of Long Term Debts

Rupee Loans:

Sr. No. Rate of Interest

1 11.75%

Others:

Sr. No. Rate of Interest

1 8.85%

(₹ in crore)

2017-18

500

2017-18

2719

Note 2.04

DEFERRED TAX LIABILITIES (NET)

	As at March 31, 2016	(₹ in crore) As at March 31, 2015
(i) Deferred Tax Liabilities		
Related to timing difference on depreciation of fixed assets	692	536
(ii) Deferred Tax Assets		
Related to other disallowances	15	9
Deferred Tax Liabilities (Net)	<u>677</u>	<u>527</u>

During the previous year, the Company had revised the terms of lease of Optic Fiber Cable to Reliance Communications Limited (RCOM), as required in line with arm's length pricing with effect from April 1, 2014. As a consequence, corresponding Deferred Tax Liability related to lease rent equalisation was reversed in the previous year.

	As at March 31, 2016	(₹ in crore) As at March 31, 2015
Note 2.05		
LONG TERM PROVISIONS		
Provision for Employee Benefits		
Retirement Benefits	4	-
	<u>4</u>	<u>-</u>

Reliance Infratel Limited

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

	As at March 31, 2016	(₹ in crore) As at March 31, 2015
Note 2.06		
OTHER LONG TERM LIABILITIES		
Yield payable on Preference Shares (Refer Notes 2.28 and 2.41)	23	4
Security Deposits	257	216
Advance from Customers	1,039	-
Income Received in Advance (Refer Note 2.41)	61	-
	<u>1,380</u>	<u>220</u>

Note 2.07

SHORT TERM BORROWINGS

Secured

Rupee Loans from Bank (Refer Note 2.07.01)	125	-
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Unsecured

Foreign Currency Loans from Banks (Buyers' Credit)	5	4
Rupee Loans from Banks	192	120
	<u>322</u>	<u>124</u>

2.07.01 Rupee Loan of ₹ 125 crore is guaranteed by Ultimate Holding Company and secured by second pari passu charge over movable Plant and Machinery and Capital Work In Progress of the Borrower Group, which is pending for creation.

Note 2.08

TRADE PAYABLES

Due to Micro and Small Enterprises (Refer Note 2.08.01)	14	16	
Others	<u>1,230</u>	<u>695</u>	711
	<u>1,244</u>	<u>711</u>	

2.08.01 Disclosure relating to 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.

(i) Principal amount due to any supplier as at the year end	27	16
(ii) Interest due on the principal amount unpaid at the year end to any supplier	4	1
(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	63	42
(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	14	7
(vi) Amount of interest accrued and remaining unpaid at the end of each accounting year	18	8
(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	15	4

Reliance Infratel Limited

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

	As at March 31, 2016	(₹ in crore) As at March 31, 2015
Note 2.09		
SHORT TERM PROVISIONS		
Provision for Employee Benefits		
Retirement Benefits ₹ 30,38,628	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
Note 2.10		
OTHER CURRENT LIABILITIES		
Current Maturities of Long Term Debt		
Foreign Currency Loans from Banks (Secured) (Refer Note 2.03.01)	2,319	2,188
Rupee Loans from Banks (Secured) (Refer Note 2.03.01)	500	-
Others:		
Interest accrued but not due on borrowings	14	5
Income Received in Advance	798	18
Book Overdraft	16	-
Capital Creditors*	109	87
Other Liabilities**	160	22
TOTAL	<u><u>3,916</u></u>	<u><u>2,320</u></u>

* Includes ₹ 13 crore towards Micro and Small Enterprises (Refer Note 2.08.01)

** Includes amounts payable to Government Authorities, provision for materials and services received, advance from customers and stale cheques.

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

Note 2.11

Fixed Assets

(₹ in crore)

Description	Gross Block		Depreciation / Amortisation			Net Block		
	As at April 1, 2015	Additions / Deductions / Adjustments	As at March 31, 2016	As at April 1, 2015	For the year	Deductions / Adjustment	As at March 31, 2016	As at March 31, 2015
Tangible Assets								
Freehold Land	9	-	9	-	-	-	9	9
Buildings (₹ 3,74,037)	-	-	-	-	-	-	-	-
Plant and Machinery	23,251	457	23,526	12,993	920	13,733	9,793	10,258
Vehicles	8	-	8	7	-	7	1	1
Sub Total	23,268	457	23,543	13,000	920	13,740	9,803	10,268
Previous year	22,566	702	23,268	12,048	952	13,000	10,268	10,518
Intangible Assets								
Indefeasible Right of Use (Refer Note 2.11.05)	20	-	20	7	3	10	10	13
Sub Total	20	-	20	7	3	10	10	13
Previous year	20	-	20	6	1	7	13	14
Grand Total	23,288	457	23,563	13,007	923	13,750	9,813	10,281
Previous year	22,586	702	23,288	12,054	953	13,007	10,281	10,532
Capital Work- in - Progress							253	251

2.11.01 Capital work in progress includes:

(i) ₹ 90 crore (Previous Year ₹ Nil) on account of Project Development Expenditure including borrowing cost.

(ii) ₹ 30 crore (Previous Year ₹ Nil) on account of material at site.

2.11.02

Reliance Communications Limited (RCOM), the Ultimate Holding Company had, during the earlier years, allotted, 1,500, 11.25% Secured Redeemable, Non Convertible Debentures (NCDs) of the face value of ₹ 1,00,00,000 each, aggregating to ₹ 1,125 crore (original amount ₹ 1,500 crore), 5,000, 11.60% Secured Redeemable, Non Convertible Debentures (NCDs) of the face value of ₹ 10,00,000 each, aggregating ₹ 500 crore and 3,000, 11.20% Secured Redeemable, Non Convertible Debentures (NCDs) of the face value of ₹ 1,00,00,000 each, aggregating to ₹ 3000 crore. The said NCDs, 6.5% Senior Secured Notes of ₹ 1,988 crore, Rupee Term Loans of ₹ 9,137 crore alongwith Foreign Currency Loans of ₹ 16,919 crore ("the Secured Loans"), availed by Reliance Communications Limited (RCOM), the Ultimate Holding Company and Reliance Telecom Limited (RTL) a fellow subsidiary were secured by a first pari passu charge on the whole of the movable plant and machinery of the Company including (without limitations) tower assets and optic fiber cables, if any (whether attached or otherwise), capital work-in-progress (pertaining to movable fixed assets) both present and future including all the rights, title, interest, benefits, claims and demands in respect of all insurance contracts relating thereto of the Borrower Group, comprising of the Company, RCOM, the Ultimate Holding Company and RTL, a fellow subsidiary and Reliance Communications Infrastructure Limited (RCIL), the holding company, in favour of the Security Trustee for the benefit of the NCD Holders and the Lenders of the said secured loans. Further, Rupee Term Loan of ₹ 840 crore availed by RCOM have been secured by second pari passu charge on the said assets of Borrower Group. (Out of ₹ 840 crore charge creation for ₹ 175 crore is pending for creation)

2.11.03 Refer Note 2.03.01 and 2.07.01 for security in favour of the Lenders.

2.11.04 Plant and Machinery includes Optic Fibre Cables (OFC) given on Operating Lease.

Gross Block* ₹ 9,150 crore (Previous year ₹ 8,833 crore)

Accumulated Depreciation* ₹ 5,882 crore (Previous year ₹ 5,488 crore)

Net Block ₹ 3,268 crore (Previous year ₹ 3,345 crore)

Depreciation Charged during the year ₹ 394 crore (Previous year ₹ 267 crore)

* Pursuant to the Scheme of Arrangement with Reliance Communications Limited, Gross Block includes ₹ 7,206 crore (including CWIP ₹ 1,004 crore at the time of Scheme of Arrangement) added on fair valuation during the earlier year ended as at March 31, 2009 and Accumulated Depreciation on the Gross Block is ₹ 4,446 crore.

2.11.05 The Company has acquired the indefeasible right of use in respect of optic fibre cables from other Passive Infrastructure service providers and is amortised over the period of validity of agreement.

2.11.06 Depreciation on plant and machinery includes ₹ 38 crore (Previous year ₹ 44 crore) on Exchange variation added to the cost of Plant and Machinery.

Reliance Infratel Limited

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

	As at March 31, 2016	(₹ in crore) As at March 31, 2015
Note 2.12		
LONG TERM LOANS AND ADVANCES		
(Unsecured, Considered good unless stated otherwise)		
Loans to Related Parties (Refer Note 2.41)	2,500	-
Security Deposits	215	226
Capital Advances	1,124	728
MAT Credit Entitlement	47	-
Advance Income Tax and Tax Deducted at Source	365	349
[Net of provision ₹ 114 crore (Previous year ₹ 104 crore)]	<u>4,251</u>	<u>1,303</u>
Note 2.13		
OTHER NON CURRENT ASSETS		
(Unsecured, Considered good unless stated otherwise)		
Bank Deposit with maturity for more than 12 months	1	1
Unamortised Arrangers' Fees	10	-
	<u>11</u>	<u>1</u>
Note 2.14		
INVENTORIES		
Stores and Spares	16	18
(at lower of cost and net realisable value)	<u>16</u>	<u>18</u>
Note 2.15		
TRADE RECEIVABLES		
Unsecured		
Outstanding More than Six months from the date they became due for payment		
Considered Good	82	70
Considered Doubtful	23	17
	<u>105</u>	<u>87</u>
Less: Provision for Doubtful Debts	23	17
	<u>82</u>	<u>70</u>
Others		
Considered Good	367	510
Considered Doubtful	-	-
	<u>367</u>	<u>510</u>
Less: Provision for Doubtful Debts	-	-
	<u>367</u>	<u>510</u>
	<u>449</u>	<u>580</u>
Note 2.16		
CASH AND BANK BALANCES		
Cheques on hand	12	-
Balance with Banks		
In Current Accounts	51	8
	<u>63</u>	<u>8</u>
Note 2.17		
SHORT TERM LOANS AND ADVANCES		
(Unsecured, Considered good)		
Loans to Related Parties (Refer Note 2.41)	1,853	-
Advances to Related Parties (Refer Note 2.41)	95	101
Others*	600	628
	<u>2,548</u>	<u>729</u>

*Includes Prepaid Expenses, Advance to vendors ,Advance to employees and receivable from Government Authorities.

Reliance Infratel Limited

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

	As at March 31, 2016	(₹ in crore) As at March 31, 2015	
Note 2.18			
OTHER CURRENT ASSETS			
(Unsecured, Considered good)			
Interest accrued on Fixed Deposit ₹ 19,58,651 (Previous year ₹ 15,26,831)	-	-	
Unamortised Arrangers' and Agency Fees	70		
Unbilled Revenue ₹ 31,37,717	-	241	241
	<u>70</u>		<u>241</u>

	For the year ended March 31, 2016	(₹ in crore) For the year ended March 31, 2015	
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Note 2.19 REVENUE FROM OPERATIONS

Service Revenue	5,340		6,783	
Less: Service Tax	<u>636</u>	4,704	<u>938</u>	5,845
Other Operating Income:				
Sale of Communication Equipments		35		13
		<u>4,739</u>		<u>5,858</u>

Note 2.20 OTHER INCOME

Interest Income* ₹ 4,31,821	-		15
Miscellaneous Income**	11		43
	<u>11</u>		<u>58</u>

* Includes interest on Income Tax refund ₹ Nil (Previous year ₹ 15 crore)

** Includes write back of provision for liabilities no longer required ₹ 11 crore (Previous year ₹ 31 crore)

Note 2.21 NETWORK EXPENSES

Power and Utilities	1,425	1,462
Repairs and Maintenance - Plant and Machinery	518	549
Stores and Spares consumed	17	2
Rent	609	409
Rates and Taxes	3	3
Insurance	4	3
Remission of Charges	164	963
	<u>2,740</u>	<u>3,391</u>

Reliance Infratel Limited

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

	For the year ended March 31, 2016	(₹ in crore) For the year ended March 31, 2015
Note 2.22		
EMPLOYEE BENEFITS EXPENSES		
Salaries (Including Managerial Remuneration)	17	48
Contribution to Provident and Gratuity Fund (Previous year ₹ 2,71,023)	1	-
Employee welfare and other amenities (Previous year ₹ 7,95,417)	3	-
	<u>21</u>	<u>48</u>
Note 2.23		
FINANCE COSTS		
Interest Expense		
Interest on Loans	407	569
Interest on Instruments	19	8
Other Finance Costs	205	113
	<u>631</u>	<u>690</u>
Note 2.24		
GENERAL AND ADMINISTRATION EXPENSES		
Electricity Expenses	-	3
Rent, Rates and Taxes	3	5
Travelling and Conveyance	1	5
Professional Fees	21	11
Bank Charges	2	1
Data Warehousing Charges	-	29
Provision for Doubtful Debts	6	17
Corporate Social Responsibility (CSR) Expenses (Refer Note 2.30)	10	2
Other Administration and Miscellaneous Expenses	22	5
Payment to Auditors ₹ 53,14,000 (Previous year ₹ 53,22,002) (Refer Note 2.35)	1	1
	<u>66</u>	<u>79</u>

2.25 Previous year

The Financial Statements have been prepared as per Schedule III to the Companies Act, 2013. Figures of the previous year have been regrouped, reclassified, wherever required. Amount in financial statements are presented in Rupees crore except as otherwise stated.

2.26 Schemes of Arrangement and Amalgamation of the earlier years

The Company, during earlier years undertook various Schemes so as to align the interest of the shareholders. Accordingly, pursuant to Schemes of Amalgamation and Arrangement ("the Schemes") under Sections 391 to 394 of the Companies Act, 1956 approved by the Hon'ble High Court of respective Judicature, the Company, during the respective years, recorded all necessary accounting effects, along with requisite disclosure in the Notes on Accounts, in accordance with the provisions of the said Schemes. Capital Reserve of ₹ 1,793 crore represents excess of assets over liabilities taken over upon merger of Netizen Rajasthan Limited (NRL), a wholly owned subsidiary of the Company into the Company. Also refer Note 2.28 "Exceptional Items" below.

2.27 Foreign Currency Monetary Items : Long Term

In view of the option allowed pursuant to notification dated December 29, 2011 issued by the Ministry of Corporate Affairs (MCA) Government of India, for the year ended on March 31, 2016, the Company has accumulated foreign currency variations of ₹ 132 crore (Previous year ₹ 91 crore) arising on other long term foreign currency monetary items in FCMITDA, and ₹ 150 crore (Previous year ₹ 264 crore) has been amortised during the year leaving balance which will be amortised over the balance period of loans.

Reliance Infratel Limited

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

2.28 Exceptional Items

- (a) Pursuant to the direction of the Hon'ble High Court of Judicature of Mumbai and option exercised by the Board of the Company, in accordance with and as per the Schemes of Arrangements and Amalgamation approved by the Hon'ble High Court vide orders dated March 16, 2007 and May 6, 2011 respectively binding on the Company, expenses and/ or losses, identified by the Board of the Company as being exceptional or otherwise subject to the accounting treatment prescribed in the said Schemes and comprising of ₹ 38 crore (Previous year ₹ 44 crore) of depreciation consequent to addition of exchange difference on long term borrowing relating to capital assets to the cost of capitalised assets, as also ₹ 46,80,012 (loss) (Previous year ₹ 4 crore (net gain)) of exchange variation (net) on items other than long term monetary items, ₹ 150 crore (Previous year ₹ 264 crore) being amortisation of Foreign Currency Monetary Items Translation Difference Account (FCMITDA) excluding the portion added to the cost of fixed Assets or carried forward as FCMITDA in accordance with Para 46A inserted into Accounting Standard (AS) 11 "The Effects of Change in Foreign Exchange Rates" in context of unprecedented volatility in exchange rates during the year, have been met by withdrawal from General Reserve, leaving no impact on profit/ loss for the year ended March 31, 2016. While the Company has been legally advised that such inclusion in Statement of Profit and Loss is in accordance with Schedule III of the Companies Act, 2013. Had such write off of expenses and losses not been adjusted from General Reserve, the Company would have reflected a profit after tax for the year of ₹ 59 crore (Previous year loss after tax of ₹ 1,268 crore).

- (b) During the previous year, the Company had revised existing terms of lease of optic fibre cable provided to the Ultimate Holding Company, as required in line with arm's length pricing with effect from April 1, 2014 and accordingly, Lease Rent equalisation receivable of ₹ 4,328 crore was written off / reversed as an exceptional item.

During the previous year, terms of Redeemable Preference Shares (RPS) issued to Ultimate Holding Company had been 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 written back as an exceptional item in Statement of Profit and Loss.

2.29 Employee Benefits

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

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

Particulars	(Amount in ₹)			
	Gratuity		Leave Encashment	
	Unfunded		Unfunded	
	As at March 31, 2016	As at March 31, 2015	As at March 31, 2016	As at 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	-	-	-	-
Service Cost	1,973,476	-	847,006	-
Interest Cost	1,695,359	-	1,530,858	-
Liability Transferred in from other company	21,245,099	-	19,183,680	-
Liability Transferred to other company	-	-	-	-
Actuarial (gain) / loss	224,652	-	1,120,889	-
Benefits Paid	(1,836,558)	-	(3,352,202)	-
Liabilities Extinguished on Settlement	-	-	-	-
Obligation at the end of the year	23,302,028	-	19,330,231	-
(ii) 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	-	-	-	-
Present value of the defined benefit obligation at the end of the year	23,302,028	-	19,330,231	-
Liability recognized in the Balance Sheet	23,302,028	-	19,330,231	-

Reliance Infratel Limited

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

(Amount in ₹)

Particulars	Gratuity		Leave Encashment	
	Unfunded		Unfunded	
	As at March 31, 2016	As at March 31, 2015	As at March 31, 2016	As at March 31, 2015
(iii) Cost for the year				
Service Cost	1,973,476	-	847,006	-
Interest Cost	1,695,359	-	1,530,858	-
Expected return on plan assets	-	-	-	-
Actuarial (gain) / loss	224,652	-	1,120,889	-
Net Cost	3,893,487	-	3,498,753	-
(iv) Assumptions				
Interest rate	7.79%	-	7.79%	-
Estimated return on plan assets	-	-	-	-
Salary growth rate	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.

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

	2016	Gratuity As at March 31			
		2015	2014	2013	2012
Present Value of benefit obligation	23,302,028	-	-	-	-
Fair value of plan assets	-	-	-	-	-
Excess of obligation over plan assets (plan assets over obligation)	23,302,028	-	-	-	-

(vi) **Experience Adjustments**

	2016	2015	2014	2013	2012
On Plan Liabilities	224,652	-	-	-	-
On Plan Assets	-	-	-	-	-

(₹ in crore)

2.30 Corporate Social Responsibility Expenditure (as per section 135 of the Companies Act, 2013 read with Schedule VII)

(a) Gross amount required to be spent by the Company during the year ₹ 10 crore (Previous year ₹ 2 crore)

(₹ in 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	-

Reliance Infratel Limited

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

	For the year ended March 31, 2016	(₹ in crore) For the year ended March 31, 2015
2.31 Details of Project Development Expenditure (included under Capital Work-in-Progress)		
Opening Balance	-	27
Add : Expenses incurred during the year		
Rent, Rates and Taxes	2	3
Vehicle Hire and Maintenance Charges (Previous year ₹ 86,000)	-	-
Power, Water and Electricity (Previous year ₹ 40,100)	-	-
Transport Charges	1	2
Borrowing Costs	90	-
Other Miscellaneous Expenses ₹ 23,73,032 (Previous year ₹ 14,59,111)	-	-
Inward Freight ₹ 12,66,123	-	3
Total additions	93	8
Total Project Development Expenditure	93	35
Less :		
Capitalised during the year	3	35
Closing Balance	90	-
2.32 Commitment for Capital Expenditure (as represented by the Management)	As at March 31, 2016	As at March 31, 2015
Estimated amount of Contracts remaining to be executed on capital account and not provided for	178	326
2.33 Contingent Liabilities (as represented by the Management)		
Disputed Liabilities in tower construction pending adjudication	15	6
Disputed Liability for Entry Tax, VAT / CST and Service Tax *	140	1,332
Disputed Liability for Direct Tax	1	1
* The Company has deposited ₹ 12 crore (Previous year ₹ 11 crore), ₹ 39,43,114 (Previous year ₹ 37,74,947) and ₹ 6 crore (Previous year ₹ 10 crore) under protest with the Entry Tax, VAT/ CST and Service Tax authorities respectively against the demand. Deposit amount is included in Loans and Advances.		
	For the year ended March 31, 2016	(₹ in crore) For the year ended March 31, 2015
2.34 Earning per share (EPS) :		
(i) Basic and diluted EPS (before exceptional items)		
Profit/(Loss) attributable to Equity Shareholders (Used as Numerator) (₹ in crore)	247	2,005
Weighted average number of equity shares (Numbers) (Used as Denominator)	279 31 41 868	279 31 41 868
Basic and diluted, earning per equity share of ₹ 10/- each	0.89	7.18
(ii) Basic and diluted EPS (after exceptional items)		
Profit/(Loss) attributable to Equity Shareholders (Used as Numerator) (₹ in crore)	247	(964)
Weighted average number of equity shares (Numbers) (Used as Denominator)	279 31 41 868	279 31 41 868
Basic and diluted, earning per equity share of ₹ 10/- each	0.89	(3.45)

Reliance Infratel Limited

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

	For the year ended March 31, 2016	(₹ in crore) For the year ended March 31, 2015
2.35 Auditors' Remuneration (Excluding Service Tax)		
Statutory Audit: ₹ 50,00,000 (Previous year ₹ 50,00,000)	1	1
Tax Audit: ₹ 2,00,000 (Previous year ₹ 2,00,000)	-	-
Certification and Other Services: ₹ 1,14,000 (Previous year ₹ 1,22,002)	-	-
	<u>1</u>	<u>1</u>
2.36 (i) Value of Imports on CIF basis		
Capital Goods	3	2
(ii) Consumption of Stores and Spares		
Imported	-	-
Indigenous	17	2
2.37 Expenditure in foreign currency (Accrual basis)		
Interest	105	94
Bank Charges and Agency Fees (Previous year ₹ 9,24,955)	46	-
Professional Fees ₹ 9,64,656 (Previous year ₹ Nil)	-	-
2.38 Particulars of Foreign currency exposures		
Foreign Currency exposures that are not hedged by derivative instruments or otherwise are US \$ 35.21 crore (Previous year US \$ 35.19 crore) equivalent to ₹ 2,333 crore (Previous year ₹ 2,199 crore).		

2.39 Operating Lease

Where the Company is lessor :

The Company had entered into non-cancellable lease arrangement to provide optic fibre infrastructure over the lease term. During the year ended March 31, 2015, the Company had revised existing terms of lease of optic fibre cable provided to the Ultimate Holding Company to ₹ 350 crore per annum (Previous year ₹ 350 crore). (Refer Note 2.28 " Exceptional Items")

	As at March 31, 2016	(₹ in crore) As at March 31, 2015
Estimated future minimum payments under non cancellable operating lease		
(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	-	-

2.40 Desubidiarisation

During the previous year, the Company had sold its investment in equity shares of Reliance Communications Tamilnadu Limited (RCTL) to Reliance Webstore Limited (RWSL), a fellow subsidiary. Consequently, RCTL ceased to be a subsidiary of the Company with effect from February 20, 2015 and no consolidated financial statements were prepared for the previous year.

Reliance Infratel Limited

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

2.41 Related Party Disclosures

As per Accounting Standard (AS) 18, 'Related Party Disclosures', prescribed under Accounting Standard Rules, the disclosure of transactions are given below:

A. List of Related Party - where control exists

1	Reliance Communications Limited	Ultimate Holding Company
2	Reliance Communications Infrastructure Limited	Holding Company
3	Reliance Communications Tamil Nadu Limited (upto February 20, 2015)	Subsidiary
4	Reliance BPO Private Limited (from November 10,2015 to March 30, 2016)	Subsidiary
5	Worldtel Tamilnadu Private Limited (from November 10,2015 to March 30, 2016)	Subsidiary
6	Shri Anil C Shah	Key Managerial Personnel

B. List of other Related Parties where there have been transactions

1	Reliance Telecom Limited	} Fellow Subsidiary
2	Reliance Webstore Limited	
3	Reliance Infocomm Infrastructure Limited	
4	Reliance Globalcom BV, the Netherlands	
5	Reliance Telecom Infrastructure (Cyprus) Holdings Limited	
6	Reliance Communications Tamil Nadu Limited (from February 21, 2015)	
7	Reliance BIG TV Limited	
8	Reliance BPO Private Limited (upto November 9, 2015 and from March 31, 2016).	
9	Reliance IDC Limited	
10	Worldtel Tamilnadu Private Limited (from March 31, 2016)	
11	Reliance Tech Services Limited	

C Enterprise over which Promoter of Ultimate Holding Company having control with effect from March 28, 2015. (Fellow Subsidiary Companies upto March 27, 2015)

1	Reliance Capital Limited
2	Reliance General Insurance Company Limited

D Transactions with related parties during the Year April 1, 2015 to March 31, 2016

(₹ in crore)

Sr. No	Nature of Transactions	Holding Company	Ultimate Holding Company	Subsidiaries	Fellow Subsidiaries	Enterprise over which promoter of Ultimate Holding Company having Control	Key Managerial Personnel	Total
1	Allotment of Shares							
	Equity Shares:							
	Balance as at April 1, 2015	2,226	-	-	434	-	-	2,660
		(2,226)	(-)	(-)	(434)	(-)	(-)	(2,660)
	Allotted during the Year	-	-	-	-	-	-	-
		(-)	(-)	(-)	(-)	(-)	(-)	(-)
	Balance as at March 31, 2016 ¹	2,226	-	-	434	-	-	2,660
		(2,226)	(-)	(-)	(434)	(-)	(-)	(2,660)
	Preference Shares:							
	Balance as at April 1, 2015	-	4,000	-	-	-	-	4,000
	(Including Premium)	(-)	(4,000)	(-)	(-)	(-)	(-)	(4,000)
	Allotted during the Year	-	-	-	-	-	-	-
		(-)	(-)	(-)	(-)	(-)	(-)	(-)
	Balance as at March 31, 2016	-	4,000	-	-	-	-	4,000
	(Including Premium)	(-)	(4,000)	(-)	(-)	(-)	(-)	(4,000)

Reliance Infratel Limited

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

Sr. No	Nature of Transactions	Holding Company	Ultimate Holding Company	Subsidiaries	Fellow Subsidiaries	Enterprise over which promoter of Ultimate Holding Company having Control	Key Managerial Personnel	Total
2	Loans Taken							
	Balance as at April 1, 2015	156 (1,335)	2,719 (2,719)	- (-)	- (-)	- (-)	- (-)	2,875 (4,054)
	Taken/adjusted during the Year	2,230 (6,593)	- (-)	- (-)	- (285)	325 (-)	- (-)	2,555 (6,878)
	Repaid/adjusted during the Year	2,386 (7,772)	- (-)	- (-)	- (285)	325 (-)	- (-)	2,711 (8,057)
	Balance as at March 31, 2016	- (156)	2,719 (2,719)	- (-)	- (-)	- (-)	- (-)	2,719 (2,875)
3	Investments							
	Equity Shares:							
	Balance as at April 1, 2015	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)
	Purchased during the year	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)
	₹ 1,00,000 (Previous year	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)
	₹ 4,00,000) (Refer Note 2.40)							
	Sold During the year ₹	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)
	2,00,000 (Previous year ₹							
	5,00,000) (Refer Note 2.40)							
	Balance as at March 31, 2016	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)
	₹ Nil							
4	Service Revenue	- (268)	1,693 (3,665)	- (-)	556 (749)	- (-)	- (-)	2,249 (4,682)
5	Expenses including Personnel Cost	475 (700)	117 (761)	- (-)	47 (223)	- (-)	- (-)	639 (1,684)
6	Finance Costs	86 (196)	411 (360)	- (-)	- (4)	4 (-)	- (-)	501 (560)
7	Recovery of Expenses	- (-)	- (-)	- (-)	7 (-)	- (-)	- (-)	7 (-)
8	Managerial Remuneration	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)
	₹ 49,29,770 (Previous year							
	₹ 44,77,493)							
9	Trade Payables	32 (-)	512 (-)	- (-)	5 (-)	- (-)	- (-)	549 (-)
10	Income Received in Advance	- (-)	802 (-)	- (-)	46 (-)	- (-)	- (-)	848 (-)
11	Redemption Premium Payable on Preference Share	- (-)	23 (4)	- (-)	- (-)	- (-)	- (-)	23 (4)
12	Loans Given	- (-)	- (-)	- (-)	4,353 (-)	- (-)	- (-)	4,353 (-)
13	Advances Given	- (-)	62 (62)	- (-)	33 (39)	1 (-)	- (-)	96 (101)
14	Trade Receivables	- (-)	- (-)	- (-)	316 (365)	- (-)	- (-)	316 (365)
15	Other Liabilities	37 (-)	- (-)	- (-)	- (-)	- (-)	- (-)	37 (-)

Note: Previous year figures are given in brackets

¹Closing balance includes shares purchased by fellow subsidiary from outside

Reliance Infratel Limited

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

E. Significant Related Party Transactions

- 1 Service Revenue includes from Reliance Telecom Limited ₹ 556 crore (Previous year ₹ 749 crore).
- 2 Expenses including common cost reimbursed to Reliance Telecom Limited ₹ 46 crore (Previous year ₹ 194 crore) , Reliance Infocomm Infrastructure Limited ₹ 1 crore (Previous year ₹ 26,58,946), Reliance IDC Limited ₹ Nil (Previous year ₹ 28 crore) , Reliance BPO Private Limited ₹ Nil (Previous year ₹ 79,257).
- 3 Finance Cost includes net of recovery from Reliance Big TV Limited ₹ 3 crore (Previous year ₹ Nil) and from Reliance Infocomm Infrastructure Limited ₹ 4 crore (Previous year ₹ Nil). Finance cost includes ₹ 4 crore (Previous year ₹ 4 crore) to Reliance Capital Limited.
- 4 Trade Payables include payable to Reliance Infocomm Infrastructure Limited ₹ 1 crore (Previous year ₹ 5,90,195) and to Reliance Tech Services Limited ₹ 3 crore (Previous year ₹ Nil).
- 5 Income Received in Advance includes payable to Reliance Telecom Limited ₹ 46 crore (Previous year ₹ Nil).
- 6 Trade Receivables include from Reliance Telecom Limited ₹ 316 crore (Previous year ₹ 365 crore).
- 7 During the year, the Company has purchased equity shares of Reliance BPO Private Limited from Reliance Webstore Limited of ₹ 1,00,000.
- 8 During the year, the Company has sold equity shares of Worldtel Tamilnadu Private Limited and Reliance BPO Private Limited to Reliance Communications Infrastructure Limited for ₹ 2,00,000.
- 9 During the previous year, the Company sold equity shares of Reliance Communications Tamilnadu Limited to Reliance Webstore Limited.
- 10 During the year, the Company has taken and repaid loan of ₹ 325 crore (Previous year ₹ 285 crore) from Reliance Capital Limited.
- 11 Equity share of ₹ 10 each fully paid up held by fellow subsidiaries (Refer Note 2.01.01)
- 12 During the year, the Company has given Loan to Reliance Big TV Limited ₹ 780 crore (Previous year ₹ Nil), to Reliance Infocomm Infrastructure Limited ₹ 1,073 crore (Previous year ₹ Nil) and Reliance Telecom Limited ₹ 2,500 crore (Previous year ₹ Nil)
- 13 Advance given to Reliance IDC Limited ₹ 24 crore (Previous year ₹ 24 crore) , Reliance Webstore Limited ₹ 3 crore (Previous year ₹ 7 crore), Reliance Big TV Limited ₹ 4 crore (Previous year ₹ 6 crore), Reliance Communications Tamil Nadu Limited ₹ 2 crore (Previous year ₹ 2 crore), and to Reliance Tech Services Limited ₹ Nil (Previous year ₹ 37,346)

2.42 Segment Information:

The Company has identified two reportable segments viz. Tower and OFC Division. Segments have been identified and reported taking into account nature of services provided, the differing risks and returns and the internal business reporting systems. The accounting policies adopted for segment reporting are in line with the accounting policy of the Company with following additional policies for Segment Reporting:

- a) Revenue and expenses have been identified to a segment on the basis of relationship to operating activities of the segment. Revenue and expenses which relate to enterprise as a whole and are not allocable to a segment on reasonable basis have been disclosed as "Unallocable".
- b) Segment assets and liabilities represent assets and liabilities in respective segments.

Primary Segment Information

Particulars				(₹ in crore)
	Tower Division	OFC Division	Unallocable	Total
Segment Revenue				
Revenue	4,250	500	-	4,750
	5,373	528	15	5,916
Inter Segment Revenue	-	-	-	-
	-	-	-	-
Net Revenue	4,250	500	-	4,750
	5,373	528	15	5,916
Segment Result before exceptional items, interest & taxes	1,202	(116)	(48)	1,038

Reliance Infratel Limited

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

Particulars	(₹ in crore)			
	Tower Division	OFC Division	Unallocable	Total
	1,330	178	(19)	1,489
Less: Finance Costs	-	-	631	631
	-	-	690	690
Segment Result before exceptional items and taxes	1,202	(116)	(679)	407
	1,330	178	(709)	799
Less: Exceptional Items (Net off withdrawal from Reserve)	-	-	-	-
	-	4,328	(1,359)	2,969
Less: Deferred Tax	-	-	150	150
	-	-	(1,276)	(1,276)
Less: Current Tax (Net off MAT Credit)	-	-	-	-
	-	-	70	70
Less: Short Provision for previous years	-	-	10	10
	-	-	-	-
Segment Result After Tax	1,202	(116)	(839)	247
	1,330	(4,150)	1,856	(964)
Other Information				
Segment Assets*	7,727	4,718	5,029	17,474
	8,823	4,616	358	13,797
Segment Liabilities*	1,470	2,165	7,127	10,762
	1,364	76	5,722	7,162
Capital Expenditure including Forex Loss	115	344	-	459
	132	408	-	540
Depreciation, Impairment / write off and Amortisation	488	397	-	885
	641	268	-	909

The figure for the current year are reflected in bold.

* In the previous year inter segment payable and receivable of ₹ 385 crore had been netted off.

- As per Accounting Standard on Segment Reporting (AS-17), notified by the Companies (Accounting Standards) Rules, 2006 (as amended), the Company has reported the above.
- The reportable Segments are further described below:
 - The Tower Division include maintenances, provision of BTS Towers.
 - The OFC Division include maintenances, provision of Optical Fibre Cable connectivity.

Secondary Segment Information

Secondary Segment Information is not disclosed since the company operates only within India.

As per our Report of even date

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

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

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

Vijay Bhatt
Partner
Membership No: 036647

For and on behalf of the Board

Hasit Shukla
Suresh Rangachar } Directors

Mangesh Chavan Chief Financial Officer

Anil C. Shah Company Secretary and Manager

Reliance Communications Canada Inc.

Independent Auditor's Report

To

**The Board of Directors of
Reliance Communications Canada Inc.**

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

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India including Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We conducted our audit in accordance with the Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion whether the Company has in place an adequate Internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016 and its profit and its cash flows for the year ended on that date.

Other Reporting Requirements

We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account.

Other Matters

This report is issued for the information and use of the Board of Directors of the Company and of Reliance Communications Limited, the ultimate holding company in India to comply with the financial reporting requirements in India and should not be used for any other purposes without our prior written consent.

For M S Sethi & Associates

Chartered Accountants
Firm Regn. No. 109407W

Manoj Sethi

Proprietor
Membership No. 39784

Place: Mumbai
Dated: May 27, 2016

Reliance Communications Canada Inc.

Balance Sheet as at March 31, 2016

Particulars	Notes	As at		(Amount in ₹)
		March 31, 2016		As at March 31, 2015
Equity and Liabilities				
Shareholders' Funds				
(a) Share Capital	2.01	6,62,550		6,25,000
(b) Reserves and Surplus	2.02	<u>(52,65,695)</u>	<u>(46,03,145)</u>	<u>(55,37,881)</u> (49,12,881)
Current Liabilities				
(a) Trade Payables	2.03	3,92,29,034		3,53,15,416
(b) Other Current Liabilities	2.04	31,02,404		55,32,328
(c) Short Term Provisions	2.05	<u>-</u>	<u>4,23,31,438</u>	<u>13,37,802</u> 4,21,85,546
TOTAL			<u><u>3,77,28,293</u></u>	<u><u>3,72,72,665</u></u>
Assets				
Non Current Assets				
(a) Long Term Loans and Advances	2.06		1,43,773	18,79,214
Current Assets				
(a) Trade Receivables	2.07	1,03,72,262		97,21,318
(b) Cash and Bank Balance	2.08	39,74,265		45,33,197
(c) Short Term Loans and Advances	2.09	<u>2,32,37,993</u>	<u>3,75,84,520</u>	<u>2,11,38,936</u> 3,53,93,451
TOTAL			<u><u>3,77,28,293</u></u>	<u><u>3,72,72,665</u></u>
Significant Accounting Policies	1			
Notes on Accounts	2			

As per our Report attached

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

For and on behalf of the Board

Janet Troxell
Andrew Goldie } **Directors**

Manoj Sethi
Proprietor
Membership No. 39784

Place : Mumbai
Date : May 27, 2016

Reliance Communications Canada Inc.

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

Particulars	Notes	(Amount in ₹)	
		For the year ended March 31, 2016	For the year ended March 31, 2015
Income			
Revenue	2.10	<u>4,47,06,138</u>	<u>5,79,60,143</u>
		<u>4,47,06,138</u>	<u>5,79,60,143</u>
Expenses			
Network Operating Expenses	2.11	3,93,71,892	3,55,52,409
General & Administration Expenses	2.12	43,26,521	1,84,03,476
Selling & Distribution Expenses	2.13	<u>3,39,173</u>	<u>20,56,969</u>
		<u>4,40,37,586</u>	5,60,12,854
Profit / (Loss) before Tax		<u>6,68,552</u>	<u>19,47,289</u>
Provision for:			
- Current Tax		71,020	-
Profit / (Loss) After Tax		<u>5,97,532</u>	<u>19,47,289</u>
Earning per Share (Basic and Diluted)	2.15	5,975	19,473
Significant Accounting Policies	1		
Notes on Accounts	2		

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

As per our Report attached

For and on behalf of the Board

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

Janet Troxell
Andrew Goldie } **Directors**

Manoj Sethi
Proprietor
Membership No. 39784

Place : Mumbai
Date : May 27, 2016

Reliance Communications Canada Inc.

Cash Flow Statement for the year ended March 31, 2016

	(Amount in ₹)	
	For the year ended March 31, 2016	For the year ended March 31, 2015
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax as per Statement of Profit and Loss	6,68,552	19,47,289
Adjusted for:		
	-	-
Operating Profit before Working Capital Changes	6,68,552	19,47,289
Adjusted for:		
Receivables and other Advances	(10 14 559)	1 39 72 032
Trade Payables	1 45 892	(1 90 80 013)
Effects of exchange difference on translation of assets and liabilities	(2 87 796)	3 59 334
Cash Generated from /(used in) Operations	(4,87,912)	(28,01,358)
Payment of Taxes	(71 020)	-
Net Cash used in Operating Activities	(5,58,932)	(28,01,358)
B CASH FLOW FROM FINANCING ACTIVITIES		
Net Cash from Financing Activities	-	-
Net Increase/ (Decrease) in Cash and Cash Equivalents (A + B)	(5,58,932)	(28,01,358)
Opening Balance of Cash and Cash Equivalents	45,33,197	73,34,555
Closing Balance of Cash and Cash Equivalents	39,74,265	45,33,197

As per our Report attached

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

For and on behalf of the Board

Janet Troxell
Andrew Goldie } **Directors**

Manoj Sethi
Proprietor
Membership No. 39784

Place : Mumbai
Date : May 27, 2016

Note 1: SIGNIFICANT ACCOUNTING POLICIES

1.01 Basis of preparation of financial statements :

The Financial Statements are prepared under historical cost convention in accordance with the generally accepted accounting principles (GAAP) in India and Comply with Accounting Standard specified under Section 133 the Companies Act, 2013 ("the Act") read with Rule 7 of the Companies (Accounts) Rules, 2014 and other provisions of the Act to the extent notified and applicable, as well as applicable note and pronouncements of the Institute of Chartered Accountants of India (the ICAI).

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

1.02 Use of Estimates :

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

1.03 Revenue recognition :

Revenue is recognised as and when the services are provided on the basis of actual usage of the Company's network.

1.04 Taxes on Income :

Provision for Income Tax is made on the basis of estimated taxable income for the year at current rates. Tax expense comprises of both Current Tax and Deferred Tax at the applicable enacted or substantively enacted rates. Current tax represents the amount of Income Tax payable/recoverable in respect of the taxable income / loss for the reporting period. Deferred tax represents the effect of timing difference between taxable income and accounting income for the reporting period that originate in one period and are capable of reversal in one or more subsequent periods. The deferred tax asset is recognised and carried forward only to the extent that there is a reasonable certainty that the asset will be realised in future.

1.05 Provisions, Contingent Liabilities and Contingent Assets

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

Reliance Communications Canada Inc.

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

		As at March 31, 2016	(Amount in ₹) As at March 31, 2015
2.01	Share Capital		
	Authorised		
	Equity		
	1 000 (Previous year 1 000) Equity Shares of USD 0.01 each	62 50 000	62 50 000
		<u>62 50 000</u>	<u>62 50 000</u>
	Issued, Subscribed and Paid up		
	100 (Previous year 100) Equity Shares of USD 0.01 each fully paid up (Total Paid up value of USD 10 000)	6 62 550	6 25 000
		<u>6 62 550</u>	<u>6 25 000</u>

Note :

2.01.01 Share held by holding/Ultimate holding company and/or their subsidiaries/associates

Equity Shares	%	No. of Shares	%	No. of Shares
Reliance Communications Inc.	100	100	100	100

2.01.02 Details of Shareholders holding more than 5% shares in the Company :

Equity Shares	%	No. of Shares	%	No. of Shares
Reliance Communications Inc.	100	100	100	100

2.01.03 Terms/Rights attached to Equity Share

The Company has only one class of equity shares having a par value of 0.01 USD per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of Company, the holder of equity share will be entitled to receive remaining assets of the company.

2.01.04 Reconciliation of shares outstanding at the beginning and at the end of the reporting year.

Equity shares	No. of Shares	Amount	No. of Shares	Amount
At the beginning of the year	100	6 62 550	100	6 25 000
Add/ (Less): Changes during the year	-	-	-	-
At the end of the year	<u>100</u>	<u>6 62 550</u>	<u>100</u>	<u>6 25 000</u>

Reliance Communications Canada Inc.

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

Note	(Amount in ₹)	
	As at March 31, 2016	As at March 31, 2015
2.02 Reserve & Surplus		
Statement of Profit and Loss		
As per last Balance Sheet	(52,61,678)	(72,08,967)
Add: Profit for the year	5,97,532	19,47,289
	(46,64,146)	(52,61,678)
Exchange Fluctuation Reserve	(6,01,549)	(2,76,203)
	(52,65,695)	(55,37,881)
2.03 Trade Payable		
- Dues to Related Parties (Refer Note 2.17)	3,77,30,679	3,09,38,295
- Dues to others	14,98,355	43,77,121
	3,92,29,034	3,53,15,416
2.04 Other Current Liabilities		
Advance from Customers and Unearned Income	31,02,404	55,32,328
	31,02,404	55,32,328
2.05 Short Term Provisions		
Income Tax (net of advance tax)	-	13,37,802
	-	13,37,802
2.06 Long Term Loans and Advances		
Advance Tax	1,43,773	18,79,214
	1,43,773	18,79,214
2.07 Trade Receivables		
Due for More than Six months		
Considered Good	59,91,614	56,52,040
Considered Doubtful	-	-
	59,91,614	56,52,040
Less: Provision for doubtful debts	-	-
	59,91,614	56,52,040
Others		
Considered Good	43,80,648	40,69,278
	1,03,72,262	97,21,318
2.08 Cash and Bank Balances		
Balance with Banks		
In Current Account	39,74,265	45,33,197
	39,74,265	45,33,197
2.09 Short Term Loans and Advances		
(Unsecured, Considered good – unless stated otherwise)		
Loans and Advances to Related parties (Refer Note 2.17)	15,87,639	24,434
Others		
Considered good	2,16,50,354	2,11,14,502
	2,32,37,993	2,11,38,936

Reliance Communications Canada Inc.

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

Note	(Amount in ₹)	
	For the year ended March 31, 2016	For the year ended March 31, 2015
2.10 Revenue		
Post Paid / Pre Paid	4,47,06,138	5,79,60,143
	4,47,06,138	5,79,60,143
2.11 Network Operating Expenses		
Charges for Commercial Support Service	1,15,36,070	2,91,337
Whole Traffic cost	2,69,98,696	3,33,21,531
License & Application Fees	3,01,819	6,32,872
WITS Call charges	5,35,307	13,06,669
	3,93,71,892	3,55,52,409
2.12 General Administration Expenses		
Merchant Bank Charges	26,99,120	29,30,186
Professional Fees	13,78,159	16,58,245
Bank Charges	85,601	86,188
Bad Debts	-	1,35,75,966
Payment to Auditors	1,63,641	1,52,891
	43,26,521	1,84,03,476
2.13 Selling Expenses		
Call Centre Expenses	3,39,173	20,56,969
	3,39,173	20,56,969
2.14	The Previous year's figures have been reworked, regrouped, rearranged and reclassified wherever necessary.	
2.15 Earnings per share		(Amount in ₹)
	For the year ended March 31, 2016	For the year ended March 31, 2015
Profit / (loss) after tax and extra ordinary item	5,97,532	19,47,289
Weighted average number of equity shares	100	100
Nominal value per equity share	6,626	6,250
Earning per share – Basic and Diluted	5,975	19,473

2.16 Segment Reporting

The Company has not identified any separate reportable segment as given in AS -17, as referred in Rule 7 of Companies (Accounts) Rules 2014, as all the activities of the Company relates to International Long Distance business as used for the internal business reporting systems.

Reliance Communications Canada Inc.

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

2.17 Related Party Transactions

As per the Accounting Standard 18 (AS-18), referred in Rule 7 of Companies (Accounts) Rules 2014, the disclosures of transactions with the related parties is as under:

i List of Related Parties with whom transactions have taken place and relationships.

Sr. Name of the Related Party	Relationship
1 Reliance Communications Limited	Ultimate Holding Company
2 Reliance Communications Inc.	Holding Company
3 Reliance Infocom Inc.	Fellow Subsidiary
4 Reliance Communications Infrastructure Limited	Fellow Subsidiary
5 Reliance Communications International Inc.	Fellow Subsidiary

ii Transactions with related parties and closing balance

(Amount in ₹)

(Figures shown in brackets pertains to previous year.)

Entity Name	For the year ended March 31, 2016	As at March 31, 2016	
	Network Operating Expenses	Loans & Advances Given	Trade Payables
Reliance Communications Ltd.	1,15,36,071 (2,91,361)	-	1,19,55,516 (1,000)
Reliance Communications, Inc.	2,69,98,696 (3,33,21,536)	15,61,166 -	- (66,22,938)
Reliance Infocom Inc.	-	26,473 (24,434)	-
Reliance Communications Infrastructure Ltd	-	-	17,56,533 (16,56,982)
Reliance Communications International Inc.	-	-	2,40,18,630 (2,26,57,375)

2.18 The amounts relating to Balance Sheet items appearing in Indian Rupees have been translated at Closing Rate of 1 USD = ₹ 66.26 (Previous year 1 USD = ₹ 62.50) and items relating to profit and loss have been translated at average rate of 1 USD = ₹ 65.46 and (Previous year 1 USD = ₹ 61.15).

As per our Report attached

For and on behalf of the Board

For M. S. Sethi & Associates

Chartered Accountants

Regn. No. 109407W

Janet Troxell

Andrew Goldie

} **Directors**

Manoj Sethi

Proprietor

Membership No. 39784

Place : Mumbai

Date : May 27, 2016

BONN INVESTMENT INC.

Independent Auditor's Report

To

The Board of Directors of Bonn Investment Inc.

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

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India including Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We conducted our audit in accordance with the Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion whether the Company has in place an adequate Internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016 and its profit and its cash flows for the year ended on that date.

Other Reporting Requirements

We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account.

Other Matters

This report is issued for the information and use of the Board of Directors of the Company and of Reliance Communications Limited, the ultimate holding company in India to comply with the financial reporting requirements in India and should not be used for any other purposes without our prior written consent.

For M S Sethi & Associates

Chartered Accountants
Firm Regn. No. 109407W

Manoj Sethi

Proprietor
Membership No. 39784

Place: Mumbai
Dated: May 27, 2016

BONN INVESTMENT INC.

Balance Sheet as at March 31, 2016

Particulars	Notes	As at		(Amount in ₹)
		March 31, 2016	March 31, 2015	As at March 31, 2015
Equity and Liabilities				
Shareholders' Funds				
(a) Share Capital	2.01	6,62,550		6,25,000
(b) Reserves and Surplus	2.02	<u>(4,79,10,458)</u>	<u>(4,72,47,908)</u>	<u>(5,29,89,382)</u> (5,23,64,382)
Current Liabilities				
(a) Short Term borrowings	2.03	49,65,14,970		46,83,75,000
(b) Trade Payables	2.04	-		1,56,250
(c) Other Current Liabilities	2.05	19,21,390		6,25,000
(d) Short Term Provisions	2.06	<u>48,631</u>	<u>49,84,84,991</u>	<u>55,247</u> 46,92,11,497
TOTAL			<u><u>45,12,37,083</u></u>	<u><u>41,68,47,115</u></u>
Assets				
Non Current Assets				
(a) Fixed Assets	2.07			
(i) Tangible Assets		40,37,68,705		34,01,33,731
(iii) Capital Work in Progress		<u>-</u>	<u>40,37,68,705</u>	<u>5,26,55,320</u> 39,27,89,051
(b) Long Term Loans and Advances	2.08		2,69,327	3,32,188
Current Assets				
(a) Cash and Bank Balance	2.09	4,55,00,378		2,21,23,475
(b) Other Current Assets	2.10	<u>16,98,673</u>	<u>4,71,99,051</u>	<u>16,02,401</u> 2,37,25,876
TOTAL			<u><u>45,12,37,083</u></u>	<u><u>41,68,47,115</u></u>
Significant Accounting Policies	1			
Notes on Accounts	2			

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

As per our Report attached

For and on behalf of the Board

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

BK Sinha
Jigar Shah } **Directors**

Manoj Sethi
Proprietor
Membership No. 39784

Place : Mumbai
Date : May 27, 2016

BONN INVESTMENT INC.

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

Particulars	Notes	For the year ended		(Amount in ₹)
		March 31, 2016	March 31, 2015	For the year ended March 31, 2015
Income				
Other Income	2.11	2,67,06,140	2,42,14,753	
		<u>2,67,06,140</u>	<u>2,42,14,753</u>	
Expenses				
General & Administration Expenses	2.12	59,38,992	35,03,065	
Depreciation	2.07	<u>1,24,66,976</u>	<u>1,84,05,968</u>	1,16,51,041
				1,51,54,106
Profit Before Tax		<u>83,00,172</u>		<u>90,60,647</u>
Provision for:				
- Current Tax		1,37,266		6,03,065
Profit After Tax		<u>81,62,906</u>		<u>84,57,582</u>
Earning per Share – Basic and Diluted	2.14	81,629		84,576
Significant Accounting Policies	1			
Notes on Accounts	2			

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

As per our Report attached

For and on behalf of the Board

For M. S. Sethi & Associates

Chartered Accountants
Regn. No. 109407W

BK Sinha

Jigar Shah

} **Directors**

Manoj Sethi

Proprietor
Membership No. 39784

Place : Mumbai

Date : May 27, 2016

BONN INVESTMENT INC.

Cash Flow Statement for the year ended March 31, 2016

		(Amount in ₹)
	For the year ended March 31, 2016	For the year ended March 31, 2015
A CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit / (Loss) before tax as per Statement of Profit and Loss	83,00,172	90,60,647
Adjusted for:		
Depreciation	1,24,66,976	1,16,51,041
Operating Profit before Working Capital Changes	2,07,67,148	2,07,11,688
Adjusted for:		
Trade Advances	33,412	(50,025)
Trade Payables & Provisions	11,33,524	31,246
Effects of exchange difference on translation of assets and liabilities	15,80,085	5,08,746
Cash Generated from Operations	2,35,14,169	2,12,01,655
Payment of Taxes	(1,37,266)	(6,03,065)
Net Cash from Operating Activities	2,33,76,903	2,05,98,590
B CASH FLOW FROM INVESTING ACTIVITIES:	-	-
C CASH FLOW FROM FINANCING ACTIVITIES:	-	-
Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)	2,33,76,903	2,05,98,590
Opening Balance of Cash and Cash Equivalents	2,21,23,475	15,24,885
Closing Balance of Cash and Cash Equivalents	4,55,00,378	2,21,23,475

Note:

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

As per our Report attached

For and on behalf of the Board

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

BK Sinha
Jigar Shah

} **Directors**

Manoj Sethi
Proprietor
Membership No. 39784

Place : Mumbai
Date : May 27, 2016

BONN INVESTMENT INC.

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

Note 1: SIGNIFICANT ACCOUNTING POLICIES

1.01 Basis of preparation of financial statements :

The Financial Statements are prepared under historical cost convention in accordance with the generally accepted accounting principles (GAAP) in India and Comply with Accounting Standard specified under Section 133 the Companies Act, 2013 ("the Act") read with Rule 7 of the Companies (Accounts) Rules, 2014 and other provisions of the Act to the extent notified and applicable, as well as applicable note and pronouncements of the Institute of Chartered Accountants of India (the ICAI).

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

1.02 Use of Estimates :

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

1.03 Fixed Assets

Fixed Assets are stated in the balance sheet at cost less accumulated depreciation and impairment losses. Depreciation is calculated to write off the cost of items of fixed assets, less their estimated residual value, if any, using the straight line method over their estimated useful life as 10 years.

The carrying amounts of fixed assets are reviewed for indications of impairment at each balance sheet date. An impairment loss is recognised to the extent that the carrying amount of an asset, or the cash generating unit to which it belongs, is more than its recoverable amount. The recoverable amount of an asset, or of the cash generating unit to which it belongs, is the greater of its net selling price and value in use. An impairment loss is reversed if there has been a favourable change in estimates used to determine the recoverable amount.

Gains or losses arising from retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

1.04 Depreciation / Amortisation

Depreciation is provided using the straight line method over the useful life of the assets.

1.05 Revenue recognition :

Revenue is recognised as and when the services are provided on the basis of actual usage of the Company's network.

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

1.06 Taxes on Income :

Provision for Income Tax is made on the basis of estimated taxable income for the year at current rates. Tax expense comprises of both Current Tax and Deferred Tax at the applicable enacted or substantively enacted rates. Current tax represents the amount of Income Tax payable/recoverable in respect of the taxable income / loss for the reporting period. Deferred tax represents the effect of timing difference between taxable income and accounting income for the reporting period that originate in one period and are capable of reversal in one or more subsequent periods. The deferred tax asset is recognised and carried forward only to the extent that there is a reasonable certainty that the asset will be realised in future.

1.07 Provisions, Contingent Liabilities and Contingent Assets

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

BONN INVESTMENT INC.

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

	As at March 31, 2016	(Amount in ₹) As at March 31, 2015
2.01 Share Capital		
Authorised		
Equity		
1 000 Equity Shares of USD 0.01 each (1000)	663	625
	<u>663</u>	<u>625</u>
Issued, Subscribed and Paid up		
100 Equity Shares of USD 0.01 each fully paid up (Total Paid up value USD 10 000) (100)	6 62 550	6 25 000
	<u>6 62 550</u>	<u>6 25 000</u>

Note :

2.01.01 Share held by holding/Ultimate holding company and/or their subsidiaries/associates

Equity Shares	%	No. of Shares	%	No. of Shares
Reliance Communications Inc.	100	100	100	100

2.01.02 Details of Shareholders holding more than 5% shares in the Company :

Equity Shares	%	No. of Shares	%	No. of Shares
Reliance Communications Inc.	100	100	100	100

2.01.03 Terms/Rights attached to Equity Share

The Company has only one class of equity share having a par value of USD 0.01 per share. Each holder of equity shares is entitled to one vote per share .In the event of liquidation of Company, the holder of equity share will be entitled to receive remaining assets of the company.

2.01.04 Reconciliation of shares outstanding at the beginning and at the end of the reporting year.

	No. of Shares	Amount	No. of Shares	Amount
Equity shares				
At the beginning of the year	100	6 62 550	100	6 25 000
Add/ (Less): Changes during the year	-	-	-	-
At the end of the year	<u>100</u>	<u>6 62 550</u>	<u>100</u>	<u>6 25 000</u>

BONN INVESTMENT INC.

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

Note		(Amount in ₹)	
		As at March 31, 2016	As at March 31, 2015
2.02	Reserve & Surplus		
	Surplus/(Deficit) in Statement of Profit & Loss	(5,05,67,511)	(5,90,25,093)
	Add: Profit for the year	81,62,906	84,57,582
		(4,24,04,605)	(5,05,67,511)
	Exchange Fluctuation Reserve	(55,05,853)	(24,21,871)
		(4,79,10,458)	(5,29,89,382)
2.03	Short Term Borrowings		
	Unsecured		
	Loan from Related Parties (Refer Note 2.16)	49,65,14,970	46,83,75,000
		49,65,14,970	46,83,75,000
2.04	Trade Payable		
	Others	-	1,56,250
		-	1,56,250
2.05	Other Current Liabilities		
	Provision for Expenses	12,58,840	-
	Security deposit	6,62,550	6,25,000
		19,21,390	6,25,000
2.06	Short Term Provisions		
	Provision for Income Tax	48,631	55,247
		48,631	55,247

BONN INVESTMENT INC.

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

Note 2.07

FIXED ASSETS

(Amount in ₹)

Description	Gross Block			Depreciation			Net Block		
	As at April 1, 2015	Additions	Deductions/ Adjustment Including on Account of CTR	As at March 31, 2016	Upto March 31, 2015	Depreciation for the year	Deductions/ Adjustment Including on Account of CTR	As at March 31, 2016	As at March 31, 2015
Building	39,97,35,656	5,58,18,852	2,40,16,118	47,95,70,626	5,96,01,925	1,24,66,976	37,33,020	40,37,68,705	34,01,33,731
Plant and Machinery	2,00,416	-	-	2,00,416	2,00,416	-	-	-	-
Total	39,99,36,072	5,58,18,852	2,40,16,118	47,97,71,042	5,98,02,341	1,24,66,976	37,33,020	40,37,68,705	34,01,33,731
Previous Year	38,34,03,005	-	1,65,33,067	39,99,36,072	4,59,22,032	1,16,51,041	22,29,268	34,01,33,731	-
Capital Work In Progress									5,26,55,320

BONN INVESTMENT INC.

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

		(Amount in ₹)	
		As at	As at
		March 31, 2016	March 31, 2015
2.08	Long Term Loans and Advances		
	(Unsecured, Considered good unless stated otherwise)		
	Advance Tax	<u>2,69,327</u>	<u>3,32,188</u>
		<u>2,69,327</u>	<u>3,32,188</u>
2.09	Cash and Bank Balances		
	Balances with Banks		
	In Current Account	<u>4,55,00,378</u>	<u>2,21,23,475</u>
		<u>4,55,00,378</u>	<u>2,21,23,475</u>
2.10	Other Current Assets		
	(Unsecured, Considered good unless stated otherwise)		
	Other Receivables	<u>16,98,673</u>	<u>16,02,401</u>
		<u>16,98,673</u>	<u>16,02,401</u>
		For the year ended	For the year ended
		March 31, 2016	March 31, 2015
2.11	Other Income		
	Rent	<u>2,67,06,140</u>	<u>2,42,14,753</u>
		<u>2,67,06,140</u>	<u>2,42,14,753</u>
2.12	General & Administration Expenses		
	Legal & Professional Fees	<u>65,456</u>	<u>91,730</u>
	Bank Charges	<u>35,597</u>	<u>44,096</u>
	Insurance and License and Taxes	<u>13,84,203</u>	<u>7,10,292</u>
	Dues and Subscriptions	<u>-</u>	<u>16,231</u>
	Payment to Auditors	<u>98,184</u>	<u>91,730</u>
	Electricity Utilities expenses	<u>31,89,639</u>	<u>24,24,462</u>
	Other Miscellaneous Expenses	<u>11,65,913</u>	<u>1,24,524</u>
		<u>59,38,992</u>	<u>35,03,065</u>

BONN INVESTMENT INC.

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

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

(Amount in ₹)

2.14 Earnings per share	For the year ended March 31, 2016	For the year ended March 31, 2015
Profit / (loss) after tax	81,62,907	84,57,582
Weighted average number of equity shares	100	100
Nominal value per equity share	6,626	6,250
Earning per share – Basic and Diluted	81,629	84,576

2.15 Segment Reporting

The Company has not identified any separate reportable segment as given in AS -17, as referred in Rule 7 of Companies (Accounts) Rules 2014, as all the activities of the Company relates to International Long Distance business as used for the internal business reporting systems.

2.16 Related Party Transactions

As per the Accounting Standard 18 (AS-18), referred in Rule 7 of Companies (Accounts) Rules 2014, the disclosures of transactions with the related parties.

i List of Related Parties with whom transactions have taken place and relationships.

Sr. Name of the Related Party	Relationship
1 Reliance Communications Ltd.	Ultimate Holding Company
2 Reliance Communications Inc.	Holding Company
3 Reliance Communications International Inc.	Fellow Subsidiary

ii Transactions with related parties and closing balance

(Amount in ₹)

(Figures shown in brackets pertains to previous year.)

Entity Name	As at 31.03.2016 Short Term Borrowings
Reliance Communications Inc.	34,31,34,645 (32,36,87,500)
Reliance Communications International Inc.	15,33,80,325 (14,46,87,500)

2.17 The amounts relating to Balance Sheet items appearing in Indian Rupees have been translated at Closing Rate of 1 USD = ₹ 66.26 (Previous year 1 USD = ₹ 62.50) and items relating to profit and loss have been translated at average rate of 1 USD = ₹ 65.46 and (Previous year 1 USD = ₹ 61.15).

As per our Report attached

For and on behalf of the Board

For M. S. Sethi & Associates

Chartered Accountants
Regn. No. 109407W

BK Sinha

Jigar Shah

} **Directors**

Manoj Sethi

Proprietor
Membership No. 39784

Place : Mumbai
Date : May 27, 2016

Reliance Communications (U.K.) Ltd

Independent Auditor's Report

To

**The Board of Directors of
Reliance Communications (U.K.) Ltd.**

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

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India including Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We conducted our audit in accordance with the Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion whether the Company has in place an adequate Internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016 and its profit and its cash flows for the year ended on that date.

Other Reporting Requirements

We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account.

Other Matters

This report is issued for the information and use of the Board of Directors of the Company and of Reliance Communications Limited, the ultimate holding company in India to comply with the financial reporting requirements in India and should not be used for any other purposes without our prior written consent.

For M S Sethi & Associates

Chartered Accountants
Firm Regn. No. 109407W

Manoj Sethi

Proprietor
Membership No. 39784

Place: Mumbai
Dated: May 27, 2016

Reliance Communications (U.K.) Ltd

Balance Sheet as at March 31, 2016

	Note		As at March 31, 2016		(Amount in ₹) As at March 31, 2015
EQUITY AND LIABILITIES					
Shareholders' Funds					
(a) Share Capital	2.01	14,57,610		13,75,000	
(b) Reserves and Surplus	2.02	<u>2,40,94,33,279</u>	<u>2,41,08,90,889</u>	<u>2,12,51,51,818</u>	2,12,65,26,818
Current Liabilities					
(a) Short Term Borrowings	2.03	6,75,98,802		6,13,00,773	
(b) Trade Payables	2.04	32,49,65,133		31,51,63,381	
(c) Other Current Liabilities	2.05	<u>18,95,44,790</u>	<u>58,21,08,725</u>	<u>23,60,27,455</u>	61,24,91,609
TOTAL			<u><u>2,99,29,99,614</u></u>		<u><u>2,73,90,18,427</u></u>
ASSETS					
Non Current Assets					
(a) Fixed Assets	2.06				
(i) Tangible Assets		3,42,18,331		4,14,02,625	
(ii) Intangible Assets		<u>66</u>	<u>3,42,18,397</u>	<u>86,30,125</u>	5,00,32,750
Current Assets					
(a) Trade Receivables	2.07	2,88,50,17,776		2,57,79,97,614	
(b) Cash and Bank Balance	2.08	5,02,18,472		9,05,77,559	
(c) Short Term Loans and Advances	2.09	<u>2,35,44,969</u>	<u>2,95,87,81,217</u>	<u>2,04,10,504</u>	2,68,89,85,677
TOTAL			<u><u>2,99,29,99,614</u></u>		<u><u>2,73,90,18,427</u></u>
Significant Accounting Policies	1				
Notes on Accounts	2				

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

As per our Report attached

For and on behalf of the Board

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

Andrew Goldie **Director**

Manoj Sethi
Proprietor
Membership No. 39784

Place : Mumbai
Date : May 27, 2016

Reliance Communications (U.K.) Ltd

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

	Note	For the year ended March 31, 2016	(Amount in ₹) For the year ended March 31, 2015
INCOME			
Services Revenue and Other Operating Income	2.10	3,91,21,16,105	8,05,75,41,574
Other Income	2.11	3,04,775	-
Total		<u>3,91,24,20,880</u>	<u>8,05,75,41,574</u>
EXPENDITURE			
Network Operating Expenses	2.12	3,70,63,84,628	7,64,97,32,087
Depreciation, Impairment and Amortisation	2.06	1,85,93,365	26,76,39,101
General and Administration Expenses	2.13	2,73,19,618	1,59,96,499
Selling and Distribution Expenses	2.14	8,82,470	15,57,329
Financial Charges (net)	2.15	46,50,736	(92,02,915)
Total		<u>3,75,78,30,817</u>	<u>7,92,57,22,101</u>
Profit Before Tax		15,45,90,063	13,18,19,473
Provision for: - Current Tax		-	-
Profit After Tax		<u>15,45,90,063</u>	<u>13,18,19,473</u>
Earning per Share – Basic and Diluted	2.17	7,027	5 992
Significant Accounting Policies	1		
Notes on Accounts	2		

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

As per our Report attached

For and on behalf of the Board

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

Andrew Goldie **Director**

Manoj Sethi
Proprietor
Membership No. 39784

Place : Mumbai
Date : May 27, 2016

Reliance Communications (U.K.) Ltd

Cash Flow Statement for the year ended March 31, 2016

	For the year ended March 31, 2016	(Amount in ₹) For the year ended March 31, 2015
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax as per statement of Profit and Loss	15,45,90,063	13,18,19,473
Adjusted for:		
Depreciation/ Impairment and Amortisation	1,85,93,365	26,76,39,101
Interest Expenses	22,67,016	3,02,208
	<u>17,54,50,444</u>	<u>39,97,60,782</u>
Operating Profit before Working Capital Changes	17,54,50,444	39,97,60,782
Adjusted for:		
Receivables and other Advances	(15,40,42,238)	(65,47,66,396)
Effects of exchange difference on translation of assets and liabilities	52,88,397	1,23,74,482
Trade Payables	<u>(6,93,50,338)</u>	<u>24,74,35,100</u>
	<u>(3,80,92,070)</u>	<u>(39,49,56,814)</u>
Cash Generated from Operations	(3,80,92,070)	48,03,968
	<u><u>(3,80,92,070)</u></u>	<u><u>48,03,968</u></u>
B CASH FLOW FROM INVESTING ACTIVITIES		
Net Cash from Investing Activities	<u><u>-</u></u>	<u><u>-</u></u>
C CASH FLOW FROM FINANCING ACTIVITIES		
Interest Expenses	<u>(22,67,016)</u>	<u>3,02,208</u>
Net Cash from Financing Activities	<u><u>(22,67,016)</u></u>	<u><u>3,02,208</u></u>
Net Increase/ (Decrease) in Cash and Cash Equivalents (A+B+C)	(4,03,59,086)	51,06,176
Opening Balance of Cash and Cash Equivalents	9,05,77,559	8,54,71,383
Closing Balance of Cash and Cash Equivalents	<u><u>5,02,18,472</u></u>	<u><u>9,05,77,559</u></u>

Note:

Cash and Cash Equivalent includes cash on hand, and balance with Bank.

As per our Report attached

For and on behalf of the Board

For M. S. Sethi & Associates

Chartered Accountants
Regn. No. 109407W

Andrew Goldie

Director

Manoj Sethi

Proprietor
Membership No. 39784

Place : Mumbai

Date : May 27, 2016

Reliance Communications (U.K.) Ltd

Cash Flow Statement for the year ended March 31, 2016

Note 1: SIGNIFICANT ACCOUNTING POLICIES

1.01 Basis of preparation of financial statements :

The financial statements are prepared under historical cost convention, in accordance with the generally accepted accounting principles (GAAP) in India and Comply with Accounting Standard specified under Section 133 of the Companies Act, 2013 ("the Act") read with Rule 7 of the Companies (Accounts) Rules, 2014 and other provisions of the Act, to the extent notified and applicable as well as applicable guidance note and pronouncements of the Institute of Chartered Accountants of India (the ICAI).

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

1.02 Use of Estimates :

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

1.03 Fixed Assets

Fixed Assets are stated in the balance sheet at cost less accumulated depreciation and impairment losses. Depreciation is calculated to write off the cost of items of fixed assets, less their estimated residual value, if any, using the straight line method over their estimated useful life as 10 years.

The carrying amounts of fixed assets are reviewed for indications of impairment at each balance sheet date. An impairment loss is recognised to the extent that the carrying amount of an asset, or the cash generating unit to which it belongs, is more than its recoverable amount. The recoverable amount of an asset, or of the cash generating unit to which it belongs, is the greater of its net selling price and value in use. An impairment loss is reversed if there has been a favourable change in estimates used to determine the recoverable amount.

Gains or losses arising from retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

1.04 Depreciation / Amortisation

Depreciation is provided using the straight line method over the useful life of the assets.

1.05 Taxes on Income and Deferred Tax :

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

1.06 Impairment of Assets

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

1.07 Provisions, Contingent Liabilities and Contingent Assets

Provision involving substantial degree of estimation are recognised when there is a present obligation as a result of past events and it is probable that there will be outflow of resources. Contingent Liabilities are not recognised but are disclosed in the Notes. Contingent Assets are neither recognised nor disclosed in the Financial Statements

1.08 Revenue recognition :

Revenue is recognised as and when the services are provided on the basis of actual usage of the Company's telecommunications network.

Reliance Communications (U.K.) Ltd

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

	As at March 31, 2016	(Amount in ₹) As at March 31, 2015
2.01 SHARE CAPITAL		
Authorised Capital		
22 000 (Previous Year 22 000) Equity Shares of USD 1 each	14,57,610	13,75,000
	<u>14,57,610</u>	<u>13,75,000</u>
Issued, Subscribed and Paid up		
22 000 (Previous Year 22 000) Equity Shares of USD 1 each fully paid up	14,57,610	13,75,000
	<u>14,57,610</u>	<u>13,75,000</u>

1) Details of Shares held by holding Company:

Particulars	% of Holding	No. of Shares	% Holding	No of Shares
Reliance Globalcom BV	100	22,000	100	22,000

2) Details of shareholders holding more than 5% share in the company:

Particulars	% of Holding	No. of Shares	% Holding	No of Shares
Reliance Globalcom BV	100	22,000	100	22,000

3) Terms for rights attached to equity share

The Company has only one class of equity shares having a par value of USD 1 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holder of equity share will be entitled to receive remaining assets of the Company.

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

	No of Shares	₹	No of Shares	₹
Equity Shares				
At the beginning of the year	22,000	14,57,610	22,000	13,75,000
Add/(Less : Changes during the year	-	-	-	-
At the end of the year	<u>22,000</u>	<u>14,57,610</u>	<u>22,000</u>	<u>13,75,000</u>

Reliance Communications (U.K.) Ltd

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

	As at March 31, 2016	(Amount in ₹) As at March 31, 2015
2.02 RESERVES AND SURPLUS		
Share Premium	1,38,99,63,645	1,31,11,87,500
Exchange Fluctuation Reserve	8,25,47,398	3,16,32,145
Statement of Profit and Loss		
As per last Balance Sheet	78,23,32,173	65,05,12,700
Add: Profit for the year	15,45,90,063	13,18,19,473
	<u>93,69,22,236</u>	<u>78,23,32,173</u>
Total Reserves and Surplus	<u>2,40,94,33,279</u>	<u>2,12,51,51,818</u>
2.03 SHORT TERM BORROWINGS		
(Unsecured, considered good)		
Foreign Currency Loans from related party (Refer Note 2.19)	<u>6,75,98,802</u>	<u>6,13,00,773</u>
	<u>6,75,98,802</u>	<u>6,13,00,773</u>
2.04 TRADE PAYABLES		
Related Parties (Refer Note 2.19)	1,50,21,342	1,23,54,250
Others	<u>30,99,43,791</u>	<u>30,28,09,131</u>
	<u>32,49,65,133</u>	<u>31,51,63,381</u>

Reliance Communications (U.K.) Ltd

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

Note 2.06 Fixed Assets and Depreciation

(Amount in ₹)

Description	Gross Block		Depreciation			Net Block		
	As at April 1, 2015	Deductions/ Adjustment Including on Account of CTR	As at March 31, 2016	As at April 1, 2015	Depreciation for the year	Deductions/ CTR	As at March 31, 2016	As at March 31, 2015
Tangible Assets								
Plant and Machinery	11,05,58,821	52,29,381	11,57,88,210	6,91,56,196	95,55,103	28,58,580	8,15,69,879.37	4,14,02,625
Sub Total	11,05,58,821	52,29,381	11,57,88,210	6,91,56,196	95,55,103	28,58,580	8,15,69,879	4,14,02,625
Intangible Assets								
Indefeasible Right of Connectivity	1,31,25,00,000	6,20,80,745	1,37,45,80,745	1,30,38,69,875	90,38,261	6,16,72,543	1,37,45,80,680	86,30,125
Sub Total	1,31,25,00,000	6,20,80,745	1,37,45,80,745	1,30,38,69,875	90,38,261	6,16,72,543	1,37,45,80,680	86,30,125
Grand Total	1,42,30,58,821	6,73,10,126	1,49,03,68,955	1,37,30,26,071	1,85,93,365	6,45,31,123	1,45,61,50,559	5,00,32,750
Previous year	1,36,42,01,108	5,88,57,713	1,42,30,58,821	1,05,40,16,806	26,76,39,101	5,13,70,163.66	1,37,30,26,071	5,00,32,750

Reliance Communications (U.K.) Ltd

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

	As at March 31, 2016	(Amount in ₹) As at March 31, 2015
2.05 OTHER CURRENT LIABILITIES		
Other Liabilities	2,08,68,121	3,32,07,606
Advance from Customers	16,86,76,669	20,25,17,641
Interest Accrued		3,02,208
	<u>18,95,44,790</u>	<u>23,60,27,455</u>
2.07 TRADE RECEIVABLES		
Due for More than Six months		
Considered Good	1,76,39,08,224	58 86 63 193
Considered Doubtful	2,17,66,290	-
	<u>1,78,56,74,514</u>	<u>58,86,63,193</u>
Less: Provision for doubtful debts	2,17,66,290	-
	<u>1,76,39,08,224</u>	<u>58,86,63,193</u>
Others		
Considered Good	1,12,11,09,552	198 93 34 421
Considered Doubtful	-	-
	<u>1,12,11,09,552</u>	<u>1,98,93,34,421</u>
Less: Provision for doubtful debts	-	-
	<u>1,12,11,09,552</u>	<u>1,98,93,34,421</u>
	<u>2,88,50,17,776</u>	<u>2,57,79,97,614</u>
2.08 CASH AND BANK BALANCES		
Current Accounts	5,02,18,472	9 02 05 534
Cash on hand	-	3 72 025
	<u>5,02,18,472</u>	<u>9,05,77,559</u>
2.09 SHORT TERM LOANS AND ADVANCES		
(Unsecured, Considered Good unless stated otherwise)		
Advance to Vendors	2,28,91,058	2,03,45,747
Deposits	6,53,911	64,757
	<u>2,35,44,969</u>	<u>2,04,10,504</u>

Reliance Communications (U.K.) Ltd

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

	(Amount in ₹)	
	For the year ended March 31, 2016	For the year ended March 31, 2015
2.10 SERVICE REVENUE AND OTHER OPERATING INCOME		
Service Revenue –Reliance India Call	7,08,19,949	6,65,13,462
Transfer Pricing Income	2,09,41,999	49,39,80,970
Wholesale Traffic Income	<u>3,82,03,54,157</u>	<u>7,49,70,47,142</u>
	<u><u>3,91,21,16,105</u></u>	<u><u>8,05,75,41,574</u></u>
2.11 OTHER INCOME		
Miscellaneous Income	<u>3,04,775</u>	-
	<u><u>3,04,775</u></u>	<u><u>-</u></u>
2.12 NETWORK EXPENSES		
Whole Traffic cost	3,69,46,73,423	7,63,86,12,233
Circuit Charges	20,18,866	26,52,817
Toll Fee Access charges	85,35,915	84,67,037
Maintenance Charges	<u>11,56,424</u>	<u>7,64,97,32,087</u>
	<u><u>3,70,63,84,628</u></u>	<u><u>7,64,97,32,087</u></u>
	<u><u>3,70,63,84,628</u></u>	<u><u>7,64,97,32,087</u></u>
2.13 GENERAL AND ADMINISTRATION EXPENSES		
Legal Fees	1,21,126	-
Membership & Subscriptipion	3,518	9,218
Travelling Expenses	10,95,612	8,71,427
Bank Charges	1,95,504	3,99,840
Professional Fees	30,27,117	57,65,464
Miscellaneous expenses	1,504	1,86,594
Taxes and License Fees	27,937	4,37,444
Software License Fees	-	73,38,360
Provision for doubtful debts	<u>2,17,66,290</u>	1,50,08,347
Payment to Auditors	<u>10,81,010</u>	9,88,152
	<u><u>2,73,19,618</u></u>	<u><u>1,59,96,499</u></u>
2.14 SELLING AND DISTRIBUTION EXPENSES		
Call Center Expenses	8,82,470	5,83,753
Advertisement Expenses	-	9,73,576
	<u>8,82,470</u>	<u>15,57,329</u>
2.15 FINANCIAL CHARGES (NET)		
Interest on Loan	22,67,016	3,02,208
Forex (Gain) / Loss (Net)	<u>23,83,720</u>	<u>(95,05,123)</u>
	<u><u>46,50,736</u></u>	<u><u>(92,02,915)</u></u>

Reliance Communications (U.K.) Ltd

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

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

(Amount in ₹)

For the year ended For the year ended
March 31, 2016 March 31, 2015

2.17 Earnings per share

Profit / (loss) after tax	15,45,90,063	13,18,19,473
Weighted average number of equity shares	22,000	22,000
Nominal value per equity share	1	1
Earning per share – Basic and Diluted	7,027	5,992

2.18 Segment Reporting

The Company has not identified any separate reportable segment as given in AS -17, as referred in Rule 7 of Companies (Accounts) Rules 2014, as all the activities of the Company relates to International Long Distance business as used for the internal business reporting systems.

2.19 Related Party Transactions

As per the Accounting Standard 18 (AS-18), the disclosures of transactions with the related parties are given below:

i List of Related Parties with whom transactions have taken place and relationships.

Sr.	Name of the Related Party	Relationship
1	Reliance Communications Limited	Ultimate Holding Company
2	Reliance Globalcom B.V,	Holding Company
3	Reliance Communications (Singapore) Pte Limited	Fellow-subsiary Company
4	Reliance Communications Inc.	Fellow-subsiary Company
5	Reliance Communications Infrastructure Limited	Fellow-subsiary Company
6	Reliance Communications International Inc.	Fellow-subsiary Company
7	Reliance Flag Atlantic France SAS	Fellow-subsiary Company
8	Vanco U.K. Limited	Fellow-subsiary Company

ii Transactions with related parties and closing balances

(Amount in ₹)

Figures in brackets are pertaining to Previous Year

Entity Name	During the Year 2015-2016			Year end Balances as on 31.03.2016		
	Service Income	Network Operating Expenses	Financial Charges	Trade Receivables	Trade Payables	Short Term Borrowing (Loan taken)
Reliance Communications Limited	2,09,41,999 (49,39,80,970)			172,00,72,973 (160,25,91,705)		
Reliance Communications Inc.	272,60,73,377 (41,54,45,66,060)	334,60,34,025 (488,75,45,223)	22,67,016 (3,02,208)	98,85,37,005 (80,52,37,694)		6,75,98,802 (6,13,00,773)
Reliance Communications Infrastructure Limited		- (3,39,888)			10,73,861 (10,13,000)	
Reliance Communications International Inc.					34,00,207 (32,07,500)	
Reliance Flag Atlantic France SAS		30,908 (26,52,817)			1,05,47,274 (81,33,750)	
Vanco U.K. Limited	1,08,73,541 (80,36,238)			2,06,29,157 (93,55,813)		

Reliance Communications (U.K.) Ltd

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

2.20 The amount relating to Balance Sheet items appearing in Indian Rupees have been translated at Closing Rate of USD = ₹ 66.255 (Previous year 1 USD = ₹ 62.50) and items relating to profit and loss have been translated at average rate of 1 USD = ₹ 65.45 and (Previous year 1 USD = ₹ 61.15)

As per our Report attached

For and on behalf of the Board

For M. S. Sethi & Associates

Chartered Accountants

Regn. No. 109407W

Andrew Goldie

Director

Manoj Sethi

Proprietor

Membership No. 39784

Place : Mumbai

Date : May 27, 2016

Reliance Communications (Hong Kong) Limited

Independent Auditor's Report

To

The Board of Directors of Reliance Communications (Hong Kong) Limited

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

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India including Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We conducted our audit in accordance with the Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion whether the Company has in place an adequate Internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016 and its loss and its cash flows for the year ended on that date.

Other Reporting Requirements

We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account.

Other Matters

This report is issued for the information and use of the Board of Directors of the Company and of Reliance Communications Limited, the ultimate holding company in India to comply with the financial reporting requirements in India and should not be used for any other purposes without our prior written consent.

For M S Sethi & Associates

Chartered Accountants
Firm Regn. No. 109407W

Manoj Sethi

Proprietor
Membership No. 39784

Place: Mumbai
Dated: May 27, 2016

Reliance Communications (Hong Kong) Limited

Balance Sheet as at March 31, 2016

	Notes	As at March 31, 2016		(Amount in ₹) As a March 31, 2015	
EQUITY AND LIABILITIES					
Shareholders' Funds					
Share Capital	2.01	8		8	
Reserves and Surplus	2.02	<u>4,10,08,092</u>	<u>4,10,08,100</u>	<u>4,06,82,218</u>	40,68,226
Current Liabilities					
(a) Short Term borrowings	2.03	<u>30,10,36,168</u>		28,02,65,047	
(b) Trade Payables	2.04	<u>14,34,58,594</u>		15,11,53,991	
(c) Other Current Liabilities	2.05	<u>1,49,05,632</u>		1,77,08,307	
(d) Short Term Provisions	2.06	<u>1,15,50,153</u>	<u>47,09,50,547</u>	<u>1,08,95,548</u>	46,00,22,893
TOTAL			<u><u>51,19,58,647</u></u>		<u><u>50,07,05,119</u></u>
ASSETS					
Non Current Assets					
Fixed Assets	2.07				
Tangible Assets			<u>1,65,39,467</u>		2,20,45,158
Deferred Tax Assets	2.08		<u>74,79,262</u>		70,55,375
Current Assets					
(a) Trade Receivables	2.09	<u>44,73,78,199</u>		39,56,58,572	
(b) Cash and Bank Balances	2.10	<u>1,42,36,071</u>		5,38,63,194	
(c) Short Term Loans and Advances	2.11	<u>2,63,25,648</u>	<u>48,79,39,918</u>	<u>2,20,82,820</u>	47,16,04,586
TOTAL			<u><u>51,19,58,647</u></u>		<u><u>50,07,05,119</u></u>
Significant Accounting Policies	1				
Notes on Accounts	2				

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

As per our Report attached

For and on behalf of the Board

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

Andrew Goldie **Director**

Manoj Sethi
Proprietor
Membership No. 39784

Place : Mumbai
Date : May 27, 2016

Reliance Communications (Hong Kong) Limited

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

	Notes	For the year ended March 31, 2016	(Amount in ₹) For the year ended March 31, 2015
INCOME			
Services Revenue	2.12	375,71,54,247	404,15,41,718
TOTAL		<u>375,71,54,247</u>	<u>404,15,41,718</u>
EXPENDITURE			
Network Operating Expenses	2.13	374,61,32,867	408,06,57,912
Depreciation, Impairment and Amortisation	2.07	68,64,264	64,31,339
General and Administration Expenses	2.14	7,91,011	5,57,578
Selling and Distribution Expenses	2.15	30,96,069	22,00,290
Financial Charges (net)	2.16	<u>24,01,000</u>	<u>14,17,343</u>
TOTAL		<u>375,92,85,211</u>	<u>409,12,64,462</u>
Profit /(Loss) Before Tax		(21,30,964)	(4,97,22,744)
Provision for:			
- Current Tax		-	69,02,979
Profit/ (Loss) After tax		<u>(21,30,964)</u>	<u>(4,28,19,765)</u>
Earning per Share – Basic and Diluted	2.18	(21,30,964)	(4,28,19,765)
Significant Accounting Policies	1		
Notes on Accounts	2		

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

As per our Report attached

For and on behalf of the Board

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

Andrew Goldie **Director**

Manoj Sethi
Proprietor
Membership No. 39784

Place : Mumbai
Date : May 27, 2016

Reliance Communications (Hong Kong) Limited

Cash Flow Statement for the year ended March 31, 2016

	For the year ended March 31, 2016		(Amount in ₹) For the year ended March 31, 2015	
A CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit (Loss) before tax as per Statement of Profit and Loss		(21,30,964)		(4,28,19,765)
Adjusted for:				
Depreciation/ Impairment and Amortisation	68,64,264		64,31,339	
Other Financial Cost	24,01,000	92,65,264	14,17,343	78,48,682
Operating Profit/(Loss) before Working Capital Changes		71,34,300		(3,49,71,083)
Adjusted for:				
Effects of exchange difference on translation of assets and liabilities	32,05,258		(71,21,232)	
Receivables and other Advances	(3,08,64,529)		1,91,55,750	
Trade Payables	(1,91,02,152)	(4,67,61,423)	6,09,16,500	7,29,51,018
Cash Generated from Operations		(3,96,27,123)		3,79,79,935
Tax Paid		-		-
Net Cash from / (used in) Operating Activities		(3,96,27,123)		3,79,79,935
B CASH FLOW FROM FINANCING ACTIVITIES				
Net Proceeds/ (Repayment) from long term Borrowings		24,01,000		14,17,343
Financial Charges		(24,01,000)		(14,17,343)
Net Cash from Financing Activities		-		-
Net Increase/ (Decrease) in Cash and Cash Equivalents (A+B)		(3,96,27,123)		3,79,79,935
Opening Balance of Cash and Cash Equivalents		5,38,63,194		1,58,83,259
Closing Balance of Cash and Cash Equivalents		1,42,36,071		5,38,63,194

Note:

Cash and Cash Equivalents includes cash on hand, cheques on hand.

As per our Report attached

For and on behalf of the Board

For M. S. Sethi & Associates

Andrew Goldie

Director

Chartered Accountants
Regn. No. 109407W

Manoj Sethi

Proprietor
Membership No. 39784

Place : Mumbai

Date : May 27, 2016

Reliance Communications (Hong Kong) Limited

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

Note 1: SIGNIFICANT ACCOUNTING POLICIES

1.01 Basis of preparation of financial statements :

The financial statements are prepared under historical cost convention, in accordance with the generally accepted accounting principles (GAAP) in India and Comply with Accounting Standard specified under Section 133 of the Companies Act, 2013 ("the Act") read with Rule 7 of the Companies (Accounts) Rules, 2014 and other provisions of the Act, to the extent notified and applicable as well as applicable guidance note and pronouncements of the Institute of Chartered Accountants of India (the ICAI).

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

1.02 Use of Estimates :

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

1.03 Fixed Assets and Depreciation

Fixed Assets are stated in the balance sheet at cost less accumulated depreciation and impairment losses. Depreciation is calculated to write off the cost of items of fixed assets, less their estimated residual value, if any, using the straight line method over their estimated useful life as 10 years.

The carrying amounts of fixed assets are reviewed for indications of impairment at each balance sheet date. An impairment loss is recognised to the extent that the carrying amount of an asset, or the cash generating unit to which it belongs, is more than its recoverable amount. The recoverable amount of an asset, or of the cash generating unit to which it belongs, is the greater of its net selling price and value in use. An impairment loss is reversed if there has been a favourable change in estimates used to determine the recoverable amount.

Gains or losses arising from retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Gains or losses arising from retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

1.04 Depreciation / Amortisation

Depreciation is provided using the straight line method over the useful life of the assets.

1.05 Taxes on Income and Deferred Tax :

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

1.06 Impairment of Assets

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

1.07 Provisions, Contingent Liabilities and Contingent Assets

Provision involving substantial degree of estimation are recognised when there is a present obligation as a result of past events and it is probable that there will be outflow of resources. Contingent Liabilities are not recognised but are disclosed in the Notes.

Contingent Assets are neither recognised nor disclosed in the financial statements.

1.08 Revenue recognition :

Revenue is recognised as and when the services are provided on the basis of actual usage of the Company's telecommunication network.

Reliance Communications (Hong Kong) Limited

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

Note	As at		(Amount in ₹)	
	March 31, 2016		As at March 31, 2015	
2.01 SHARE CAPITAL				
Authorised				
10,000 Equity Shares of HK\$1 term each (Previous Year 10,000)		86,132		81,250
		<u>86,132</u>		<u>81,250</u>
Issued, Subscribed and Paid up				
1 Equity Share in HK\$1 term each fully paid up (Previous Year 1)		8		8
		<u>8</u>		<u>8</u>
1) Details of Shares held by holding Company:				
Particulars	% of Holding	No. of Shares	% Holding	No of Shares
Reliance Globalcom BV	100	1	100	1
2) Details of shareholders holding more than 5% share in the company:				
Particulars	% of Holding	No. of Shares	% Holding	No of Shares
Reliance Globalcom BV	100	1	100	1
3) Terms for rights attached to equity shares				
The Company has only one class of equity shares having a par value of HK \$ 1 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of Company, the holder of equity share will be entitled to receive remaining assets of the Company.				
4) Reconciliation of shares outstanding at the beginning and at the end of year:				
	No of Shares	₹	No of Shares	₹
Equity Shares				
At the beginning of the year	1	8	1	8
Add/(Less): Changes during the year	-	-	-	-
At the end of the year	<u>1</u>	<u>8</u>	<u>1</u>	<u>8</u>

Reliance Communications (Hong Kong) Limited

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

	As at March 31, 2016	(Amount in ₹) As at March 31, 2015
2.02 RESERVES AND SURPLUS		
Exchange Fluctuation Reserve	45,89,979	21,33,141
Statement of Profit and Loss		
As per last Balance Sheet	3,85,49,077	8,13,68,842
Add: Profit / (Loss) for the year	(21,30,964)	(4,28,19,765)
	<u>3,64,18,113</u>	<u>3,85,49,077</u>
Total Reserves and Surplus	<u>4,10,08,092</u>	<u>4,06,82,218</u>
2.03 SHORT TERM BORROWINGS		
Unsecured		
Foreign Currency Loans from Related Party (Refer Note 2.20)	30,10,36,168	28,02,65,047
	<u>30,10,36,168</u>	<u>28,02,65,047</u>
2.04 TRADE PAYABLES		
Others (Refer Note 2.20)	14,34,58,594	15,11,53,991
	<u>14,34,58,594</u>	<u>15,11,53,991</u>
2.05 OTHER CURRENT LIABILITIES		
Provision for expenses	56,62,452	48,51,509
Advance Received from Customers	92,43,180	1,14,39,455
Interest accrued but not due	-	14,17,343
	<u>1,49,05,632</u>	<u>1,77,08,307</u>
2.06 Short Term Provisions		
Provision for Income Tax	1,15,50,153	1,08,95,548
	<u>1,15,50,153</u>	<u>1,08,95,548</u>

Reliance Communications (Hong Kong) Limited

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

Note 2.07 Fixed Assets and Depreciation

(Amount in ₹)

Description	Gross Block		Depreciation		Net Block	
	As at April 1, 2015	As at March 31, 2016	As at April 1, 2015	Depreciation for the year	As at March 31, 2016	As at March 31, 2015
Tangible Assets						
Plant and Machinery	6,59,15,034	6,90,32,790	4,38,69,876	68,64,264	5,33,35,743	2,20,45,158
Total	6,59,15,034	6,90,32,790	4,38,69,876	68,64,264	5,33,35,743	2,20,45,158
Previous year	6,31,88,789	6,59,15,034	3,57,54,280	64,31,339	4,38,69,876	2,20,45,158

Reliance Communications (Hong Kong) Limited

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

Note	(Amount in ₹)	
	As at March 31, 2016	As at March 31, 2015
2.08 DEFERRED TAX ASSETS		
Deffered Tax Assets	<u>74,79,262</u>	<u>70,55,375</u>
	<u>74,79,262</u>	<u>70,55,375</u>
2.09 TRADE RECEIVABLES		
Due for More than Six months		
Considered Good	35,77,24,716	32,09,19,125
Others – Considered Good	<u>8,96,53,483</u>	<u>7,47,39,447</u>
	<u>44,73,78,199</u>	<u>39,56,58,572</u>
	<u>44,73,78,199</u>	<u>39,56,58,572</u>
2.10 CASH AND BANK BALANCES		
Balance with Banks		
Current Accounts	<u>1,42,36,071</u>	<u>5,38,63,194</u>
	<u>1,42,36,071</u>	<u>5,38,63,194</u>
2.11 SHORT TERM LOANS AND ADVANCES		
(Unsecured, Considered Good unless stated otherwise)		
Advance Income Tax	2,61,36,388	2,19,04,287
Advance to Others	<u>1,89,260</u>	<u>1,78,533</u>
	<u>2,63,25,648</u>	<u>2,20,82,820</u>
	<u>2,63,25,648</u>	<u>2,20,82,820</u>
	For the year ended March 31, 2016	For the year ended March 31, 2015
2.12 REVENUE		
Service Revenue – Inbound Service	374,70,96,066	402,74,38,368
Passport Global SIM Card–Income	94,03,488	1,33,52,574
Prepaid/Postpaid Income	6,54,693	6,76,353
Mainbridge Charges	-	74,423
	<u>375,71,54,247</u>	<u>404,15,41,718</u>
	<u>375,71,54,247</u>	<u>404,15,41,718</u>
2.13 NETWORK EXPENSES		
Bandwidth Charges	21,19,145	27,99,584
Sim Card Exps	87,54,767	5,83,00,235
Outbound Services	373,52,58,955	401,95,58,093
	<u>374,61,32,867</u>	<u>408,06,57,912</u>
	<u>374,61,32,867</u>	<u>408,06,57,912</u>
2.14 GENERAL AND ADMINISTRATION EXPENSES		
Bank Charges	1,57,344	85,955
Legal and filing fees	2,40,930	-
Consultancy Charges	-	1,04,705
Payment to Auditors	3,92,737	3,66,918
	<u>7,91,011</u>	<u>5,57,578</u>
	<u>7,91,011</u>	<u>5,57,578</u>

Reliance Communications (Hong Kong) Limited

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

	For the year ended March 31, 2016	For the year ended March 31, 2015
2.15 SELLING AND DISTRIBUTION EXPENSES		
Call Center Expenses	30,96,069	22,00,290
	<u>30,96,069</u>	<u>22,00,290</u>
2.16 FINANCIAL CHARGES (NET)		
Interest on loans	24,01,000	14,17,343
	<u>24,01,000</u>	<u>14,17,343</u>

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

	For the year ended March 31, 2016	For the year ended March 31, 2015
2.18 Earnings per share		
Profit / (loss) after tax	(21,30,964)	(4,28,19,765)
Weighted average number of equity shares	1	1
Nominal value per equity shares	1	1
Earning per share – Basic and Diluted	(21,30,964)	(4,28,19,765)

2.19 Segment Reporting

The Company has not identified any separate reportable segment as given in AS-17 as referred in Rule 7 of Companies (Accounts) Rules as all the activities of the Company relates to the International Long Distance business as used for the internal business reporting systems.

2.20 Related Party Transactions

As per the Accounting Standard 18 (AS-18), referred in Rule 7 of Companies (Accounts) Rules 2014, the disclosure of transactions with the related parties is as under:

i List of Related Parties with whom transactions have taken place and relationships.

Sr. No.	Name of the Related Party	Relationship
1	Reliance Communications Limited	Ultimate Holding Company
2	Reliance Globalcom B.V.	Holding Company
3	Reliance Globalcom Ltd	Fellow-subsiidiary Company
4	Reliance Communications Infrastructure Ltd.	Fellow-subsiidiary Company
5	Reliance Communications International Inc.	Fellow-subsiidiary Company
6	Reliance Communications Inc.	Fellow-subsiidiary Company
7	Reliance Communications (Singapore) Pte. Ltd.	Fellow-subsiidiary Company
8	Reliance Webstore Limited	Fellow-subsiidiary Company

Reliance Communications (Hong Kong) Limited

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

ii. Transactions with related parties and closing balances

(Amount in ₹)

Figures shown in brackets pertaining to Previous Year's

Entity Name	During the Year 2015-2016			Year end Balances as on 31.03.2016		
	Service Income	Network Operating Expenses	Financial Charges	Trade Receivables	Trade Payables	Short Term Borrowings
Reliance Globalcom Ltd		21,19,145 (27,85,162)			1,14,65,544 (89,12,000)	
Reliance Communications Infrastructure Ltd.		- (15,49,009)		22,16,53,223 (20,90,91,034)	72,11,039 (68,02,375)	
Reliance Communications International Inc.				41,31,018 (38,96,893)		
Reliance Communications Inc.	256,47,72,414 (282,64,76,971)	275,31,14,121 (300,46,63,618)	24,01,000 (14,17,343)	1,12,34,172 (1,02,71,875)		30,10,36,168 (28,02,65,047)
Reliance Communications (Singapore) Pte. Ltd.				51,25,156 (48,34,671)		
Reliance Webstore Ltd				10,36,28,921 (8,87,77,005)		

2.21 The amount relating to Balance Sheet items appearing in Indian Rupees have been translated at Closing Rate of USD = ₹ 66.2550 (Previous year 1 USD = ₹ 62.50) and items relating to profit and loss have been translated at average rate of 1 USD = ₹ 65.46 and (Previous year 1 USD = ₹.61.15)

As per our Report attached

For and on behalf of the Board

For M. S. Sethi & Associates

Chartered Accountants
Regn. No. 109407W

Andrew Goldie

Director

Manoj Sethi

Proprietor
Membership No. 39784

Place : Mumbai

Date : May 27, 2016

Reliance Communications (Australia) Pty. Limited

Independent Auditor's Report

To

**The Board of Directors of
Reliance Communications (Australia) Pty. Limited**

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

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India including Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We conducted our audit in accordance with the Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion whether the Company has in place an adequate Internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016 and its profit and its cash flows for the year ended on that date.

Other Reporting Requirements

We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account.

Other Matters

This report is issued for the information and use of the Board of Directors of the Company and of Reliance Communications Limited, the ultimate holding company in India to comply with the financial reporting requirements in India and should not be used for any other purposes without our prior written consent.

For M S Sethi & Associates

Chartered Accountants
Firm Regn. No. 109407W

Manoj Sethi

Proprietor
Membership No. 39784

Place: Mumbai
Dated: May 27, 2016

Reliance Communications (Australia) Pty. Limited

Balance Sheet as at March 31, 2016

	Note	As at March 31, 2016		(Amount in ₹) As at March 31, 2015	
EQUITY AND LIABILITIES					
Shareholders' Funds					
(a) Share Capital	2.01	48		48	
(b) Reserves and Surplus	2.02	<u>2,66,96,594</u>	<u>2,66,96,642</u>	<u>2,26,86,647</u>	2,26,86,695
Current Liabilities					
(a) Trade Payables	2.03	20,98,146		59,81,515	
(b) Other Current Liabilities	2.04	3,76,405		51,09,584	
(c) Short Term Provisions	2.05	<u>9,57,877</u>	<u>34,32,428</u>	<u>9,73,630</u>	1,20,64,729
TOTAL			<u><u>3,01,29,070</u></u>		<u><u>3,47,51,424</u></u>
ASSETS					
Non Current Assets					
(a) Long Term Loans and Advances	2.06		10,33,746		9,71,265
Current Assets					
(a) Trade Receivables	2.07	14,85,997		13,59,008	
(b) Cash and Bank Balances	2.08	32,87,125		1,10,30,151	
(c) Short Term Loans and Advances	2.09	<u>2,43,22,202</u>	<u>2,90,95,324</u>	<u>2,13,91,000</u>	3,37,80,159
TOTAL			<u><u>3,01,29,070</u></u>		<u><u>3,47,51,424</u></u>
Significant Accounting Policies	1				
Notes on Accounts	2				

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

As per our Report attached

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

For and on behalf of the Board

Andrew Goldie
Pradeep Bhat } **Directors**

Manoj Sethi
Proprietor
Membership No. 39784

Place : Mumbai
Date : May 27, 2016

Reliance Communications (Australia) Pty. Limited

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

	Note	For the year ended March 31, 2016	(Amount in ₹) For the year ended March 31, 2015
INCOME			
Revenue	2.10	88,92,039	90,74,174
Other Income	2.11	<u>1,16,942</u>	<u>1,09,591</u>
		<u>90,08,981</u>	<u>91,83,765</u>
EXPENDITURE			
Network Operating Expenses	2.12	59,26,304	62,07,323
General & Administration Expenses	2.13	9,09,981	8,66,241
Selling & Distribution Expenses	2.14	5,45,761	3,46,174
Financial Charges (Net)	2.15	<u>(1,23,566)</u>	<u>(41,390)</u>
		<u>17,50,501</u>	<u>18,05,417</u>
Profit /(Loss) Before Tax		<u>17,50,501</u>	<u>18,05,417</u>
Provision for:			
Current Tax		5,25,155	9,43,530
		<u>12,25,346</u>	<u>8,61,887</u>
Profit /(Loss) After Tax		<u>12,25,346</u>	<u>8,61,887</u>
Earnings Per Share – Basic and Diluted	2.17	12,25,346	8,61,887
Significant Accounting Policies	1		
Notes On Accounts	2		

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

As per our Report attached

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

For and on behalf of the Board

Andrew Goldie
Pradeep Bhat } **Directors**

Manoj Sethi
Proprietor
Membership No. 39784

Place : Mumbai
Date : May 27, 2016

Reliance Communications (Australia) Pty. Limited

Cash Flow Statement for the year ended March 31, 2016

	(Amount in ₹)	
	For the year ended March 31, 2016	For the year ended March 31, 2015
CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit / (Loss) before tax as per Statement of Profit and Loss	17,50,501	18,05,417
Operating Profit before Working Capital Changes	<u>17,50,501</u>	<u>18,05,417</u>
Adjusted for:		
Receivables	(99,99,774)	(71,97,851)
Effect of Exchange Difference on Translation of Assets & Liabilities	9,85,885	(89,90,780)
Trade Payables	45,517	91,70,658
Cash Generated from Operations	<u>(72,17,871)</u>	<u>(52,12,556)</u>
Taxation provided for or Paid	(5,25,155)	(9,43,530)
Net Cash (used in) Operating Activities	<u>(77,43,026)</u>	<u>(61,56,086)</u>
Net Increase / (Decrease) in Cash and Cash Equivalents	(77,43,026)	(61,56,086)
Opening Balance of Cash and Cash Equivalents	1,10,30,151	1,71,86,237
Closing Balance of Cash and Cash Equivalents	<u><u>32,87,125</u></u>	<u><u>1,10,30,151</u></u>

Note:

Cash and Cash Equivalents include cash on hand and Balance with Bank

As per our Report attached

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

For and on behalf of the Board

Andrew Goldie
Pradeep Bhat

} **Directors**

Manoj Sethi

Proprietor
Membership No. 39784

Place : Mumbai

Date : May 27, 2016

Reliance Communications (Australia) Pty. Limited

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

Note 1: Significant Accounting Policies

1.01 Basis of Preparation of Financial Statements :

The Financial Statements are prepared under historical cost convention in accordance with the generally accepted accounting principles (GAAP) in India and Comply with Accounting Standard specified under Section 133 the Companies Act, 2013 ("the Act") read with Rule 7 of the Companies (Accounts) Rules, 2014 and other provisions of the Act to the extent notified and applicable, as well as applicable note and pronouncements of the Institute of Chartered Accountants of India (the ICAI).

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

1.02 Use of Estimates :

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

1.03 Revenue Recognition :

Revenue is recognised as and when the services are provided on the basis of actual usage of the Company's network.

Interest Income is recognised using the time proportion method, based on the underlying interest rates.

1.04 Foreign Currency Transactions :

Exchange difference arising either on settlement or on translation of monetary items is recognised in the Statement of Profit and Loss.

1.05 Taxes on Income and Deferred Tax :

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

1.06 Provisions, Contingent Liabilities and Contingent Assets :

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

1.07 Earning per Share :

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

Reliance Communications (Australia) Pty. Limited

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

		(Amount in ₹)		
		As at March 31, 2016	As at March 31, 2015	
2.01 Share Capital				
Authorised Capital				
1 (Previous year 1) Equity Share of AUD 1 each		48	48	
		<u>48</u>	<u>48</u>	
Issued, Subscribed and Paid-up				
1 (Previous year 1) Equity Share of AUD 1 each fully paid up		48	48	
		<u>48</u>	<u>48</u>	
1) Details of Shares held by Holding Company				
Particulars	% of Holding	No. of Shares	% of Holding	No. of Shares
Reliance Globalcom BV	100	1	100	1
2) Details of shareholders holding more than 5% share in the company:				
Particulars	% of Holding	No. of Shares	% of Holding	No. of Shares
Reliance Globalcom BV	100	1	100	1
3)	The Company has only one class of equity shares having a par value of AUD 1 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of Company, the holder of equity share will be entitled to receive remaining assets of the Company.			
4) Reconciliation of shares outstanding at the beginning and at the end of year				
	No. of Shares	₹	No. of Shares	₹
Equity Shares				
At the beginning of the year	1	48	1	48
Add/(Less): Changes during the year	-	-	-	-
At the end of the year	<u>1</u>	<u>48</u>	<u>1</u>	<u>48</u>
2.02 Reserves & Surplus				
Exchange Fluctuation Reserve		(41,13,586)		(68,98,187)
Statement of Profit and Loss				
As per last Balance Sheet		2,95,84,834		2,87,22,947
Add : Profit/(loss) for the year		12,25,346		8,61,887
		<u>3,08,10,180</u>		<u>2,95,84,834</u>
		<u>2,66,96,594</u>		<u>2,26,86,647</u>

Reliance Communications (Australia) Pty. Limited

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

(Amount in ₹)

Note	As at March 31, 2016	As at March 31, 2015
2.03 Trade Payables		
Due to Related Parties (Refer Note 2.19)	20,98,146	19,69,738
Due to Others		40,11,777
	<u>20,98,146</u>	<u>59,81,515</u>
2.04 Other Current Liabilities		
Liability A/C – Recharge Cards	1,75,907	7,88,931
Outstanding Liabilities Against Exp.-Revenue	91,213	41,42,423
Sales & Use Tax payable	1,09,285	1,78,230
	<u>3,76,405</u>	<u>51,09,584</u>
2.05 Short-Term Provisions		
Provision for Income Tax	9,57,877	9,73,630
	<u>9,57,877</u>	<u>9,73,630</u>
2.06 Long-Term Loans and Advances		
(Unsecured, Considered Good unless stated otherwise)		
Advance Tax	10,33,746	9,71,265
	<u>10,33,746</u>	<u>9,71,265</u>
2.07 Trade Receivables		
Due for more than six months		
Considered Good	-	-
Others		
Considered Good	14,85,997	13,59,008
	<u>14,85,997</u>	<u>13,59,008</u>
2.08 Cash and Bank Balances		
Balance with Banks		
In Current Account	32,87,125	1,10,30,151
	<u>32,87,125</u>	<u>1,10,30,151</u>
2.09 Short Term Loans and Advances		
(Unsecured, Considered Good unless stated otherwise)		
Advance to Vendors (Refer Note 2.19)	2,43,22,202	2,13,91,000
	<u>2,43,22,202</u>	<u>2,13,91,000</u>

Reliance Communications (Australia) Pty. Limited

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

(Amount in ₹)

Note	For the year ended March 31, 2016	For the year ended March 31, 2015
2.10 Revenue		
Reliance India Call		
Post Paid	51,50,189	43,94,838
Prepaid	37,41,850	46,79,336
	<u>88,92,039</u>	<u>90,74,174</u>
2.11 Other Income		
Interest	1,16,942	1,09,591
	<u>1,16,942</u>	<u>1,09,591</u>
2.12 Network Operating Expenses		
Toll Free Access	20,80,746	4,66,475
Carrier Charges	38,45,558	57,40,848
	<u>59,26,304</u>	<u>62,07,323</u>
2.13 General & Administration Expenses		
Bank Charges	1,46,840	1,95,963
Audit Fees	3,70,980	3,52,654
Professional Fee	3,92,161	3,17,624
	<u>9,09,981</u>	<u>8,66,241</u>
2.14 Selling & Distribution Expenses		
Call Centre Expenses	5,45,761	3,46,174
	<u>5,45,761</u>	<u>3,46,174</u>
2.15 Financial Charges (Net)		
Exchange Loss/(Gain)	(1,23,566)	(41,390)
	<u>(1,23,566)</u>	<u>(41,390)</u>
2.16	The Previous year's figures have been reworked, regrouped, rearranged and reclassified wherever necessary.	
2.17 Earnings per share	For the year ended March 31, 2016	For the year ended March 31, 2015
Profit / (loss) after tax	12,25,346	8,61,887
Weighted average number of equity shares	1	1
Nominal value per equity share	1	1
Earning per share – Basic and Diluted	12,25,346	8,61,887

2.18 Segment Reporting

The Company has not identified any separate reportable segment as given in AS -17, as referred in Rule 7 of Companies (Accounts) Rules 2014, as all the activities of the Company relates to International Long Distance business as used for the internal business reporting systems.

Reliance Communications (Australia) Pty. Limited

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

2.19 Related Party Transactions

As per the Accounting Standard 18 (AS-18), as referred in Rule 7 of Companies (Accounts) Rules, 2014 the disclosures of transactions with the related parties are given below :

i List of Related Parties with whom transactions have taken place and relationships.

Sr. No.	Name of the Related Party	Relationship
1	Reliance Communications Ltd.	Ultimate Holding Company
2	Reliance Globalcom B.V.	Holding Company
3	Reliance Communications Inc.	Fellow-Subsidiary Company
4	Reliance Communication International Inc.	Fellow-Subsidiary Company
5	Reliance Communications Infrastructure Limited	Fellow-Subsidiary Company

ii Transactions with related parties and closing balances

Figures in brackets are pertaining to Previous year

(Amount in ₹)

Entity Name	Type of Expenses	During the year 2015-16		As at March 31, 2016	
		Amt in (₹)	Short Term Loans and Advances	Trade Payables	
Reliance Communications Ltd.				4,50,595	
				(4,15,649)	
Reliance Communications Inc.	Carrier Charges	38,45,558	2,43,22,202	-	
		(57,40,888)	(2,13,91,000)	(-)	
Reliance Communication International Inc.				13,75,442	
				(12,97,375)	
Reliance Communications Infrastructure Limited	Call Centre Expenses	-		2,72,109	
		(1,41,236)		(2,56,715)	

2.20 The amounts relating to Balance Sheet items appearing in Indian Rupees have been translated at Closing Rate of USD = ₹ 66.255 (Previous year 1USD = ₹ 62.5) and items relating to statement of profit and loss have been translated at average rate of 1 USD = ₹ 65.46 and (Previous year 1 USD = ₹ 61.15)

As per our Report attached

For and on behalf of the Board

For M. S. Sethi & Associates

Chartered Accountants
Regn. No. 109407W

Andrew Goldie

Pradeep Bhat

} **Directors**

Manoj Sethi

Proprietor
Membership No. 39784

Place : Mumbai

Date : May 27, 2016

Reliance Infra Projects Limited

Independent Auditor's Report

To the Members of Reliance Infra Projects Limited

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2016, and its profit and cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

As required by 'the Companies (Auditor's Report) Order, 2016', issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (hereinafter referred to as 'the Order'), we give in the 'Annexure A' statement on the matters specified in paragraphs 3 & 4 of the Order.

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

- (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- (c) the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- (d) in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) on the basis of the written representations received from the directors as on March 31, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) 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 does not have any pending litigations as at March 31, 2016
 - ii. The Company did not have any long-term contracts including derivative contracts as at 31st March, 2016 for which there were any material foreseeable losses; and
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2016.

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

Dilip J. Diwan
Proprietor
Membership No. 016665

Place: Mumbai
Dated: May 27, 2016

Reliance Infra Projects Limited

Annexure A to Independent Auditor's Report – 31st March 2016

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

1. (a) The company do not have fixed assets as on 31st March 2016. Accordingly paragraphs 1(a), (b) and (c) of the orders are not applicable to the company.
2. The Company does not have inventories at the end of Financial year . Accordingly paragraphs 2 of the orders are not applicable to the company.
3. The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other covered in the register maintained under section 189 of the Act. Accordingly paragraphs 3(iii) (a), (b) and (c) of the Order are not applicable to the Company.
4. In our opinion and according to the information and explanations given to us, the company has not given loans, investments, guarantees, and any security under provisions of section 185 and 186 of the Companies Act, 2013. Accordingly, Paragraph 3(iv) of the Order is not applicable to the Company.
5. In our opinion, and information and explanations given to us, the Company has not accepted deposits as per directives issued by the Reserve Bank of India under the provisions of Section 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Accordingly, Paragraph 3(v) of the Order is not applicable to the Company.
6. The Central Government has not prescribed maintenance of cost records under Sub- Section (1) of section 148 of the Companies Act, 2013. Accordingly the clause 3(vi) is not applicable.
7. According to the information and explanation given to us and on the basis of our examination of the records of the company, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, sales tax, service tax, customs duty, excise duty, value added tax (VAT), income tax, wealth tax, cess, and other material statutory dues applicable to the Company. According to the information and explanations given to us, no undisputed amounts payable in respect of sales tax, service tax, customs duty, excise duty, value added tax, income tax, wealth tax, and cess were in arrears as at March 31, 2016 for a period of more than six months from the date they became payable.
8. The company has not raised loans from Financial Institutions or Banks or Government or debenture holders. Hence clause 3(viii) of the order requiring comment on repayment of the dues to them is not applicable.
9. In our opinion and according to the information and explanations given to us, the company has not raised money by way of Initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, the provision of Clause 3(ix) of the order is not applicable to the company.
10. According to the information and explanations given to us, no significant fraud on or by the company by its officers or employees, that causes a material misstatement to the financial statements, has been noticed or reported during the year.
11. According to the information and explanations given to us, the company has not paid or provided managerial remuneration during the year. Accordingly, the provision of Clause 3(xi) of the order is not applicable to the company.
12. As the company is not the Nidhi company, the provision of Clause 3(xii) of the order is not applicable to the company.
13. According to the information and explanations given to us, the company has made all the transactions with the related parties in compliance with sections 177 & 188 of Companies Act and the details have been disclosed in the Financial Statements as required by the applicable Accounting Standards.
14. According to the information and explanations given to us, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year as per section 42 of the Companies Act, 2013. Accordingly, the provision of Clause 3(xiv) of the order is not applicable to the company.
15. According to the information and explanations given to us, the company has not entered into any non cash transactions with the directors or persons connected with them as per section 192 of Companies Act, 2013.
16. The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the clause 3(xvi) is not applicable.

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

Place: Mumbai
Dated: May 27, 2016

Dilip J. Diwan
Proprietor
Membership No. 016665

Reliance Infra Projects Limited

Annexure B to Independent Auditor's Report – 31st March 2016

Annexure B to Independent Auditor's Report – 31st March 2016 on the Financial Statements of Reliance Infra Projects Limited

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 Infra Projects Limited ('the Company') as of March 31, 2016 in conjunction with our audit of the 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'. 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 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 Companies Act, 2013, 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 Institute of Chartered Accountants of India. 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 judgement, 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 Institute of Chartered Accountants of India".

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

Dilip J. Diwan
Proprietor
Membership No. 016665

Place: Mumbai
Dated: May 27, 2016

Reliance Infra Projects Limited

Balance Sheet as at March 31, 2016

	Note	As at		Amount in ₹
		March 31, 2016		As at March 31, 2015
EQUITY AND LIABILITIES				
Shareholders' Funds				
(a) Share Capital	2.01	5 00 000		5 00 000
(b) Reserves and Surplus	2.02	(73 137)	4 26 863	(45 267) 4 54 733
Current Liabilities				
(a) Other Current Liabilities	2.03		15 283	45 155
TOTAL			<u>4 42 146</u>	<u>4 99 888</u>
ASSETS				
Current Assets				
(a) Cash and Cash Equivalents	2.04		4 40 186	4 99 888
(b) Other Current Assets	2.05		1 960	-
TOTAL			<u>4 42 146</u>	<u>4 99 888</u>
Significant Accounting Policies	1			
Notes on Accounts	2			

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

As per our report of even date

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

DILIP JIVANDAS DIWAN
(Proprietor)
Membership No. 016665

Place : Mumbai
Date : May 27, 2016

For and on behalf of the Board

Gaurang Shah
DIN: 00004408

Hitesh Chawda
DIN: 00373540

} **Directors**

Reliance Infra Projects Limited

Statement of Profit and Loss for the year ending on March 31, 2016

		Amount in ₹	
	Note	For the year ended March 31, 2016	For the period October 31, 2014 to March 31, 2015
INCOME			
Income		-	-
Total Revenue		<u>-</u>	<u>-</u>
EXPENDITURE			
General and Administration Expenses	2.06	27 870	45 267
TOTAL EXPENSES		<u>27 870</u>	<u>45 267</u>
Profit/(Loss) Before Tax		(27 870)	(45 267)
Provision for:			
- Current Tax		-	-
Profit/(Loss) After tax		<u>(27 870)</u>	<u>(45 267)</u>
Earning per Share of face value of ₹ 10 each fully paid up			
Basic & Diluted (₹)	2.08	(0.56)	(0.91)
Significant Accounting Policies	1		
Notes on Accounts	2		

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

As per our report of even date

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

DILIP JIVANDAS DIWAN
(Proprietor)
Membership No. 016665

Place : Mumbai
Date : May 27, 2016

For and on behalf of the Board

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

Reliance Infra Projects Limited

Cash Flow Statement for the year ended March 31, 2016

	For the year ended March 31, 2016	Amount in ₹ For the year ended March 31, 2015
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit / (Loss) before tax as per Statement of Profit and Loss	(27 870)	(45 267)
Operating Profit/(Loss) before Working Capital Changes	(27 870)	(45 267)
Adjusted for:		
Receivables and other Advances	(1 960)	-
Trade Payable and Other Liabilities	(29 872)	45 155
	(59 702)	(112)
Cash Used in Operations	(59 702)	(112)
Tax Paid	-	-
Net Cash Used in Operations	(59 702)	(112)
B CASH FLOW FROM INVESTING ACTIVITIES	-	-
Net Cash from / (Used in) Investing Activities	-	-
C CASH FLOW FROM FINANCING ACTIVITIES		
Share Capital issued during the year\period	-	5 00 000
Net Cash from Financing Activities	5 00 000	5 00 000
Net Increase / Decrease in Cash and Cash Equivalents	(59 702)	4 99 888
Opening Balance of Cash and Cash Equivalents	4 99 888	-
Closing Balance of Cash and Cash Equivalents (Refer Note 2.04)	4 40 186	4 99 888

Note:

- (1) Figures in brackets indicate cash outgo.
- (2) Cash and cash equivalents includes cash on hand and bank balances including Fixed Deposits.
- (3) Cash Flow Statement has been prepared under the Indirect Method set out in Accounting Standard 3 "Cash Flow Statements".

As per our report of even date

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

DILIP JIVANDAS DIWAN
(Proprietor)
Membership No. 016665

Place : Mumbai
Date : May 27, 2016

For and on behalf of the Board

Gaurang Shah
DIN: 00004408

Hitesh Chawda
DIN: 00373540

} **Directors**

Reliance Infra Projects Limited

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

1.1 Basis of Preparation of Financial Statements

The Financial Statements are prepared under historical cost convention, in accordance with the generally accepted accounting principles (GAAP) in India and the provision of the Companies Act, 2013 (to the extent notified) and provisions of the Companies Act, 1956 (to the extent applicable) read with the Companies (Accounting Standards) Rules, 2006 (Accounting Standard Rules) as well as applicable pronouncements of the Institute of Chartered Accountants of India (the ICAI).

1.2 Use of Estimates

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

1.3 Revenue Recognition

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

1.4 Investments

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

1.5 Taxes on Income

Provision for Income Tax is made on the basis of taxable income for the year at current rates. Tax expense comprises of Current Tax and Deferred Tax at the applicable enacted or substantively enacted rates. Current Tax represents the amount of Income Tax payable/ recoverable in respect of the taxable income/ loss for the reporting period.

Deferred Tax represents the effect of timing difference between taxable income and accounting income for the reporting period that originate in one period and are capable of reversal in one or more subsequent periods. The Deferred Tax Asset is recognised and carried forward only to the extent that there is a reasonable certainty that the assets will be realised in future. However, where there is unabsorbed depreciation or carried forward loss under taxation laws, Deferred Tax Assets are recognised only if there is virtual certainty of realisation of assets.

1.6 Earnings per Share

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

1.7 Provision, Contingent Liabilities and Contingent Assets

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

Reliance Infra Projects Limited

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

	As at March 31, 2016	Amount in ₹ As at March 31, 2015
Note 2.01		
Share Capital		
Authorised		
50 000 (50 000) Equity Shares of ₹ 10 each	<u>5 00 000</u>	<u>5 00 000</u>
	<u>5 00 000</u>	<u>5 00 000</u>
Issued, Subscribed and Paid up		
50 000 (50 000) Equity Shares of ₹ 10 each fully paid up	<u>5 00 000</u>	<u>5 00 000</u>
	<u>5 00 000</u>	<u>5 00 000</u>

- 1) All the 50 000 shares are held by Reliance Communication Infrastructure Ltd. (Holding Company) and its nominee.
- 2) Reconciliation of shares outstanding at the beginning and at the end of the reporting year

	March 31, 2016		As at March 31, 2015	
	No of Shares	Amount in ₹	No of Shares	Amount in ₹
Equity Shares				
At the beginning of the year	50 000	5 00 000		
Add/ (Less) : Changes during the year			50 000	5 00 000
At the end of the year	<u>50 000</u>	<u>5 00 000</u>	<u>50 000</u>	<u>5 00 000</u>

3) Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holder of equity share will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the numbers of equity shares held by the shareholder.

	As at March 31, 2016	Amount in ₹ As at March 31, 2015
Note: 2.02		
Reserves And Surplus		
Surplus/(Deficit) in the Statement of Profit and Loss		
As per last Balance Sheet	(45 267)	-
Add: Loss during the year	<u>(27 870)</u>	<u>(45 267)</u>
Balance Carried Forward	<u>(73 137)</u>	<u>(45 267)</u>

Note 2.03

Other Current Liabilities

Audit Fees Payable	13 483	13 483
Other payable	<u>1 800</u>	<u>31 672</u>
	<u>15 283</u>	<u>45 155</u>

Note 2.04

Cash And Cash Equivalents

Balances with Banks	4 40 186	4 99 888
	<u>4 40 186</u>	<u>4 99 888</u>

Note 2.05

Other Current Assets

Service Tax	1 960	-
	<u>1 960</u>	<u>-</u>

Reliance Infra Projects Limited

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

	For the year ended March 31, 2016	Amount in ₹ For the period October 31, 2014 to March 31, 2015
NOTE 2.06		
General and Administration charges		
Bank Charges	-	112
Audit Fees	12 000	13 483
Filing Fees	1 800	2 800
Preliminary Expenses	-	28 872
Professional Fees	14 000	-
Other Miscellaneous Expenses	70	-
	27 870	45 267

Note 2.07

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

Note 2.08

Earning per share :

Numerator - Profit /(Loss) after tax (₹)	(27 870)	(45 267)
Denominator - Weighted number of equity shares	50 000	50 000
Basic as well as Diluted, earning per equity share (₹)	(0.56)	(0.91)

Note 2.09

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

Note 2.10

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

Note 2.11

Related Parties:

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

A. List of related parties and relationships :

a) Holding Company

- Reliance Communications Infrastructure Limited

B. Transactions with Related Parties during the year

Sr. No. Nature of Transactions	Holding Company	Total
A Allotment of Shares		
Equity Shares		
Balance as at April 1, 2015	5 00 000	5 00 000
Balance as at March 31, 2016	(5 00 000)	(5 00 000)

As per our report of even date

For D.J. DIWAN & CO.

Chartered Accountants
(Firm Registration No. 102658W)

DILIP JIVANDAS DIWAN

(Proprietor)
Membership No. 016665

Place : Mumbai

Date : May 27, 2016

For and on behalf of the Board

Gaurang Shah
DIN: 00004408

Hitesh Chawda
DIN: 00373540

} Directors

Reliance Communications (New Zealand) Pte. Limited

Independent Auditor's Report

To

The Board of Directors of Reliance Communications (New Zealand) Pte. Limited

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

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India including Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We conducted our audit in accordance with the Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion whether the Company has in place an adequate Internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016 and its loss and its cash flows for the year ended on that date.

Other Reporting Requirements

We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account.

Other Matters

This report is issued for the information and use of the Board of Directors of the Company and of Reliance Communications Limited, the ultimate holding company in India to comply with the financial reporting requirements in India and should not be used for any other purposes without our prior written consent.

For M S Sethi & Associates

Chartered Accountants
Firm Regn. No. 109407W

Manoj Sethi

Proprietor
Membership No. 39784

Place: Mumbai
Dated: May 27, 2016

Reliance Communications (New Zealand) Pte. Limited

Balance Sheet as at March 31, 2016

	Note	As at		(Amount in ₹)
		March 31, 2016		As at March 31, 2015
EQUITY AND LIABILITIES				
Shareholders' Funds				
(a) Share Capital	2.01	46		47
(b) Reserves and Surplus	2.02	<u>(75,44,180)</u>	<u>(75,44,134)</u>	<u>(70,15,636)</u> (70,15,589)
Current Liabilities				
(a) Trade Payables	2.03		93,55,374	99,28,787
TOTAL			<u><u>18,11,240</u></u>	<u><u>29,13,198</u></u>
ASSETS				
Current Assets				
(a) Trade Receivables	2.04	1,11,232		1,19,066
(b) Cash and Bank Balances	2.05	1,35,764		11,11,694
(c) Short Term Loans and Advances	2.06	<u>15,64,244</u>	<u>18,11,240</u>	<u>16,82,438</u> 29,13,198
TOTAL			<u><u>18,11,240</u></u>	<u><u>29,13,198</u></u>
Significant Accounting Policies	1			
Notes on Accounts	2			

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

As per our Report attached

For and on behalf of the Board

For M. S. Sethi & Associates

Chartered Accountants
Regn. No. 109407W

Andrew Goldie

Pradeep Bhat

} **Directors**

Manoj Sethi

Proprietor
Membership No. 39784

Place : Mumbai

Date : May 27, 2016

Reliance Communications (New Zealand) Pte. Limited

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

(Amount in ₹)

	Note	For the year ended March 31, 2016		For the year ended March 31, 2015
INCOME				
Revenue	2.07		<u>2,04,713</u>	<u>2,67,548</u>
			<u>2,04,713</u>	<u>2,67,548</u>
EXPENDITURE				
Network Operating Expenses	2.08	2,43,355		1,62,586
General & Administration Expenses	2.09	3,72,468		3,86,265
Selling & Distribution Expenses	2.10	5,41,879		3,43,904
Financial Charges (Net)	2.11	-	<u>11,57,702</u>	<u>(1,223)</u>
Profit /(Loss) Before Tax			<u>(9,52,989)</u>	<u>(6,23,984)</u>
Provision for:				
Current Tax			-	-
Profit/ (Loss) After Tax			<u>(9,52,989)</u>	<u>(6,23,984)</u>
Earnings per Share – Basic and Diluted	2.13		<u>(9,52,989)</u>	<u>(6,23,984)</u>
Significant Accounting Policies	1			
Notes On Accounts	2			

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

As per our Report attached

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

For and on behalf of the Board

Andrew Goldie
Pradeep Bhat } **Directors**

Manoj Sethi
Proprietor
Membership No. 39784

Place : Mumbai
Date : May 27, 2016

Reliance Communications (New Zealand) Pte. Limited

Cash Flow Statement for the year ended March 31, 2016

	(Amount in ₹)	
	For the year ended March 31, 2016	For the year ended March 31, 2015
CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit / (Loss) before tax as per Statement of Profit and Loss	(9,52,989)	(6,23,984)
Adjusted for:		
Exchange (gain) /loss	-	-
Operating Profit/(Loss) before Working Capital Changes	(9,52,989)	(6,23,984)
Adjusted for:		
Receivables & Advances	(1,26,028)	8,313
Trade Payables & Other Provisions	(5,73,413)	(14,26,851)
Effect of Exchange Difference on Translation of Assets & Liabilities	6,76,500	21,40,918
Net Cash from /(used in) Operating Activities	(9,75,930)	98,396
CASH FLOW FROM INVESTING ACTIVITIES:	-	-
CASH FLOW FROM FINANCING ACTIVITIES:		
Exchange gain/(loss)	-	-
Net Cash from Financing Activities	-	-
Net Increase / (Decrease) in Cash and Cash Equivalents	(9,75,930)	98,396
Opening Balance of Cash and Cash Equivalents	11,11,694	10,13,298
Closing Balance of Cash and Cash Equivalents	1,35,764	11,11,694

Note:

Cash and Cash Equivalents include cash on hand and balance with Bank.

As per our Report attached

For and on behalf of the Board

For M. S. Sethi & Associates

Chartered Accountants

Regn. No. 109407W

Andrew Goldie

Pradeep Bhat

} **Directors**

Manoj Sethi

Proprietor

Membership No. 39784

Place : Mumbai

Date : May 27, 2016

Reliance Communications (New Zealand) Pte. Limited

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

Note 1: Significant Accounting Policies

1.01 Basis of preparation of financial statements :

The Financial Statements are prepared under historical cost convention in accordance with the generally accepted accounting principles (GAAP) in India and Comply with Accounting Standard specified under Section 133 the Companies Act, 2013 ("the Act") read with Rule 7 of the Companies (Accounts) Rules, 2014 and other provisions of the Act to the extent notified and applicable, as well as applicable note and pronouncements of the Institute of Chartered Accountants of India (the ICAI).

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

1.02 Use of Estimates :

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

1.03 Revenue recognition :

Revenue is recognised as and when the services are provided on the basis of actual usage of the Company's network.

Interest Income is recognised using the time proportion method, based on the underlying interest rates.

1.04 Foreign Currency Transactions :

Exchange difference arising either on settlement or on translation of monetary items is recognised in the Statement of Profit and Loss.

1.05 Taxes on Income and Deferred Tax :

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

1.06 Provisions, Contingent Liabilities and Contingent Assets :

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

1.07 Earning per Share :

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

Reliance Communications (New Zealand) Pte. Limited

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

Note			(Amount in ₹)	
		As at March 31, 2016		As at March 31, 2015
2.01 Share Capital				
Authorised Capital				
1 (Previous Year 1) Equity Shares of NZD 1 each		<u>46</u>		<u>47</u>
		<u>46</u>		<u>47</u>
Issued, Subscribed and Paid-up				
1 (Previous Year 1) Equity Shares of NZD 1 each fully paid-up		<u>46</u>		<u>47</u>
		<u>46</u>		<u>47</u>
1) Details of Shares held by Holding Company				
Particulars	% of Holding	No. of Shares	% of Holding	No. of Shares
Reliance Globalcom BV	100	1	100	1
2) Details of shareholders holding more than 5% share in the company:				
Particulars	% of Holding	No. of Shares	% of Holding	No. of Shares
Reliance Globalcom BV	100	1	100	1
3) The Company has only one class of equity shares having a par value of 1 NZD per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of Company, the holder of equity share will be entitled to receive remaining assets of the Company.				
4) Reconciliation of shares outstanding at the beginning and at the end of the year				
	No. of Shares	Amount (₹)	No. of Shares	Amount (₹)
Equity Shares				
At the beginning of the year	1	46	1	47
Add/(Less) : Changes during the year	-	-	-	-
At the end of the year	<u>1</u>	<u>46</u>	<u>1</u>	<u>47</u>
2.02 Reserves and Surplus				
Exchange Fluctuation Reserve		9,95,378		5,70,933
Statement of Profit and Loss				
As per Last Balance Sheet		(75,86,569)		(69,62,585)
Add : Profit/(Loss) for the year		(9,52,989)		(6,23,984)
Total Reserves and Surplus		<u>(85,39,558)</u>		<u>(75,86,569)</u>
		<u>(75,44,180)</u>		<u>(70,15,636)</u>
2.03 Trade Payables				
Due to Related Parties (Refer Note 2.15)		89,55,338		94,80,750
Due to Others		4,00,036		4,48,037
		<u>93,55,374</u>		<u>99,28,787</u>
2.04 Trade Receivables				
Due for more than six months				
Considered Good		-		-
Others				
Considered Good		1,11,232		1,19,066
		<u>1,11,232</u>		<u>1,19,066</u>

Reliance Communications (New Zealand) Pte. Limited

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

Note	(Amount in ₹)	
	As at March 31, 2016	As at March 31, 2015
2.05 Cash and Bank Balances		
Balance with Banks		
In Current Account	<u>1,35,764</u>	<u>11,11,694</u>
	<u>1,35,764</u>	<u>11,11,694</u>
2.06 Loans & Advances		
(Unsecured, Considered Good unless stated otherwise)		
Related Parties (Refer Note 2.15)	<u>15,64,244</u>	<u>16,82,438</u>
	<u>15,64,244</u>	<u>16,82,438</u>
		(Amount in ₹)
	For the year ended March 31, 2016	For the year ended March 31, 2015
2.07 Revenue		
Reliance India Call Revenue	<u>2,04,713</u>	<u>2,67,548</u>
	<u>2,04,713</u>	<u>2,67,548</u>
2.08 Network Operating Expenses		
Carrier Charges	<u>2,43,355</u>	<u>1,62,586</u>
	<u>2,43,355</u>	<u>1,62,586</u>
2.09 General & Administration Expenses		
Bank Charges	52,694	92,093
Audit Fees	1,19,819	2,22,738
Professional fee	1,99,955	71,434
	<u>3,72,468</u>	<u>3,86,265</u>
2.10 Selling & Distribution Expenses		
Call Centre Expenses	<u>5,41,879</u>	<u>3,43,904</u>
	<u>5,41,879</u>	<u>3,43,904</u>
2.11 Financial Charges (Net)		
Exchange (Gain) /Loss	-	(1,223)
	<u>-</u>	<u>(1,223)</u>

Reliance Communications (New Zealand) Pte. Limited

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

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

2.13 Earnings per Share	For the year ended March 31, 2016	For the year ended March 31, 2015
Profit / (loss) after tax	(9,52,989)	(6,23,984)
Weighted average number of equity shares	1	1
Nominal value per equity share	1	1
Earning per share – Basic and Diluted	(9,52,989)	(6,23,984)

2.14 Segment Reporting

The Company has not identified any separate reportable segment as given in AS -17, as referred in Rule 7 of Companies (Accounts) Rules, 2014 as all the activities of the Company relates to International Long Distance business as used for the internal business reporting systems.

2.15 Related Party Transactions

As per the Accounting Standard 18, as referred in Rule 7 of Companies Account Rules, 2014 the disclosures of transactions with the related parties are given below:

i List of Related Parties with whom transactions have taken place and relationships.

Sr. No.	Name of the Related Party	Relationship
1	Reliance Communications Ltd.	Ultimate Holding Company
2	Reliance Globalcom B V	Holding Company
3	Reliance Communications (Singapore) Pte Limited	Fellow-Subsidiary Company
4	Reliance Communications Inc.	Fellow-Subsidiary Company
5	Reliance Communications Infrastructure Ltd	Fellow-Subsidiary Company
6	Reliance Communications International Inc.	Fellow-Subsidiary Company

ii Transactions with related parties and closing balances

(Amount in ₹)

Figures in brackets are pertaining to Previous year

Entity Name	During the Year		As at March 31, 2016	
	Call Centre Exp	Network Operating Exp	Loans & Advances	Trade Payables
Reliance Communications Ltd.	-	-	-	8,36,668 (7,89,250)
Reliance Communications (Singapore) Pte Limited	-	-	15,64,244 (16,12,852)	-
Reliance Communications Inc.	-	2,43,355 (1,62,586)	-	46,91,763 (54,58,813)
Reliance Communications Infrastructure Ltd	-	-	-	8,944 (8,438)
Reliance Communications International Inc.	(7,950)	-	-	34,17,963 (32,24,250)

Reliance Communications (New Zealand) Pte. Limited

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

2.16 The amounts relating to Balance Sheet items appearing in Indian Rupees have been translated at Closing Rate of 1 USD = ₹ 66.255 (Previous year 1 USD = ₹ 62.50) and items relating to profit and loss have been translated at average rate of 1 USD = ₹ 65.46 and (Previous year 1 USD = ₹ 61.15)

As per our Report attached

For and on behalf of the Board

For M. S. Sethi & Associates

Chartered Accountants

Regn. No. 109407W

Andrew Goldie

Pradeep Bhat

} **Directors**

Manoj Sethi

Proprietor

Membership No. 39784

Place : Mumbai

Date : May 27, 2016

Reliance Communications (Singapore) Pte. Limited

Independent Auditor's Report

To

The Board of Directors of Reliance Communications (Singapore) Pte. Limited

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

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India including Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We conducted our audit in accordance with the Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion whether the Company has in place an adequate Internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016 and its loss and its cash flows for the year ended on that date.

Other Reporting Requirements

We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account.

Other Matters

This report is issued for the information and use of the Board of Directors of the Company and of Reliance Communications Limited, the ultimate holding company in India to comply with the financial reporting requirements in India and should not be used for any other purposes without our prior written consent.

For M S Sethi & Associates

Chartered Accountants
Firm Regn. No. 109407W

Manoj Sethi

Proprietor
Membership No. 39784

Place: Mumbai
Dated: May 27, 2016

Reliance Communications (Singapore) Pte. Limited

Balance Sheet as at March 31, 2016

	Note	As at		(Amount in ₹)
		March 31, 2016		As at March 31, 2015
EQUITY AND LIABILITIES				
Shareholders' Funds				
(a) Share Capital	2.01	48,00,175		45,28,125
(b) Reserves and Surplus	2.02	<u>16,60,48,02,415</u>	<u>16,60,96,02,590</u>	<u>15,66,63,88,537</u>
				15,67,09,16,662
Current Liabilities				
(a) Trade Payables	2.03	9,18,791		3,26,474
(b) Other Current Liabilities	2.04	<u>1,73,00,152</u>	<u>1,82,18,943</u>	<u>1,64,30,808</u>
				1,67,57,282
TOTAL			<u><u>16,62,78,21,533</u></u>	<u><u>15,68,76,73,944</u></u>
ASSETS				
Non Current Assets				
(a) Long Term Loans and Advances	2.05		<u>16,62,33,79,500</u>	15,68,12,50,000
Current Assets				
(a) Trade Receivables	2.06	1,33,870		6,05,790
(b) Cash and Bank Balance	2.07	36,79,078		48,63,391
(c) Short Term Loans and Advances	2.08	4,62,063		5,93,809
(d) Other Current Assets	2.09	<u>1,67,022</u>	<u>44,42,033</u>	<u>3,60,954</u>
				64,23,944
TOTAL			<u><u>16,62,78,21,533</u></u>	<u><u>15,68,76,73,944</u></u>
Significant Accounting Policies	1			
Notes on Accounts	2			

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

As per our Report attached

For and on behalf of the Board

For M. S. Sethi & Associates

Chartered Accountants
Regn. No. 109407W

Andrew Goldie

Pradeep Bhat

} **Directors**

Manoj Sethi

Proprietor
Membership No. 39784

Place : Mumbai

Date : May 27, 2016

Reliance Communications (Singapore) Pte. Limited

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

	Note	For the year ended March 31, 2016	(Amount in ₹) For the year ended March 31, 2015
INCOME			
Revenue	2.10	16,98,087	23,98,213
EXPENDITURE			
Network Operating Expenses	2.11	15,26,896	19,19,083
General & Administration Expenses	2.12	19,23,426	30,41,952
Financial Charges	2.13	-	797
		<u>34,50,322</u>	<u>49,61,832</u>
Profit/(Loss) Before Tax		<u>(17,52,235)</u>	<u>(25,63,619)</u>
Provision for:			
- Current Tax		-	-
Profit / (Loss) After Tax		<u>(17,52,235)</u>	<u>(25,63,619)</u>
Earnings Per Share – Basic and Diluted	2.15	(18)	(26)
Significant Accounting Policies	1		
Notes On Accounts	2		

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

As per our Report attached

For M. S. Sethi & Associates

Chartered Accountants
Regn. No. 109407W

For and on behalf of the Board

Andrew Goldie

Pradeep Bhat

} **Directors**

Manoj Sethi

Proprietor
Membership No. 39784

Place : Mumbai

Date : May 27, 2016

Reliance Communications (Singapore) Pte. Limited

Cash Flow Statement for the year ended March 31, 2016

	(Amount in ₹)	
	For the year ended March 31, 2016	For the year ended March 31, 2015
A CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit / (Loss) before tax as per Statement of Profit and Loss	(17,52,235)	(25,63,619)
Operating Profit / (Loss) before Working Capital Changes	<u>(17,52,235)</u>	<u>(25,63,619)</u>
Adjusted for:		
Receivables & Advances	27,585	(33,28,121)
Trade Payables & Other Provisions	11,10,030	13,99,598
Effect of Exchange Difference on Translation of Assets & Liabilities	(5,69,692)	3,32,813
Net Cash used in Operating Activities	<u>(11,84,312)</u>	<u>(41,59,329)</u>
B CASH FLOW FROM INVESTING ACTIVITIES:	-	-
C CASH FLOW FROM FINANCING ACTIVITIES:	-	-
Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)	(11,84,312)	(41,59,329)
Opening Balance of Cash and Cash Equivalents	48,63,391	90,22,720
Closing Balance of Cash and Cash Equivalents	<u>36,79,078</u>	<u>48,63,391</u>

Note:

Cash and Cash Equivalents include cash on hand and Balance with Bank

As per our Report attached

For and on behalf of the Board

For M. S. Sethi & Associates

Chartered Accountants
Regn. No. 109407W

Andrew Goldie

Pradeep Bhat

} **Directors**

Manoj Sethi

Proprietor
Membership No. 39784

Place : Mumbai

Date : May 27, 2016

Reliance Communications (Singapore) Pte. Limited

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

Note 1: Significant Accounting Policies

1.01 Basis of preparation of financial statements :

The Financial Statements are prepared under historical cost convention in accordance with the generally accepted accounting principles (GAAP) in India and Comply with Accounting Standard specified under Section 133 the Companies Act, 2013 ("the Act") read with Rule 7 of the Companies (Accounts) Rules, 2014 and other provisions of the Act to the extent notified and applicable, as well as applicable note and pronouncements of the Institute of Chartered Accountants of India (the ICAI).

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

1.02 Use of Estimates :

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

1.03 Revenue recognition :

Revenue is recognised as and when the services are provided on the basis of actual usage of the Company's network.

Interest Income is recognised using the time proportion method, based on the underlying interest rates.

1.04 Foreign Currency Transactions :

Exchange difference arising either on settlement or on translation of monetary items is recognised in the Statement of Profit and Loss.

1.05 Taxes on Income and Deferred Tax :

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

1.06 Provisions, Contingent Liabilities and Contingent Assets :

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

1.07 Earning per Share :

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

Reliance Communications (Singapore) Pte. Limited

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

Note			(Amount in ₹)	
	As at March 31, 2016		As at March 31, 2015	
2.01 Share Capital				
Authorised Capital				
1,00,000 (Previous year 1,00,000) Equity Shares of USD 1 each	48,00,175			45,28,125
	48,00,175			45,28,125
Issued, Subscribed and Paid-up				
1,00,000 (Previous year 1,00,000) Equity Shares of USD 1 each fully paid-up	48,00,175			45,28,125
	48,00,175			45,28,125
1) Details of Shares held by Holding Company				
Particulars	% of Holding	No. of Shares	% of Holding	No. of Shares
Reliance Globalcom BV	100	1,00,000	100	1,00,000
2) Details of shareholders holding more than 5% share in the company:				
Particulars	% of Holding	No. of Shares	% of Holding	No. of Shares
Reliance Globalcom BV	100	1,00,000	100	1,00,000
3) The Company has only one class of equity shares having a par value of USD 1 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holder of equity share will be entitled to receive remaining assets of the Company.				
4) Reconciliation of shares outstanding at the beginning at the end of the year				
	No. of Shares	Amt (₹)		Amt (₹)
Equity shares				
At the beginning of the year	1,00,000	48,00,175	1,00,000	45,28,125
Add/(Less) : Changes during the year	-	-	-	-
At the end of the year	1,00,000	48,00,175	1,00,000	45,28,125
2.02 Reserves and Surplus				
Exchange Fluctuation Reserve		1,58,82,77,963		64,81,11,850
Statement of Profit and Loss				
As per last Balance Sheet		15,01,82,76,687		15,02,08,40,306
Add: Profit/(Loss) for the year		(17,52,235)		(25,63,619)
Total Reserves and Surplus		15,01,65,24,452		15,01,82,76,687
		16,60,48,02,415		15,66,63,88,537
2.03 Trade Payables				
Trade and Other Payables		9,18,791		3,26,474
		9,18,791		3,26,474
2.04 Other Current Liabilities				
Outstanding Liabilities		18,76,298		25,02,619
Payable to Related Parties (Refer Note 2.17)		1,32,02,938		1,30,45,439
Advances from Customers		22,20,916		8,82,750
		1,73,00,152		1,64,30,808

Reliance Communications (Singapore) Pte. Limited

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

Note	(Amount in ₹)	
	As at March 31, 2016	As at March 31, 2015
2.05 Long Term Loans & Advances (Unsecured, Considered Good unless stated otherwise)		
Loans to related party (Refer Note 2.17)	16,62,33,79,500	15,68,12,50,000
	<u>16,62,33,79,500</u>	<u>15,68,12,50,000</u>
2.06 Trade Receivables Due for more than six months		
Considered Good	1,33,870	-
Others		
Considered Good	-	6,05,790
	<u>1,33,870</u>	<u>6,05,790</u>
2.07 Cash and Bank Balances		
Balance with Banks		
In Current Account	36,79,078	48,63,391
	<u>36,79,078</u>	<u>48,63,391</u>
2.08 Short Term Loans and Advances (Unsecured, Considered Good unless stated otherwise)		
Prepaid Expenses	1,97,043	2,04,358
Advance to Related party (Refer Note 2.17)	2,65,020	2,50,000
VAT Receivable International	-	1,39,451
	<u>4,62,063</u>	<u>5,93,809</u>
2.09 Other Current Assets (Unsecured, Considered Good unless stated otherwise)		
Deposit	1,67,022	1,57,500
Others	-	2,03,454
	<u>1,67,022</u>	<u>3,60,954</u>

Reliance Communications (Singapore) Pte. Limited

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

Note	(Amount in ₹)	
	For the year ended March 31, 2016	For the year ended March 31, 2015
2.10 Revenue		
Reliance India Call		
Post Paid	4,17,898	7,88,177
Prepaid	12,80,189	16,10,036
	<u>16,98,087</u>	<u>23,98,213</u>
2.11 Network Operating Expenses		
Carrier Charges	8,20,394	9,51,178
Toll Free Access	5,11,819	9,67,905
Licence Fee	1,94,683	-
	<u>15,26,896</u>	<u>19,19,083</u>
2.12 General & Administration Expenses		
Bank Charges	39,515	3,15,282
Call Centre Charges	6,02,846	3,09,446
Audit Fees	4,72,198	6,11,530
Professional Fee	8,08,867	18,05,694
	<u>19,23,426</u>	<u>30,41,952</u>
2.13 Financial Charges		
Exchange Loss	-	797
	<u>-</u>	<u>797</u>
2.14	The Previous year's figures have been reworked, regrouped, rearranged and reclassified wherever necessary.	
2.15 Earnings per share	For the year ended March 31, 2016	For the year ended March 31, 2015
Profit / (loss) after tax	(17,52,235)	(25,63,619)
Weighted average number of equity shares	1,00,000	1,00,000
Nominal value per equity share	1	1
Earning per share - Basic and Diluted	(18)	(26)

2.16 Segment Reporting

The Company has not identified any separate reportable segment as given in AS -17, as referred in Rule 7 of Companies (Accounts) Rules 2014, as all the activities of the Company relates to International Long Distance business as used for the internal business reporting systems.

Reliance Communications (Singapore) Pte. Limited

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

2.17 Related Party Transactions

As per the Accounting Standard 18 (AS-18), referred in Rule 7 of Companies (Accounts) Rules 2014, the disclosures of transactions with the related parties.

i) List of Related Parties with whom transactions have taken place and relationships.

Sr. No.	Name of the Related Party	Relationship
1	Reliance Communications Ltd.	Ultimate Holding Company
2	Reliance Globalcom B.V.	Holding Company
3	Reliance Communications (New Zealand) Pte Ltd	Fellow-Subsidiary Company
4	Reliance Communications Inc.	Fellow-Subsidiary Company
5	Reliance Communications Infrastructure Ltd	Fellow-Subsidiary Company
6	Reliance Communications International Inc.	Fellow-Subsidiary Company
7	Reliance Communications (Hong Kong) Ltd	Fellow-Subsidiary Company

ii) Transactions with related parties and closing balances

(Amount in ₹)

(Figures in brackets are pertaining to Previous year)

Entity Name	During the Year 2015-16		As at March 31, 2016	
	Call Centre Expenses	Carrier Expenses	Loans & Advances	Other Current Liabilities & Payables
Reliance Communications Inc.		8,20,394		64,16,730
		(9,51,178)		(64,37,000)
Reliance Communications International Inc.				32,076
				(30,250)
Reliance Communications (New Zealand) Pte Ltd				15,64,244
				(16,12,852)
Reliance Communications Infrastructure Ltd		-		64,731
	(52,164)			(61,063)
Reliance Communications (Hong Kong) Ltd				51,25,156
				(48,34,688)
Reliance Globalcom B. V.			1662,33,79,500	
			(1568,12,50,000)	
Reliance Communications Ltd.			2,65,020	
			(2,50,000)	

2.18 The amounts relating to Balance Sheet items appearing in Indian Rupees have been translated at Closing Rate of 1 USD = ₹ 66.255 (Previous year 1USD = ₹ 62.50) and items relating to statement of profit and loss have been translated at average rate of 1 USD = ₹ 65.46 and (Previous year 1 USD = ₹ 61.15)

As per our Report attached

For and on behalf of the Board

For M. S. Sethi & Associates

Chartered Accountants
Regn. No. 109407W

Andrew Goldie

Pradeep Bhat

} **Directors**

Manoj Sethi

Proprietor
Membership No. 39784

Place : Mumbai

Date : May 27, 2016

Anupam Global Soft (U) Ltd.

Independent Auditor's Report

To

**The Board of Directors of
Anupam Global Soft (U) Ltd.**

We have audited the accompanying standalone financial statements of Anupam Global Soft (U) Ltd. ("the Company"), which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India including Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We conducted our audit in accordance with the Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion whether the Company has in place an adequate Internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016 and its profit and its cash flows for the year ended on that date.

Other Reporting Requirements

We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account.

Other Matters

This report is issued for the information and use of the Board of Directors of the Company and of Reliance Communications Limited, the ultimate holding company in India to comply with the financial reporting requirements in India and should not be used for any other purposes without our prior written consent.

For M S Sethi & Associates

Chartered Accountants
Firm Regn. No. 109407W

Manoj Sethi

Proprietor
Membership No. 39784

Place: Mumbai
Dated: May 27, 2016

Anupam Global Soft (U) Ltd.

Balance Sheet as at March 31, 2016

		(Amount in ₹)	
		As at March 31, 2016	As at March 31, 2015
EQUITY AND LIABILITIES			
	Notes		
Shareholders' Funds			
(a) Share Capital	2.01	5,96,88,000	6,40,12,500
(b) Reserves and Surplus	2.02	(3,49,88,626)	(3,96,16,310)
Current Liabilities			
(a) Short Term Borrowing	2.03	15,37,65,133	16,69,94,761
(b) Trade Payable	2.04	2,89,37,016	3,10,32,966
(c) Other Current Liabilities	2.05	15,931	17,085
	Total	20,74,17,454	22,24,41,002
ASSETS			
Fixed Assets			
(a) Capital Work In Progress		7,94,91,251	8,52,48,918
Current Assets			
(a) Cash and Bank Balances	2.06	9,70,10,461	10,40,64,167
(b) Other Current Assets	2.07	3,09,15,742	3,31,27,917
	Total	20,74,17,454	22,24,41,002

Significant Accounting Policies

1

Notes on Accounts

2

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

As per our report of even date

Anupam Global Soft (U) Ltd.

For M. S. Sethi & Associates

Sanjay K Jain

Chartered Accountants
Regn. No. 109407W

B. K. Sinha

} Directors

Manoj Sethi

Proprietor
Membership No. 39784

Place : Mumbai

Date : May 27, 2016

Anupam Global Soft (U) Ltd.

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

		(Amount in ₹)	
	Notes	For the year ended March 31, 2016	For the year ended March 31, 2015
Income			
Other Income	2.08	-	27,957
		-	27,957
Expenditure			
General Administration Expenses		-	-
		-	-
Profit Before Tax		-	27,957
Current Tax		-	-
Profit After Tax		-	27,957
Basic and Diluted Earning per Share of Ushs 1,00,000 each	2.10	-	0.93

Significant Accounting Policies

1

Notes on Account

2

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

As per our report of even date

Anupam Global Soft (U) Ltd.

For M. S. Sethi & Associates

Chartered Accountants
Regn. No. 109407W

Sanjay K Jain

B. K. Sinha

} Directors

Manoj Sethi

Proprietor
Membership No. 39784

Place : Mumbai

Date : May 27, 2016

Anupam Global Soft (U) Ltd.

Cash Flow Statement for the year ended March 31, 2016

	(Amount in ₹)	
	For the year ended March 31, 2016	For the year ended March 31, 2015
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax as per Statement of Profit and Loss	-	27,957
Adjusted for:		
Interest Income	-	(27,957)
Operating Profit before Working Capital Changes	-	0
Adjusted for:		
Other Current Liabilities	-	27,097
Effect of Exchange difference on translation of Assets & Liabilities	(70,25,749)	(1,22,01,268)
Net Cash from/(used in) Operating Activities	(70,25,749)	(1,21,74,171)
B CASH FLOW FROM INVESTING ACTIVITIES		
Interest Income	-	27,957.00
Net Cash from Investing Activities	-	27,957.00
C CASH FLOW FROM FINANCING ACTIVITIES	-	-
Net Increase/ (Decrease) in Cash and Cash Equivalents	(70,25,749)	(1,21,46,214)
Opening Balance of Cash and Cash Equivalents	10,40,64,167	11,62,10,381
Closing Balance of Cash and Cash Equivalents	9,70,10,461	10,40,64,167

Note:

Cash and Cash Equivalents includes cash on hand, cheques on hand.

As per our report of even date

For M. S. Sethi & Associates

Chartered Accountants
Regn. No. 109407W

Manoj Sethi

Proprietor
Membership No. 39784

Place : Mumbai

Date : May 27, 2016

Anupam Global Soft (U) Ltd.

Sanjay K Jain

B. K. Sinha

} **Directors**

Anupam Global Soft (U) Ltd.

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

Note :1 Significant Accounting Policies

1.01 Basis of Preparation of Financial Statements

The financial statements are prepared under historical cost convention, in accordance with the generally accepted accounting principles (GAAP) in India and Comply with Accounting Standard specified under Section 133 of the Companies Act, 2013 ("the Act") read with Rule 7 of the Companies (Accounts) Rules, 2014 and other provisions of the Act, to the extent notified and applicable as well as applicable guidance note and pronouncements of the Institute of Chartered Accountants of India (the ICAI).

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

1.02 Revenue Recognition

Interest Income is recognised on time proportion basis.

1.03 Use of Estimates

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

1.04 Taxes on Income and Deferred Tax

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

1.05 Earning per Share

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

1.06 Provisions, Contingent Liabilities and Contingent Assets

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

1.07 Fixed Assets

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

1.08 Foreign Currency Transactions

Exchange difference arising either on settlement or on translation of monetary items is recognised in Statement of Profit and Loss.

Anupam Global Soft (U) Ltd.

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

	As at March 31, 2016	(Amount in ₹) As at March 31, 2015
Note: 2.01		
Share Capital		
Authoried Capital		
30,000 (Previous year 30,000) ordinary shares par value ushs 1,00,000 each	5,96,88,000	6,40,12,500
	<u>5,96,88,000</u>	<u>6,40,12,500</u>
Issued, Subscribed and Paid up		
30,000 (Previous year 30,000) ordinary shares par value ushs 1,00,000 each fully paid up	5,96,88,000	6,40,12,500
	<u>5,96,88,000</u>	<u>6,40,12,500</u>

1) Details of Shares held by holding Company:

Particulars	% of Holding	No. of Shares	% of Holding	No. of Shares
Reliance Globalcom BV	90	27,000	90	27,000

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

Particulars	% of Holding	No. of Shares	% of Holding	No. of Shares
Reliance Globalcom BV	90	27,000	90	27,000
M. N. Holdings Company Limited	8.97	2,690	8.97	2,690

3) The Company has only one class of ordinary shares having a par value of 100000 ushs per share. Each holder of ordinary shares is entitled to one vote per share. In the event of liquidation of the Company, the holder of ordinary share will be entitled to receive remaining assets of the Company.

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

Ordinary Shares	Number	₹	Number	₹
At the beginning of the year	30 000	5,96,88,000	30 000	6,40,12,500
Add/Less: Changes during the year	-	-	-	-
At the end of the year	<u>30 000</u>	<u>5,96,88,000</u>	<u>30 000</u>	<u>6,40,12,500</u>

Anupam Global Soft (U) Ltd.

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

	As at March 31, 2016	(Amount in ₹) As at March 31, 2015
Note: 2.02		
Reserve & Surplus		
Exchange Fluctuation Reserve	(3,52,31,984)	(3,98,59,668)
Statement of Profit & Loss	2,43,358	2,15,401
Add: Profit for the year	-	27,957
	<u>2,43,358</u>	<u>2,43,358</u>
	<u>(3,49,88,626)</u>	<u>(3,96,16,310)</u>
Note: 2.03		
Short Term Borrowings		
Unsecured		
From Related Party (Refer Note 2.11)	<u>15,37,65,133</u>	<u>16,69,94,761</u>
	<u>15,37,65,133</u>	<u>16,69,94,761</u>
Note: 2.04		
Trade Payable		
Others	<u>2,89,37,016</u>	<u>3,10,32,966</u>
	<u>2,89,37,016</u>	<u>3,10,32,966</u>
Note: 2.05		
Other Current Liabilities		
Other Liabilities	<u>15,931</u>	<u>17,085</u>
	<u>15,931</u>	<u>17,085</u>
Note: 2.06		
Cash & Bank Balance		
Balance With Bank in current account	28,89,431	30,98,717
Cash on hand	27	29
Fixed Deposits with Banks with less than 3 months maturity	<u>9,41,21,003</u>	<u>10,09,65,421</u>
	<u>9,70,10,461</u>	<u>10,40,64,167</u>
Note: 2.07		
Other Current Assets		
(Unsecured, Considered good – unless stated otherwise)		
Deposits	1,04,210	1,11,758
Others	<u>3,08,11,532</u>	<u>3,30,16,159</u>
	<u>3,09,15,742</u>	<u>3,31,27,917</u>
Note: 2.08		
Other Income		
Interest on Fixed Deposit	-	27,957
	<u>-</u>	<u>27,957</u>

Anupam Global Soft (U) Ltd.

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

Note : 2.09

Figures for the previous year have been regrouped/ reclassified/ rearranged wherever necessary to make them comparable to those for the current year.

Note : 2.10

Earning Per Share

(Amount in ₹)
For the year ended
March 31, 2016

For the year ended
March 31, 2015

Net Profit (Numerator used for calculation)	-	27 957
Weighted Average number of Equity Shares used as denominator for calculating EPS	30 000	30 000
Basic and Diluted Earning Per Share of ushs 1,00,000 each	-	. 93

Note : 2.11

As per Accounting Standard 18, Referred in Rule 7 of Companies Accounts Rule 2014, the disclosures of transactions with the related parties as defined in the Accounting Statdard are given below:

Name of the Related Party

Relationship

1 Reliance Globalcom B.V

Holding Company

Transaction during the year with related party

NIL

Closing Balance:

Particulars	As at	As at
	March 31, 2016	March 31, 2015
Short Term Borrowing	15,37,65,133	16,69,94,761

Note : 2.12

The amounts relating to Balance Sheet items appearing in Indian Rupees have been translated at Closing Rate of ₹ 1 = 0.019896 ushs (Previous year ₹ 1 = 0.021338 ushs) and items relating to profit and loss have been translated at average rate of ₹ 1 = 0.017269 ushs and (Previous year ₹ 1 = 0.022052 ushs).

As per our report of even date

Anupam Global Soft (U) Ltd.

For M. S. Sethi & Associates

Chartered Accountants
Regn. No. 109407W

Sanjay K Jain

B. K. Sinha

} Directors

Manoj Sethi

Proprietor
Membership No. 39784

Place : Mumbai

Date : May 27, 2016

RELIANCE GLOBALCOM LIMITED

Independent Auditor's Report

To
The Board of Directors of Reliance Globalcom Limited

Report on the Standalone Financial Statements

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

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India including Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion whether the Company has in place an adequate Internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements read together with the notes thereon give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016 and its profit and its cash flows for the year ended on that date.

Other Reporting Requirements

We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account.

Other Matters

This report is issued for the information and use of the Board of Directors of the Company and of Reliance Communications Limited, the holding company in India to comply with the financial reporting requirements in India and should not be used for any other purposes without our prior written consent.

For Shridhar & Associates
Chartered Accountants
Firm Registration No.: 134427W

Jitendra Sawjany
Partner
Membership No. 050980

Place: Mumbai
Dated: May 27, 2016

RELIANCE GLOBALCOM LIMITED

Balance Sheet as at March 31, 2016

	Note	As at March 31, 2016	Amount in ₹ As at March 31, 2015
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2.01	24,79,95,74,462	23,39,40,59,376
Reserves and Surplus	2.02	47,30,51,84,543	39,26,92,81,427
		<u>72,10,47,59,005</u>	<u>62,66,33,40,803</u>
Non Current Liabilities			
Other Long Term Liabilities	2.03	4,63,30,88,116	5,41,77,53,603
Long Term Provisions	2.04	2,35,43,968	18,88,37,639
		<u>4,65,66,32,084</u>	<u>5,60,65,91,242</u>
Current Liabilities			
Short Term Borrowings	2.05	3,40,93,39,619	1,93,51,66,094
Trade Payable	2.06	4,25,56,98,264	22,06,74,29,430
Other Current Liabilities	2.07	62,35,33,83,866	57,29,81,93,499
Short Term Provisions	2.08	10,65,60,500	10,05,21,231
		<u>70,12,49,82,249</u>	<u>81,40,13,10,254</u>
TOTAL		<u>1,46,88,63,73,338</u>	<u>1,49,67,12,42,299</u>
ASSETS			
Non Current Assets			
Fixed Assets			
Tangible Assets	2.09	43,45,32,15,632	43,23,33,93,466
Intangible Assets	2.09	9,02,13,062	-
Capital Work-in-Progress	2.09	97,59,59,380	15,40,45,575
		<u>44,51,93,88,074</u>	<u>43,38,74,39,041</u>
Non Current Investments	2.10	45,00,92,583	42,77,70,862
Long-Term Loans and Advances	2.11	47,72,82,27,473	44,33,46,65,132
Other Non-Current assets	2.12	4,90,28,700	4,62,50,000
		<u>92,74,67,36,829</u>	<u>44,80,86,85,994</u>
Current Assets:			
Current Investment			
Trade Receivables	2.13	5,89,51,03,325	4,19,81,65,662
Cash and Cash Equivalent	2.14	3,21,68,98,434	1,33,61,69,022
Short-Term Loans and Advances	2.15	44,91,89,81,482	55,43,18,57,812
Other Current Assets	2.16	10,86,53,268	50,89,24,768
		<u>54,13,96,36,509</u>	<u>61,47,51,17,264</u>
TOTAL		<u>1,46,88,63,73,338</u>	<u>1,49,67,12,42,299</u>
Significant Accounting Policies	1		
Notes forming part of Financial Statements	2		

As per our report attached

For Shridhar & Associates
Chartered Accountants
Firm Regn. No. 134427W

Jitendra Sawjany
Partner
Membership No : 050980

Place : Mumbai
Date : May 27, 2016

For and on behalf of the Board

Janet Troxell
Wilfred Tai Lai Kwan } **Directors**

RELIANCE GLOBALCOM LIMITED

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

		Amount in ₹	
	Note	For the year ended March 31, 2016	For the year ended March 31, 2015
Income			
Service Income	2.17	17,36,24,26,001	11,09,03,39,646
Other Income	2.18	59,55,99,911	22,96,24,301
		<u>17,95,80,25,912</u>	<u>11,31,99,63,947</u>
Expenditure			
Network Operation Expenses	2.19	4,72,59,72,855	4,66,11,27,826
Employee Benefits Expense	2.20	52,64,77,751	34,28,83,926
Depreciation and Amortization Expense	2.21	2,96,74,73,211	4,22,99,64,773
Sales and General Administration Expenses	2.22	43,44,41,433	47,81,27,071
		<u>8,65,43,65,250</u>	<u>9,71,21,03,596</u>
Profit/(Loss) Before Tax		<u>9,30,36,60,662</u>	<u>1,60,78,60,351</u>
Provision for Taxation - Current Tax		(49,41,31,058)	9,83,54,755
Profit / (Loss) After Tax		<u>9,79,77,91,720</u>	<u>1,50,95,05,596</u>
Earning Per Share (Basic and Diluted)	2.27	0.31000	0.04776
Significant Accounting Policies	1		
Notes forming part of Financial Statements	2		

As per our report attached

For Shridhar & Associates
Chartered Accountants
Firm Regn. No. 134427W

Jitendra Sawjany
Partner
Membership No : 050980

Place : Mumbai
Date : May 27, 2016

For and on behalf of the Board

Janet Troxell
Wilfred Tai Lai Kwan } **Directors**

RELIANCE GLOBALCOM LIMITED

Cash Flow Statement for the year ended March 31, 2016

Particulars	For the year ended March 31, 2016	Amount in ₹ For the year ended March 31, 2015
A) CASH FLOW FROM OPERATING ACTIVITIES:		
Profit/(Loss) Before Tax	9,30,36,60,662	1,60,78,60,351
Adjustments for:		
Depreciation and Amortisation	2,96,74,73,211	5,10,53,38,870
Amount transferred to General Reserve	-	(87,53,74,097)
	<u>2,96,74,73,211</u>	<u>4,22,99,64,773</u>
	12,27,11,33,873	5,83,78,25,124
(Increase)/ Decrease in Trade Receivables	5,75,99,44,248	55,56,79,87,855
Increase/ (Decrease) in Liabilities and Provisions	(17,52,07,51,379)	(62,50,55,70,862)
Effects of exchange differences on translation of Assets & Liabilities	<u>1,30,66,72,744</u>	<u>53,46,90,109</u>
	1,81,69,99,486	(6,40,28,92,898)
Income Taxes Paid	49,41,31,058	14,35,12,278
Net Cash from/(used in) Operating Activities (A)	<u>2,31,11,30,544</u>	<u>(42,15,55,496)</u>
B) CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets (Including Capital Work in Progress)	<u>(1,90,45,74,657)</u>	(23,87,55,08,166)
Net Cash from/(Used in) Investing Activities (B)	<u>(1,90,45,74,657)</u>	(23,87,55,08,166)
C) CASH FLOW FROM FINANCING ACTIVITIES:		
Issue of Equity Share	-	6,41,71,97,063
Issue of shares at Premium	-	17,09,48,83,500
Loan taken/ (repayment)	1,47,41,73,524	1,93,51,66,094
Net Cash from/(Used in) Financing Activities (C)	<u>1,47,41,73,524</u>	25,44,72,46,657
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	<u>1,88,07,29,412</u>	<u>1,15,01,82,995</u>
Cash and Cash Equivalents at the Beginning of the year	1,33,61,69,022	18,59,86,027
Cash and Cash Equivalents at the End of the year	<u>3,21,68,98,434</u>	<u>1,33,61,69,022</u>

As per our report attached

For Shridhar & Associates
Chartered Accountants
Firm Regn. No. 134427W

Jitendra Sawjany
Partner
Membership No : 050980

Place : Mumbai
Date : May 27, 2016

For and on behalf of the Board

Janet Troxell
Wilfred Tai Lai Kwan } **Directors**

RELIANCE GLOBALCOM LIMITED

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

Note # 1

SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation of Financial Statements

The financial statements are prepared under historical cost convention, in accordance with the generally accepted accounting principles (GAAP) in India and Comply with Accounting Standard specified under Section 133 of the Companies Act, 2013 ("the Act") read with Rule 7 of the Companies (Accounts) Rules, 2014 and other provisions of the Act, to the extent notified and applicable as well as applicable guidance note and pronouncements of the Institute of Chartered Accountants of India (the ICAI).

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

b) Revenue Recognition

i) Indefeasible Rights of Use

The Company sells Right of Use (ROU) that provide customers with network capacity, typically over a 10 to 15 year period without transferring the legal title or giving an option to purchase the network capacity. Revenue from cancellable ROU arrangements are accounted as operating lease and recognised over the life of the contract.

Revenue from non cancellable ROU arrangements is recognised upfront as licensing income on activation of services.

Bills raised on customers/ payments received from customers for long term contracts and for which revenue is not recognised are included in deferred revenue.

ii) Operations and Maintenance Charges

The Company provides operation and maintenance services over the life of the capacity contract, for which the Company receives Operation and Maintenance charges. Operation and maintenance charges are invoiced separately from capacity sales. Revenues relating to maintenance are recognized over the period in which the service is provided.

iii) Network Services

Network services include Capacity lease services, IP transit, IPLC (private lines leased to customers), backup service for other network operators and all other services. The customer typically pays the charges for network services periodically over the life of the contract, which may be up to three years. Network Services revenue is recognized in the Company's income statement over the term of the contract.

iv) Unearned Income

Unearned income represents income billed in accordance with the contract but not recognised in Statement of Profit and Loss as at the Balance Sheet date. Unearned income net of the amount recognisable within one year is disclosed as unearned income in non-current liabilities and the amount recognisable within one year is disclosed as unearned income in current liabilities.

v) Unbilled Revenue

Where the services are performed prior to billing, an accrued income is recognised in unbilled revenue

c) Employee Benefits

Eligible employees of the Company are covered by defined contribution pension plan/provident fund scheme. Contribution to the plan/fund is made to the insurance companies/local regulatory authorities, where the Company has no further obligations. Such benefits are classified as defined contribution schemes, as the Company does not carry any further obligations apart from the contributions made on a monthly basis.

The Company does not have any material defined benefits plans.

d) Use of Estimates

The presentation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the group reporting package and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known / materialized.

e) Current and Deferred tax

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

Deferred tax is recognised for all the timing differences, subject to the consideration of prudence in respect of deferred tax assets. Deferred tax assets are recognised and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. However, where there is unabsorbed depreciation or carry forward loss, the deferred tax asset is recognised and carried forward only to the extent that there is a virtual certainty that the assets will be realised in future. Deferred tax assets and liabilities are measured using

RELIANCE GLOBALCOM LIMITED

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

the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. At each Balance Sheet date, the Company re-assesses unrecognised deferred tax asset if any.

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

f) Fixed Assets

i) Tangible Fixed Assets

Tangible Assets are stated at cost of acquisition or construction (except revalued assets) including financing cost till commencement of commercial operations, net charges of foreign exchange contracts and adjustments arising from exchange rate variations, directly attributable to fixed assets.

Costs incurred prior to the capital project's completion are reflected as construction in progress, which is reclassified to fixed assets on the date of completion of project and which is placed in service. Construction in progress is stated at cost. Capitalized costs include costs incurred under the construction contract, engineering and consulting fees, legal fees related to obtaining landing right licenses, interest costs related to program management, costs for the route surveys, indirect costs associated with cable systems and points of presence ("PoPs"), and other costs incurred in the development of the Company's global network.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the Statement of Profit and Loss during the financial period in which they are incurred.

Depreciation on Tangible Asset

Depreciation is provided on a pro-rata basis on the straight-line method over the estimated useful lives of the assets as follows:

Assets	Estimated Useful Lives
Network assets	the shorter of 15 to 25 years or remaining useful lives
Computers	3 to 6 years
Furniture and Fixtures.....	3 to 7 years
Leasehold improvements.....	Over the life of the lease.
Vehicles.....	5 years

The estimated useful life of network assets is determined based on the estimated period over which they will generate revenue.

ii) Intangible Assets

Intangible Assets are stated at acquisition cost, net of accumulated amortisation and accumulated impairment losses, if any. Gains or losses arising from the retirement or disposal of an intangible asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognised as income or expense in the Statement of Profit and Loss.

Amortisation of Intangible Assets

Software..... 5 years

Indefeasible Right of Use.....Fully amortised in the year of purchase

Indefeasible Right of Use are fully amortized in the year of purchase

iii) Impairment of Assets

Assessment is done at each Balance Sheet date as to whether there is any indication that an asset (tangible and intangible) may be impaired. For the purpose of assessing impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets, is considered as a cash generating unit. If any such indication exists, an estimate of the recoverable amount of the asset/cash generating unit is made. Assets whose carrying value exceeds their recoverable amount are written down to the recoverable amount. Recoverable amount is higher of an asset's or cash generating unit's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Assessment is also done at each Balance Sheet date as to whether there is any indication that an impairment loss recognised for an asset in prior accounting periods may no longer exist or may have decreased.

RELIANCE GLOBALCOM LIMITED

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

iv) Reciprocal Transactions

The Company has exchanged capacity with other capacity or service providers with dissimilar capacity and assets which are accounted for at fair market value and an adjustment is made for balancing payment of cash as consideration over the fair market value.

v) Asset Retirement Obligation ('ARO')

The cost of tangible assets also includes, where applicable, costs of its dismantlement, removal or restoration, the obligation for which an entity incurs as a consequence of installing the item. This liability is estimated based on the best estimate of the expenditure required to settle the obligation. A corresponding liability is created for the amount recognised. Subsequent changes in the asset retirement obligation due to change in the estimated timing or amount of the outflow of resources embodying economic benefits required to settle the obligation are adjusted in the cost of the asset prospectively. In case of decrease in liability, it is first reduced from the carrying value of the related Network Assets and the excess amount, if any, is credited to the Statement of Profit and Loss.

The asset retirement obligation is depreciated over the estimated useful life of the asset for which the obligation has been created.

g) Foreign Currency Translation

i) Initial Recognition

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

ii) Subsequent Recognition

As at the reporting date, non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. All non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined. All monetary assets and liabilities in foreign currency are restated at the end of accounting period.

h) Investment

Investments that are readily realisable and are intended to be held for not more than one year from the date, on which such investments are made, are classified as current investments. All other investments are classified as long term investments. Current investments are carried at cost or fair value, whichever is lower. Long-term investments are carried at cost. However, provision for diminution is made to recognise a decline, other than temporary, in the value of the investments, such reduction being determined and made for each investment individually

i) Cash and Cash Equivalents

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

j) Provisions, Contingent Liabilities and Contingent Assets

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

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

Contingent assets: Contingent assets are neither recognised nor disclosed in the financial statements.

k) Earnings Per Share

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

RELIANCE GLOBALCOM LIMITED

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

	As at March 31, 2016	Amount in ₹ As at March 31, 2015
NOTE # 2.01		
Share Capital		
Authorised		
42,677,200,000 (March 31, 2015; 31,605,515,300) Class A common Shares of US \$ 0.01 each	28,27,57,78,860	26,67,32,50,000
	<u>28,27,57,78,860</u>	<u>-</u> <u>26,67,32,50,000</u>
Issued ,Subscribed and Paid up:		
31,605,515,300 (March 31, 2015; 31,605,515,300) Equity shares of US \$ 0.01 each fully paid up	20,94,02,34,162	19,75,34,47,063
Additional paid in capital	3,85,93,40,300	3,64,06,12,313
	<u>24,79,95,74,462</u>	<u>3,64,06,12,313</u> <u>23,39,40,59,376</u>

a) Reconciliation of number of Class A Common Shares

	As at March 31, 2016		As at March 31, 2015	
	No. of Shares	Amount in ₹	No. of Shares	Amount in ₹
Balance as at the beginning of the year	31,60,55,15,300	19,75,34,47,063	21,33,80,00,000	13,33,62,50,000
Add: Common share issued during the year	-	-	10,26,75,15,300	6,41,71,97,063
Less: Common shares cancelled on buy back	-	-	-	-
Balance as at the end of the year	<u>31,60,55,15,300</u>	<u>19,75,34,47,063</u>	<u>31,60,55,15,300</u>	<u>19,75,34,47,063</u>

Note:

During previous year, the Company has issued 10,267,515,300 Common shares to GCX Limited at premium of ₹ 1,709 crore aggregating value of ₹ 2,351 crore in settlement of purchase of Hawk cable of assets ₹ 2,188 crore and intercompany liabilities ₹ 164 crore.

b) Rights, preferences and restriction attached to shares

The Company has only Class A Common Shares having a par value of US\$ 0.01 each. Each holder of shares is entitled to one vote per share. In the event of liquidation of the Company, the holder of shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of shares held by the shareholder.

Previous year, GCX Limited has raised "7% Senior Secured Notes 2019" of ₹ 2,319 crore. The notes are guaranteed by the Company and secured by the way of pledge of equity shares of subsidiary guarantor.

c) Shares held by the Ultimate Holding company and Holding Company	No. of Shares	No. of Shares
Class A Common Shares		
GCX Limited, the Holding Company	31,60,43,15,300	31,60,43,15,300
Reliance Communication Limited, the Ultimate Holding Company	12,00,000	12,00,000
	<u>31,60,55,15,300</u>	<u>31,60,55,15,300</u>

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

	As at March 31st, 2016	As at March 31st, 2015
Class A Common shares		
GCX Limited, the Holding Company	31,60,43,15,300 (99.97%)	31,60,43,15,300 (99.97%)

RELIANCE GLOBALCOM LIMITED

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

	As at March 31, 2016	Amount in ₹ As at March 31, 2015
NOTE # 2.02		
Reserves and Surplus		
Security Premium Account		
Balance as per Last Balance Sheet	17,09,48,83,500	-
Add: Premium on Shares issued	-	17,09,48,83,500
	<u>17,09,48,83,500</u>	<u>17,09,48,83,500</u>
Revaluation Reserve -		
Balance as per Last Balance Sheet	1,48,81,93,681	2,36,35,67,778
Less: Transferred to Statement of Profit and Loss	-	87,53,74,097
Less: Transferred to General Reserve	<u>29,25,29,246</u>	-
	<u>1,19,56,64,435</u>	<u>1,48,81,93,681</u>
Foreign Currency Translation Reserve		
	4,91,78,52,793	2,43,94,21,398
General Reserve -		
Balance as per Last Balance Sheet	-	-
Add: Transferred from Revaluation Reserve	<u>29,25,29,246</u>	-
	<u>29,25,29,246</u>	-
Surplus /(Deficit) as per the Statement of Profit and Loss		
Balance as per Last Balance Sheet	18,24,67,82,848	16,73,72,77,252
Add: Profit /(Loss) for the year	9,79,77,91,720	1,50,95,05,596
Less: Dividend for the year	<u>4,24,03,20,000</u>	-
Balance as at the end of the year	<u>23,80,42,54,568</u>	<u>18,24,67,82,848</u>
Total Reserves and Surplus		
	<u>47,30,51,84,543</u>	<u>39,26,92,81,427</u>
During the year pursuant to board approval, the Company has declared an interim dividend of ₹ 4,24,03,20,000 (equivalent US\$ 64,000,000).		
NOTE # 2.03		
Other Long Term Liabilities		
Provision for Assets Retirement Obligations	1,68,48,94,459	1,58,94,02,996
Unearned Income	<u>2,94,81,93,657</u>	<u>3,82,83,50,607</u>
	<u>4,63,30,88,116</u>	<u>5,41,77,53,603</u>
NOTE # 2.04		
Long Term Provisions		
Provision for Gratuity	2,35,43,968	1,75,49,551
Income Tax Provision (net of advance tax)	-	17,12,88,088
	<u>2,35,43,968</u>	<u>18,88,37,639</u>

RELIANCE GLOBALCOM LIMITED

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

	As at March 31, 2016	Amount in ₹ As at March 31, 2015
NOTE # 2.05		
Short Term borrowings		
Loan from Body Corporate		
GCX Limited	3,40,93,39,619	1,93,51,66,094
(Refer Note 2.28)	3,40,93,39,619	1,93,51,66,094
NOTE # 2.06		
Trade Payables		
Sundry Creditors	77,36,57,337	58,10,44,740
Other Contractual Obligations	3,48,20,40,927	21,48,63,84,690
	4,25,56,98,264	22,06,74,29,430
NOTE # 2.07		
Other Current Liabilities		
Unearned Income-Current	1,59,43,25,885	1,71,18,36,518
Dividend Payable(Refer Note 2.28)	4,24,03,20,000	-
Employee Payable	1,03,43,277	4,94,18,042
Capital Creditors/Provision	5,86,46,918	47,86,76,226
Credit Note Provision	1,25,28,77,104	62,48,96,576
Group Company Payables(Refer Note 2.28)	55,19,68,70,682	54,43,33,66,137
	62,35,33,83,866	57,29,81,93,499
NOTE # 2.08		
Short Term Provisions		
Income Tax Provision (net of advance tax)	10,65,60,500	10,05,21,231
	10,65,60,500	10,05,21,231

RELIANCE GLOBALCOM LIMITED

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

NOTE # 2.09 Fixed Assets and Depreciation

Particulars	Amount in ₹											
	Gross Block					Depreciation					Net Block	
	As at April 1, 2015	Transfer	Additions during the year	Forex adjustment	As at March 31, 2016	As at April 1, 2015	For the year	Transfer	Forex adjustment	As at March 31, 2016	As at March 31, 2015	
Tangible Assets												
Leasehold Improvement	17,14,57,336	-	4,72,102	1,03,06,918	18,22,36,356	15,27,46,270	44,84,490	-	92,48,358	16,64,79,118	1,57,57,238	1,87,11,066
Computers	4,22,77,191	-	1,08,55,538	48,42,154	5,79,74,883	4,22,29,757	27,50,612	-	46,83,343	4,96,63,712	83,11,171	47,434
Furniture and Fixtures	2,85,147	-	-	17,132	3,02,279	2,85,147	-	-	17,131	3,02,278	-	-
Network Assets	1,14,62,99,54,378	17,39,51,294	49,93,84,217	6,89,02,28,328	1,21,84,56,15,629	71,41,53,19,413	2,84,26,31,121	15,67,60,857	4,31,52,78,729	78,41,64,68,406	43,42,91,47,223	43,21,46,34,965
Tangible Assets (A)	1,14,84,39,74,051	17,39,51,294	51,07,11,858	6,90,53,94,531	1,22,08,61,29,146	71,61,05,80,586	2,84,98,66,223	15,67,60,857	4,32,92,27,562	78,63,29,13,514	43,45,32,15,632	43,23,33,93,466
Previous Year	86,73,65,85,205	48,19,05,698	31,06,94,14,145	12,34,90,08,964	1,14,84,39,74,051	63,17,46,32,454	5,10,53,38,870	48,19,05,699	2,84,87,03,563	71,61,05,80,586	43,23,33,93,466	23,56,19,52,751
Intangible Assets												
Indefeasible Right of Connectivity	12,97,55,09,127	-	11,60,21,115	78,09,84,412	13,87,25,14,654	12,97,55,09,127	11,60,21,115	-	78,09,84,412	13,87,25,14,654	-	-
Software	-	-	9,06,92,167	11,06,769	9,17,98,936	-	15,85,874	-	-	15,85,874	9,02,13,062	-
Intangible Assets (B)	12,97,55,09,127	-	20,67,13,281	78,20,91,181	13,96,43,13,590	12,97,55,09,127	11,76,06,989	-	78,09,84,412	13,87,41,00,528	9,02,13,062	-
Previous Year	12,91,09,91,826	(48,19,05,698)	-	54,64,22,999	12,97,55,09,127	12,91,09,91,826	-	(48,19,05,698)	54,64,22,999	12,97,55,09,127	-	-
Total (A + B)	1,27,81,94,83,178	17,39,51,294	71,74,25,139	7,68,74,85,712	1,36,05,04,42,736	84,58,60,89,714	2,96,74,73,211	15,67,60,857	5,11,02,11,974	92,50,70,14,042	43,54,34,28,694	43,23,33,93,466
Previous year	99,64,73,77,032	31,06,94,14,145	31,06,94,14,145	12,89,54,31,963	1,27,81,94,83,178	76,08,56,24,280	5,10,53,38,870	-	3,39,51,26,562	84,58,60,89,714	43,23,33,93,466	-
Capital Work in Progress	-	-	-	-	-	-	-	-	-	-	97,59,59,380	15,40,45,575

RELIANCE GLOBALCOM LIMITED

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

	As at March 31, 2016	Amount in ₹ As at March 31, 2015
NOTE # 2.10		
Non Current Investments		
(Unquoted, Non Trade, At Cost)		
Investment in Subsidiaries :		
50,000(50,000) FLAG Telecom Singapore Pte. Limited, 1 SGD per Share	18,88,599	17,81,563
77,999 (77,999)Flag Telecom Asia Limited, 1 HKD per Share	6,66,773	6,28,984
2,94,000(2,94,000) Seoul Telenet Inc , 5000 South Korean Won per Share	7,35,49,961	6,93,89,999
10,00,00,000 (10,00,00,000)FLAG Holdings (Taiwan) Limited	17,82,84,678	16,81,80,400
840,00,000(840,00,000) FLAG Telecom Taiwan Limited	16,60,71,404	15,98,46,625
2(2) FLAG Atlantic UK Limited, 1 GBP per Share	133	125
2,500 (2,500)Reliance FLAG Atlantic France SAS, 16 Euro per Share	24,56,735	23,17,500
2(2) Flag telecom Deutschland GMBH, 12,500 Euro per Share	15,12,933	14,27,187
2(2) Reliance Globalcom U.K Limited, 1 GBP per Share	199	188
12,000 (12,000)FLAG Telecom Development Limited, 1 USD per Share	7,95,060	7,50,000
5 (5)Flag Telecom Development Services Company LLC, Egyptian Pounds Per Share	8,746	8,250
180(180) Flag Telecom Nederland BV, 100 Euro per Share	10,12,509	9,55,125
50,000 (50,000)Reliance Globalcom Limited, India of Rs.10 per Share	2,38,44,853	2,24,84,915
	45,00,92,583	42,77,70,862

NOTE # 2.11

Long-Term Loans and Advances

Capital Advance	2,20,55,100	5,96,58,257
Prepaid Expenses	9,51,54,09,577	8,39,08,89,813
Loans and Advances to Related Parties(Refer Note 2.28)	38,04,00,34,993	35,88,41,17,062
Advance Income Tax	15,07,27,803	-
	47,72,82,27,473	44,33,46,65,132

NOTE # 2.12

Other Non-Current Assets

Margin Money Deposits	4,90,28,700	4,62,50,000
	4,90,28,700	4,62,50,000

RELIANCE GLOBALCOM LIMITED

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

	As at March 31, 2016	Amount in ₹ As at March 31, 2015
NOTE # 2.13		
Trade Receivable		
(Unsecured)		
Due for More than Six months		
Considered Good	3,40,96,50,521	3,26,07,27,577
Considered Doubtful	74,69,84,822	74,41,79,202
	<u>4,15,66,35,343</u>	<u>4,00,49,06,779</u>
Provision for doubtful debts	74,69,84,822	74,41,79,202
	<u>3,40,96,50,521</u>	<u>3,26,07,27,578</u>
Others:		
Considered Good	2,48,54,52,804	93,74,38,084
Considered Doubtful	-	-
	<u>2,48,54,52,804</u>	<u>93,74,38,084</u>
Less: Provision for Doubtful Debts	-	-
	<u>2,48,54,52,804</u>	<u>93,74,38,084</u>
	<u><u>5,89,51,03,325</u></u>	<u><u>4,19,81,65,662</u></u>
NOTE # 2.14		
Cash and Cash Equivalent		
Balance with Banks		
Current Accounts	3,21,68,98,434	1,33,61,69,022
	<u>3,21,68,98,434</u>	<u>1,33,61,69,022</u>
NOTE # 2.15		
Short-Term Loans and Advances		
Unsecured considered good:		
Advances to Group Companies(Refer Note 2.28)		
	42,24,35,85,829	34,74,27,41,725
Loan and Advances to Related Parties(Refer Note 2.28)		
	2,62,85,98,532	2,09,53,35,403
Deposits	48,93,262	46,15,937
Advance for supply of Goods and Rendering of Services	1,61,55,628	18,52,73,48,451
Balances with Government Authorities	1,45,12,782	4,71,23,243
Prepaid Expenses	1,12,35,449	1,46,93,053
	<u>44,91,89,81,482</u>	<u>55,43,18,57,812</u>
NOTE # 2.16		
Other Current Assets		
(Unsecured Considered Good)		
Unbilled Debtors	10,86,53,268	50,89,24,768
	<u>10,86,53,268</u>	<u>50,89,24,768</u>

RELIANCE GLOBALCOM LIMITED

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

Amount in ₹

	For the year ended March 31, 2016	For the year ended March 31, 2015
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NOTE # 2.17

Service Income

Indefeasible Right of Use	3,44,00,13,195	3,55,99,99,042
Lease Capacity Services	48,64,04,941	36,17,98,636
Restoration Charges	5,23,95,144	2,05,024
Operation and Maintenance Charges	2,55,39,70,767	2,57,62,61,870
Internet Protocol	32,84,06,217	31,94,98,363
Network Service Income (Refer point 2.28)	<u>10,50,12,35,737</u>	<u>4,27,25,76,711</u>
	<u>17,36,24,26,001</u>	<u>11,09,03,39,646</u>

NOTE # 2.18

Other Income

Interest Income	35,50,47,797	-
Gain on Foreign Exchange Fluctuation (Net)	98,16,276	-
Reversal of Provision no Longer Required	23,00,13,375	22,88,76,417
Miscellaneous Income	7,22,463	7,47,884
	<u>59,55,99,911</u>	<u>22,96,24,301</u>

NOTE # 2.19

Network Operation Expenses

Equipment Maintenance and Support	13,26,58,458	20,13,84,180
Marine Cable Operations	1,58,81,48,106	1,33,29,35,091
Landing Stations and Point of Presence costs	59,57,94,254	1,11,18,20,696
Terrestrial Cable, Inland Amplifier and Regenerator Sites	97,59,35,755	71,59,10,969
Local Tails	5,74,94,465	13,64,85,682
Restoration	-	98,86,401
Internet Protocol	7,85,474	9,17,295
Network Service Expense (Refer point 2.28)	<u>1,37,51,56,343</u>	<u>1,15,17,87,512</u>
	<u>4,72,59,72,855</u>	<u>4,66,11,27,826</u>

NOTE # 2.20

Employee Benefits Expense

Salaries, Wages and Bonus	49,99,26,981	32,84,27,760
Contribution to Provident and Other Funds	73,10,344	7,03,785
Staff Welfare	1,92,40,426	1,37,52,381
	<u>52,64,77,751</u>	<u>34,28,83,926</u>

RELIANCE GLOBALCOM LIMITED

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

	For the year ended March 31, 2016	Amount in ₹ For the year ended March 31, 2015
NOTE # 2.21		
Depreciation and Amortization Expense		
Depreciation on Tangible Assets	2,84,98,66,223	5,10,53,38,870
Less: Recoupment from Revaluation Reserve	-	87,53,74,097
Net Depreciation on Tangible Assets	<u>2,84,98,66,223</u>	<u>4,22,99,64,773</u>
Amortisation of Intangible Assets	11,76,06,988	-
	<u>2,96,74,73,211</u>	<u>4,22,99,64,773</u>

NOTE # 2.22

Sales and General Administration Expenses

Rent	1,56,70,424	1,15,53,524
Insurance	3,72,04,234	4,83,83,139
Rates and Taxes	2,66,48,919	-
Legal Fees	3,25,92,380	3,90,13,434
Professional Charges	8,72,63,602	7,26,07,925
Licensing and Regulatory Fees	19,28,869	61,54,371
Travel and Entertainment	74,03,651	1,98,64,608
Gain on Foreign Exchange Fluctuation (Net)	-	7,14,39,227
Communication	36,44,989	53,92,102
Information Technology Support	11,94,57,647	11,22,55,669
Bank Charges	26,55,039	51,46,679
Sales and Marketing Expenses	59,12,841	14,27,176
Facility Usage Charges	6,36,10,333	5,75,16,923
Miscellaneous Expense	64,68,442	9,65,594
	<u>41,04,61,369</u>	<u>45,17,20,370</u>
Payment to Auditors	2,39,80,063	2,64,06,700
	<u>43,44,41,433</u>	<u>47,81,27,071</u>

Note # 2.23

BACKGROUND AND ORGANISATION

The Company is part of a multinational corporate organization Company operates a global telecommunications network comprised of advanced fiber-optic cable systems and interfaces that are owned by, leased to, or otherwise available to the Company. Over its global network, the Company offers telecommunications products and services which includes IP transit, IP point-to-point, leased capacity services, managed bandwidth service, co-location services, Ethernet services, long-term rights of use in capacity. The Company is a "carriers' carrier", meaning that its target customer base is the international wholesale broadband market, consisting of established carriers or major public telephone operator incumbents, including Application Service Providers ("ASPs") and Internet Service Providers ("ISPs"), alternate carriers and other bandwidth intensive users, rather than individual telecommunications consumers.

Note # 2.24

Asset Retirement Obligation

In 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 ₹ 8,227,284,193 with an offsetting reduction of carrying amount of related Network Assets by ₹ 6,234,070,562 and excess amount of ₹ 1,993,213,631 had been credited to the Statement of Profit and Loss under the heading "Depreciation and Amortisation". The annual impact of this reassessment will progressively decrease the depreciation charge until the end of remaining useful life of the related Network Assets.

RELIANCE GLOBALCOM LIMITED

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

Note # 2.25

Income Taxes

At the present time, no income, profit, capital or capital gains taxes are levied in Bermuda. In the event that such taxes are levied in the future, Reliance Globalcom Ltd., Bermuda and all its subsidiaries registered in Bermuda have received an undertaking dated April 26, 2012 from the Bermuda Government exempting them from all such taxes until March 21, 2035. The provision for income taxes reflected in the accompanying Statement of Profit and Loss consists of taxes incurred on the income earned or activities performed by Reliance Globalcom Ltd. and its subsidiaries in certain jurisdictions, where they are deemed to have a taxable presence or are otherwise subject to tax.

Note # 2.26

Segment Reporting

The Company has determined its business segment as telecommunication network unit taking into account the nature of services provided, class of customers for the services provided, the differing risks and returns and the internal business reporting systems. Since 100% of the business of Company is from telecommunication network unit, there are no other reportable segments.

The segment revenue, segment result, total carrying amount of segment assets, total amount of segment liabilities, total cost incurred during the period to acquire segments assets, segment depreciation and amortisation for the period are reflected within the consolidated financial statements of the Company as of and for the year ended March 31, 2016.

The Company sells the full range of products and services across the globe and the billing is for the network assets across the globe and not divided into geographical locations, therefore it is impracticable to disclose revenue by geographical locations. Further, network assets span across various countries and are not necessarily located in the country of domicile and hence it is impracticable to disclose assets by geographical location of assets.

Note # 2.27

Earnings per Share

Amount in ₹ except no. of Shares

Earnings per Share	Year ended March 31, 2016	Year ended March 31, 2015
A Profit after Tax, minority interest	9,797,791,720	1,509,505,596
B Weighted average number of share (class A Common shares) each used as denominator for calculating Basic and Diluted EPS	31,605,515,300	31,605,515,300
C Basic and Diluted Earnings per Share i (A/B)	0.31000	0.04776

Note # 2.28

Related Party Transactions

In accordance with Accounting Standard 18 "Related Party Disclosures" issued by the Institute of Chartered Accountants of India, the company's related parties and transactions are disclosed below:

a) Parties where control exist

- 1 GCX Limited (Holding Company)
- 2 Reliance Communications Ltd. (Ultimately holding company)
- 3 Reliance Globalcom BV
- 4 Global Cloud Xchange Limited

b) Enterprises as affiliated companies are

- 1 Reliance Communications Infrastructure Limited
- 2 GCX Limited
- 3 Reliance Communications Limited
- 4 FLAG Telecom Asia Limited (including Representative offices in China and India)
- 5 FLAG Telecom Japan Limited
- 6 FLAG Telecom Singapore Pte. Limited
- 7 Seoul Telenet Inc.
- 8 FLAG Holdings (Taiwan) Limited
- 9 FLAG Telecom Taiwan Limited

RELIANCE GLOBALCOM LIMITED

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

- 10 Reliance Globalcom (U.K.) Limited
- 11 FLAG Telecom Deutschland GmbH
- 12 FLAG Telecom Network Services Limited
- 13 Reliance FLAG Telecom Ireland Limited (including liaison office in Turkey)
- 14 FLAG Telecom Ireland Network Limited
- 15 FLAG Atlantic UK Limited
- 16 Reliance FLAG Atlantic France SAS
- 17 Global Cloud Exchange
- 18 FLAG Telecom Nederland BV
- 19 FLAG Telecom Hellas AE
- 20 FLAG Telecom Espana Network SAU
- 21 FLAG Telecom Development Services Company LLC
- 22 Reliance Flag Pacific Holdings Limited
- 23 FLAG Telecom Network USA Limited
- 24 Reliance Flag Pacific Limited
- 25 FLAG Telecom Group Services Limited
- 26 FLAG Telecom Development Limited
- 27 Reliance Globalcom Services Inc
- 28 Vanco UK Limited
- 29 Reliance Globalcom Limited ,(RGL India)
- 30 Vanco BV (Holland)
- 31 Vanco SRL
- 32 Reliance Vanco Group Limited

RELIANCE GLOBALCOM LIMITED

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

c) Summarized below are the transactions entered into and closing balances with Related Parties(Amount in `) :- Related Party Transaction for the year ended on March 2016

Company Name	Service Income		Dividend Expenditure		Expenses		Trade Receivable		Trade Payables		Short term Loans & Advances	
	For the year ended 31.03.2016	For the year ended 31.03.2015	For the year ended 31.03.2016	For the year ended 31.03.2015	For the year ended 31.03.2016	For the year ended 31.03.2015	As at 31.03.2016	As at 31.03.2015	As at 31.03.2016	As at 31.03.2015	As at 31.03.2016	As at 31.03.2015
Reliance Communications Infrastructure Limited	-	-	-	-	-	61,15,300	-	-	4,30,22,250	-	-	-
GCX Limited	-	-	4,24,01,59,000	-	23,56,423	1,83,459	-	-	1,87,500	25,83,945	43,65,94,357	-
Reliance Communications Limited	-	-	1,61,000	-	11,31,64,921	7,20,15,723	-	-	23,00,28,771	-	-	-
FLAG Telecom Asia Limited (Including Representative offices in China and India)	-	-	-	-	-	1,02,22,519	-	-	-	-	4,21,27,77,126	3,22,50,29,063
FLAG Telecom Japan Limited	-	-	-	-	-	-	-	-	-	-	5,28,32,10,849	4,72,08,97,565
FLAG Telecom Singapore Pte. Limited	-	-	-	-	-	-	-	-	-	-	1,47,89,55,454	1,37,39,76,093
Seoul Teleret Inc.	-	-	-	-	-	-	-	-	-	-	1,05,91,32,375	99,91,06,081
FLAG Holdings (Taiwan) Limited	-	-	-	-	-	-	-	-	-	-	25,47,40,125	24,03,02,736
FLAG Telecom Taiwan Limited	-	-	-	-	-	-	-	-	-	-	2,57,99,869	2,69,72,295
Reliance Globalcom (U.K.) Limited	-	-	-	-	-	-	-	-	-	-	10,91,40,230	-
FLAG Telecom Deutschland GmbH	-	-	-	-	-	-	-	-	-	-	-	-
FLAG Telecom Network Services Limited	-	-	-	-	-	-	-	-	-	-	2,81,26,110	2,63,59,781
Reliance FLAG Telecom Ireland Limited (Including liaison office in Turkey)	7,80,52,44,200	42,20,00,481	-	-	-	-	-	-	-	-	-	-
FLAG Telecom Ireland Network Limited	-	-	-	-	-	-	-	-	-	-	-	-
FLAG Atlantic UK Limited	-	-	-	-	-	-	-	-	-	-	-	-
Reliance FLAG Atlantic France SAS	2,69,59,91,537	3,85,05,76,248	-	-	-	-	-	-	-	-	15,10,72,88,389	11,54,35,60,543
Global Cloud Exchange	-	-	-	-	47,12,832	1,83,459	-	1,87,500	-	-	5,24,98,48,841	4,69,80,07,228
FLAG Telecom Nederland BV	-	-	-	-	-	-	-	-	-	-	79,96,37,349	-
FLAG Telecom Hellas AE	-	-	-	-	-	-	-	-	-	-	-	-
FLAG Telecom Espana Network SAU	-	-	-	-	-	-	-	-	-	-	1,55,09,759	1,41,99,017
FLAG Telecom Development Services Company LLC	-	-	-	-	-	-	-	-	-	-	15,09,05,440	12,38,23,430
Reliance Flag Pacific Holdings Limited	-	1,14,66,188	-	-	-	38,22,063	-	-	-	-	1,99,04,629	-
FLAG Telecom Network USA Limited	-	-	-	-	1,37,51,56,343	1,14,15,65,131	-	-	-	-	7,96,27,98,387	7,75,05,07,893
Reliance Flag Pacific Limited	-	-	-	-	-	-	-	-	-	-	-	-
FLAG Telecom Group Services Limited	-	-	-	-	-	-	-	-	-	-	8,74,948	-
FLAG Telecom Development Limited	-	-	-	-	-	-	-	-	-	-	33,78,806	-
Reliance Globalcom Services Inc	12,24,18,869	24,72,37,971	-	-	-	-	40,89,96,824	26,99,23,000	21,073	-	-	-
Vanco UK Limited	4,56,87,511	23,88,31,329	-	-	-	-	9,68,54,935	4,79,74,688	-	-	-	-
Reliance Globalcom Limited (RGL India)	-	-	-	-	51,48,78,561	43,15,03,607	-	-	29,81,90,589	-	-	-
Vanco BV (Holland)	-	-	-	-	-	-	-	-	-	-	-	-
Vanco SRL	-	-	-	-	-	-	-	-	-	-	4,49,62,786	-
Reliance Vanco Group Limited	-	-	-	-	-	-	-	-	-	-	-	-

c) Summarized below are the transactions entered into and closing balances with Related Parties(Amount in `) :-
Related Party Transaction for the year ended on March 2016

Company Name	Long Term Short Term Borrowings		Other Current Liabilities		Short /Long Term Loans and Advances		Purchase of Fixed		Dividend payable	
	As at 31.03.2016	As at 31.03.2015	As at 31.03.2016	As at 31.03.2015	As at 31.03.2016	As at 31.03.2015	As at 31.03.2016	As at 31.03.2015	As at 31.03.2016	As at 31.03.2015
Reliance Communications Infrastructure Limited	-	-	-	-	-	-	-	-	-	-
GCX Limited	3,40,93,39,619	1,93,51,66,094	-	-	-	-	-	21,87,50,00,000	4,24,01,59,000	-
Reliance Communications Limited	-	-	-	-	-	-	-	-	1,61,000	-
FLAG Telecom Asia Limited (Including Representative offices in China and India)	-	-	-	-	-	-	-	-	-	-
FLAG Telecom Japan Limited	-	-	-	-	-	-	-	-	-	-
FLAG Telecom Singapore Pte. Limited	-	-	-	-	-	-	-	-	-	-
Seoul Telenet Inc.	-	-	-	-	-	-	-	-	-	-
FLAG Holdings (Taiwan) Limited	-	-	-	-	-	-	-	-	-	-
FLAG Telecom Taiwan Limited	-	-	-	-	-	-	-	-	-	-
Reliance Globalcom (U.K.) Limited	-	-	-	34,75,50,749	-	-	-	-	-	-
FLAG Telecom Deutschland GmbH	-	-	2,47,87,819	2,50,53,750	-	-	-	-	-	-
FLAG Telecom Network Services Limited	-	-	-	-	-	-	-	-	-	-
Reliance FLAG Telecom Ireland Limited (Including liaison office in Turkey)	-	-	15,59,91,24,854	16,50,69,72,265	-	-	-	-	-	-
FLAG Telecom Ireland Network Limited	-	-	-	-	-	-	-	-	-	-
FLAG Atlantic UK Limited	-	-	-	-	-	-	-	-	-	-
Reliance FLAG Atlantic France SAS	-	-	-	20,88,79,611	-	-	-	-	-	-
Global Cloud Exchange	-	-	-	-	-	-	-	-	-	-
FLAG Telecom Nederland BV	-	-	1,27,62,410	1,32,04,826	-	-	-	-	-	-
FLAG Telecom Hellas AE	-	-	-	-	-	-	-	-	-	-
FLAG Telecom Espana Network SAU	-	-	-	-	-	-	-	-	-	-
FLAG Telecom Development Services Company LLC	-	-	-	1,36,34,717	-	-	-	-	-	-
Reliance Flag Pacific Holdings Limited	-	-	-	-	-	-	-	-	-	-
FLAG Telecom Network USA Limited	-	-	-	-	-	-	-	-	-	-
Reliance Flag Pacific Limited	-	-	-	-	-	-	-	-	-	-
FLAG Telecom Group Services Limited	-	-	-	-	38,04,00,34,993	35,88,41,17,062	-	-	-	-
FLAG Telecom Development Limited	-	-	39,55,94,01,999	37,31,80,70,219	-	-	-	-	-	-
Reliance Globalcom Services Inc.	-	-	-	-	2,62,85,98,485	1,71,83,38,394	-	-	-	-
Vanco UK Limited	-	-	-	-	-	-	-	-	-	-
Reliance Globalcom Limited (RGL India)	-	-	-	-	-	-	-	-	-	-
Vanco BV (Holland)	-	-	-	-	-	-	-	-	-	-
Vanco SRL	-	-	-	-	-	-	-	-	-	-
Reliance Vanco Group Limited	-	-	7,93,600	-	-	-	-	-	-	-

RELIANCE GLOBALCOM LIMITED

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

Note # 2.29

The amounts relating to Balance Sheet items appearing in Indian Rupees have been translated at Closing Rate of 1 USD = ₹ 66.2550 (Previous year 1 USD = ₹ 62.50) and items relating to profit and loss have been translated at average rate of 1 USD = ₹ 65.4562 (Previous year 1 USD = ₹ 61.15).

The amounts have been converted in INR to comply with the financial reporting requirement in India.

Note # 2.30

Prior Period comparatives have been classified to confirm with the current year's presentation, where applicable

As per our report attached

For and on behalf of the Board

For Shridhar & Associates

Chartered Accountants
Firm Regn. No. 134427W

Janet Troxell

Wilfred Tai Lai Kwan

} Directors

Jitendra Sawjiyani

Partner
Membership No : 050980

Place : Mumbai

Date : May 27, 2016

FLAG TELECOM ASIA LIMITED

Independent Auditor's Report

To
The Board of Directors of Flag Telecom Asia Limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Flag Telecom Asia Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India including Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion whether the Company has in place an adequate Internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements read together with the notes thereon give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016 and its loss and its cash flows for the year ended on that date.

Other Reporting Requirements

We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account.

Other Matters

This report is issued for the information and use of the Board of Directors of the Company and of Reliance Communications Limited, the holding company in India to comply with the financial reporting requirements in India and should not be used for any other purposes without our prior written consent.

For Shridhar & Associates
Chartered Accountants
Firm Registration No.: 134427W

Jitendra Sawjany
Partner
Membership No. 050980

Place: Mumbai
Dated: May 27, 2016

FLAG TELECOM ASIA LIMITED

Balance Sheet as at March 31, 2016

		Amount in ₹	
	Note	As at March 31, 2016	As at March 31, 2015
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2.01	6,66,782	6,28,992
Reserves and Surplus	2.02	<u>11,28,79,566</u>	<u>20,91,67,329</u>
		11,35,46,348	20,97,96,321
Non Current Liabilities			
Other Long Term Liabilities	2.03	<u>-</u>	<u>29,125</u>
		-	29,125
Current Liabilities			
Trade Payable	2.04	15,46,84,240	11,46,29,832
Other Current Liabilities	2.05	4,25,68,56,756	4,75,63,53,886
Short Term Provisions	2.06	<u>2,64,050</u>	<u>2,67,898</u>
		4,41,18,05,046	4,87,12,51,616
TOTAL		<u>4,52,53,51,394</u>	<u>5,08,10,77,062</u>
ASSETS			
Non Current Assets			
Fixed Assets			
Tangible assets	2.07	42,40,92,994	40,09,54,893
Capital Work-in-Progress	2.07	<u>1,70,289</u>	<u>2,02,07,443</u>
		42,42,63,283	42,11,62,336
Long-term loans and advances	2.08	<u>2,67,20,327</u>	<u>2,99,05,104</u>
		45,09,83,610	45,10,67,440
Current Assets			
Trade receivables	2.09	96,04,292	41,812
Cash and Cash Equivalent	2.10	1,18,93,960	6,17,43,992
Short-term loans and advances	2.11	<u>4,05,28,69,532</u>	<u>4,56,82,23,818</u>
		4,07,43,67,784	4,63,00,09,622
TOTAL		<u>4,52,53,51,394</u>	<u>5,08,10,77,062</u>
Significant Accounting Policies	1		
Notes forming part of Financial Statements	2		

As per our report attached

For Shridhar & Associates
Chartered Accountants
Firm Regn. No. 134427W

Jitendra Sawjany
Partner
Membership No : 050980

Place : Mumbai
Date : May 27, 2016

For and on behalf of the Board

Girish Kulai
Wilfred Tai Lai Kwan } **Directors**

FLAG TELECOM ASIA LIMITED

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

		Amount in ₹	
	Note	For the year ended March 31, 2016	For the year ended March 31, 2015
Income			
Service Income	2.12	78,76,16,203	70,80,76,104
Other Income	2.13	22,22,875	91,584
Total Revenue		78,98,39,078	70,81,67,688
Expenditure			
Network Operation Expenses	2.14	21,53,41,401	19,56,18,292
Employee Benefits Expense	2.15	41,70,39,889	37,02,64,148
Depreciation and Amortization Expense	2.16	3,90,04,083	4,23,14,920
Sales and General Administration Expenses	2.17	22,48,89,183	17,34,43,460
Total Expenditure		89,62,74,556	78,16,40,820
Profit/(Loss) Before Tax		(10,64,35,478)	(7,34,73,132)
Provision for taxation			
- Current Tax		11,07,786	11,21,158
		11,07,786	11,21,158
Profit/(Loss) After Tax		(10,75,43,264)	(7,45,94,290)
Earnings per Share (Basic and Diluted)	2.19	(1,379)	(956)
Significant Accounting Policies	1		
Notes forming part of Financial Statements	2		

As per our report attached

For Shridhar & Associates
Chartered Accountants
Firm Regn. No. 134427W

Jitendra Sawjiyani
Partner
Membership No : 050980

Place : Mumbai
Date : May 27, 2016

For and on behalf of the Board

Girish Kulai
Wilfred Tai Lai Kwan } **Directors**

FLAG TELECOM ASIA LIMITED

Cash Flow Statement for the year ended March 31, 2016

Particulars	Amount in ₹	
	For the year ended March 31, 2016	For the year ended March 31, 2015
A) CASH FLOW FROM OPERATING ACTIVITIES:		
Profit/(Loss) before tax as per Statement of Profit and Loss	(10,64,35,478)	(7,34,73,132)
Adjustments for:		
Effects of exchange difference on translation of asset & Liabilities	(1,27,85,474)	(52,14,924)
Depreciation and Amortisation	3,90,04,083	4,23,14,920
	2,62,18,609	3,70,99,996
Operating Profit/(Loss) before Working Capital Changes	(8,02,16,869)	(3,63,73,136)
Adjustments for:		
(Increase)/ Decrease in Trade and other Receivables	50,89,76,583	(89,11,89,306)
Increase/ (Decrease) in Liabilities and Provisions	(45,94,75,695)	1,04,67,92,037
	4,95,00,888	15,56,02,731
	(3,07,15,981)	11,92,29,595
Income Taxes Paid	(11,07,786)	(11,21,158)
Net Cash from/(used in) Operating Activities (A)	(3,18,23,767)	11,81,08,437
B) CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets (Including Capital Work in Progress)	(1,80,26,265)	(11,87,09,841)
Net Cash from/(used in) Investing Activities (B)	(1,80,26,265)	(11,87,09,841)
C) CASH FLOW FROM FINANCING ACTIVITIES:		
Net Cash from/(used in) Financing Activities (C)	-	-
Net Increase/ (Decrease) in Cash and Cash Equivalents (A+B+C)	(4,98,50,032)	(6,01,404)
Cash and Cash Equivalents at the Beginning of the year	6,17,43,992	6,23,45,396
Cash and Cash Equivalents at the End of the year	1,18,93,960	6,17,43,992

As per our report attached

For Shridhar & Associates
Chartered Accountants
Firm Regn. No. 134427W

Jitendra Sawjany
Partner
Membership No : 050980

Place : Mumbai
Date : May 27, 2016

For and on behalf of the Board

Girish Kulai
Wilfred Tai Lai Kwan } **Directors**

FLAG TELECOM ASIA LIMITED

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

NOTE 1

SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation of Financial Statements

The financial statements are prepared under historical cost convention, in accordance with the generally accepted accounting principles (GAAP) in India and Comply with Accounting Standard specified under Section 133 of the Companies Act, 2013 ("the Act") read with Rule 7 of the Companies (Accounts) Rules, 2014 and other provisions of the Act, to the extent notified and applicable as well as applicable guidance note and pronouncements of the Institute of Chartered Accountants of India (the ICAI).

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

Financial Statements have been prepared on a going concern basis and financial support as may be required, shall be extended by associates and / or parent company.

b) Revenue Recognition

i. Indefeasible Right of Use

The Company sells Right of Use (ROU) that provide customers with network capacity, typically over a 10 to 15 year period without transferring the legal title or giving an option to purchase the network capacity. Revenue from cancellable ROU arrangements are accounted as operating lease and recognised over the life of the contract.

Revenue from non cancellable ROU arrangements is recognised upfront as licensing income on activation of services. Bills raised on customers/ payments received from customers for long term contracts and for which revenue is not recognised are included in deferred revenue.

ii. Operations And Maintenance

The Company provides operation and maintenance services over the life of the capacity contract, for which the Company receives Operation and Maintenance charges. Operation and maintenance charges are invoiced separately from capacity sales. Revenues relating to maintenance are recognized over the period in which the service is provided.

iii. Network Revenue

Network services include Capacity lease services, IP transit, IPLC (private lines leased to customers), backup service for other network operators and all other services. The customer typically pays the charges for network services periodically over the life of the contract, which may be up to three years. Network revenue is recognized in the Company's income statement over the term of the contract.

iv. Ethernet/Internet Protocol Services

Ethernet revenue is recognized in the Company's income statement over the term of the contract.

v. Unearned Income

Unearned income represents income billed in accordance with the contract but not recognised in Statement of Profit and Loss as at the Balance Sheet date. Unearned income net of the amount recognisable within one year is disclosed as unearned income in non-current liabilities and the amount recognisable within one year is disclosed as unearned income in current liabilities.

vi. Unbilled Revenue

Where the services are performed prior to billing, an accrued income is recognized in unbilled revenue.

c) Employee Benefits

Eligible employees of the Company are covered by a defined contribution pension plan/provident fund scheme. Contribution to the plan/fund is made to the insurance companies/local regulatory authorities, where the Company has no further obligations. Such benefits are classified as defined contribution schemes, as the Company does not carry any further obligations apart from the contributions made on a monthly basis.

The Company does not have any material defined benefits plans..

d) Use of Estimates

The presentation of financial statements in conformity with accounting standards issued by ICAI requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the group reporting package

FLAG TELECOM ASIA LIMITED

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

and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known / materialized.

e) Current and Deferred tax

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

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

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

f) Fixed Assets

i) Accounting of Tangible Fixed Assets

Fixed Assets are stated at cost of acquisition or construction (except revalued assets) including financing cost till commencement of commercial operations, net charges of foreign exchange contracts and adjustments arising from exchange rate variations, directly attributable to fixed assets. Indefeasible Right of Use is stated at cost of acquisition less accumulated amortization.

Costs incurred prior to the capital project's completion are reflected as construction in progress, which is reclassified to fixed assets on the date of completion of project and which is placed in service. Construction in progress is stated at cost. Capitalized costs include costs incurred under the construction contract, engineering and consulting fees, legal fees related to obtaining landing right licenses, interest costs related to program management, costs for the route surveys, indirect costs associated with cable systems and points of presence ("PoPs"), and other costs incurred in the development of the Company's global network.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the Statement of Profit and Loss during the financial period in which they are incurred

ii) Depreciation / Amortization

Depreciation on fixed assets is provided on straight-line method on prorated basis based on the useful life of the fixed asset as follows:

Computer equipment.....3-5 years.

Fixtures and fittings.....3-7 years.

Leasehold improvements.....Over the useful life.

Network assets.....the shorter of 15-25 years or remaining useful lives.

The estimated useful life of Network assets are determined based on the estimated period over which they will generate revenue.

iii) Intangible Assets

Intangible Assets are stated at acquisition cost, net of accumulated amortisation and accumulated impairment losses, if any. Gains or losses arising from the retirement or disposal of an intangible asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognised as income or expense in the Statement of Profit and Loss.

iv) Impairment of Fixed Assets

Assessment is done at each Balance Sheet date as to whether there is any indication that an asset (tangible and intangible) may be impaired. For the purpose of assessing impairment, the smallest identifiable group of assets that generates cash inflows

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

from continuing use that are largely independent of the cash inflows from other assets or groups of assets, is considered as a cash generating unit. If any such indication exists, an estimate of the recoverable amount of the asset/cash generating unit is made. Assets whose carrying value exceeds their recoverable amount are written down to the recoverable amount. Recoverable amount is higher of an asset's or cash generating unit's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Assessment is also done at each Balance Sheet date as to whether there is any indication that an impairment loss recognised for an asset in prior accounting periods may no longer exist or may have decreased..

g) Foreign Currency Translation

Initial Recognition

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

Subsequent Recognition

As at the reporting date, non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. All non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined. All monetary assets and liabilities in foreign currency are restated at the end of accounting period.

h) Cash and Cash Equivalents

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

i) Provisions, Contingent Liabilities and Contingent Assets

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

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

Contingent Assets: Contingent assets are neither recognised nor disclosed in the financial statements

j) Earnings Per Share

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

FLAG TELECOM ASIA LIMITED

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

	As at March 31, 2016	Amount in ₹ As at March 31, 2015
NOTE # 2.01		
Share Capital		
Authorised		
78,000 (78,000) Shares of HKD 1 each	<u>6,66,782</u>	<u>6,28,992</u>
	<u>6,66,782</u>	<u>6,28,992</u>
Issued Subscribed and Paid up:		
78,000 (78,000) Shares of HKD 1 each, fully paid up	<u>6,66,782</u>	<u>6,28,992</u>
	<u>6,66,782</u>	<u>6,28,992</u>

a) Shares held by Holding company and subsidiary of Holding Company	No. of Shares	No. of Shares
Reliance Globalcom Limited	77,999	77,999
Reliance Globalcom (UK) Limited	1	1
	<u>78,000</u>	<u>78,000</u>

b) Details of shareholders holding more than 5% of the aggregate shares in the Company

Particulars	% of Holding	No of Shares	% of Holding	No of Shares
Reliance Globalcom Limited	99.99	77,999	99.99	77,999

c) Terms/Rights attached to the shares

The Company has only class A common shares having a par value of HKD 1 per share. Each holder of shares is entitled to one vote per share. In the event of liquidation of the Company, the holder of shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of shares held by the shareholder.

d) Reconciliation of number of shares	As at March 31, 2016		As at March 31, 2015	
	No. of Shares	Amount in ₹	No. of Shares	Amount in ₹
Balance as at the beginning of the year	78,000	6,66,782	78,000	6,28,992
Add: Movement for the year	-	-	-	-
Balance as at the end of the year	<u>78,000</u>	<u>6,66,782</u>	<u>78,000</u>	<u>6,28,992</u>

FLAG TELECOM ASIA LIMITED

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

	Amount in ₹	
	As at	As at
	March 31, 2016	March 31, 2015
NOTE # 2.02		
Reserves and Surplus		
Foreign Currency Translation Reserve	3,56,13,991	2,43,58,490
Surplus/(Deficit) as per the Statement of Profit and Loss		
Balance as per Last Balance Sheet	18,48,08,839	25,94,03,129
Add: Profit/(Loss) during the year	(10,75,43,264)	(7,45,94,290)
Balance as at the end of the year	7,72,65,575	18,48,08,839
Total Reserves and Surplus	11,28,79,566	20,91,67,329
NOTE # 2.03		
Other Long Term Liabilities		
Unearned Income	-	29,125
	-	29,125
NOTE # 2.04		
Trade Payables		
Sundry Creditors	68,98,569	1,32,89,267
Other contractual obligations	14,77,85,671	10,13,40,565
	15,46,84,240	11,46,29,832
NOTE # 2.05		
Other Current Liabilities		
Unearned Income-current	16,34,651	19,375
Employee payable	2,97,42,035	2,70,28,195
Statutory dues payable	7,91,709	7,46,839
Capital creditors/provision	1,46,595	1,28,66,105
Other Liabilities/Accrued Expense	-	89,10,05,165
Group Company Payables (Refer Note 2.22)	4,22,45,41,766	3,82,46,88,207
	4,25,68,56,756	4,75,63,53,886
NOTE # 2.06		
Short Term Provisions		
Income Tax (net of advance tax)	2,64,050	2,67,898
	2,64,050	2,67,898

FLAG TELECOM ASIA LIMITED

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

NOTE # 2.07 Fixed Assets

Particulars	Gross Block					Depreciation			Net Block	
	As at April 1, 2015	Additions during the year	As at March 31, 2016	As at April 1, 2015	For the year	Deduction/ Retirement	Forex adjustment	As at March 31, 2016	As at March 31, 2015	
Tangible Assets										
Leasehold Improvement	2,69,91,706	-	2,86,13,368	2,69,91,706	-	-	16,21,662	2,86,13,368	-	
Computers	57,60,375	17,51,084	78,78,912	56,71,690	6,39,897	-	3,48,558	66,60,144	88,685	
Furniture and Fixtures	31,26,181	-	33,14,002	31,26,181	-	-	1,87,821	33,14,002	-	
Network Assets	1,68,72,17,241	3,63,12,336	1,76,93,97,642	1,28,63,51,034	3,83,64,186	(5,52,68,597)	7,70,76,793	1,34,65,23,416	40,08,66,207	
Tangible Assets (A)	1,72,30,95,503	3,80,63,420	1,80,92,03,924	1,32,21,40,611	3,90,04,083	(5,52,68,597)	7,92,34,833	1,38,51,10,930	40,09,54,893	
Previous year	1,55,35,34,942	10,03,24,328	1,72,30,95,503	1,22,59,97,775	4,23,14,920	-	5,38,27,916	1,32,21,40,611	40,09,54,893	
Intangible Assets										
Indefeasible Right of Connectivity	13,45,74,697	-	14,26,59,950	13,45,74,697	-	-	80,85,253	14,26,59,950	-	
Intangible Assets (B)	13,45,74,697	-	14,26,59,950	13,45,74,697	-	-	80,85,253	14,26,59,950	-	
Previous year	12,90,08,692	-	13,45,74,697	12,90,08,692	-	-	55,66,005	13,45,74,697	-	
Total (A + B)	1,85,76,70,200	3,80,63,420	1,95,18,63,874	1,45,67,15,308	3,90,04,083	(5,52,68,597)	8,73,20,086	1,52,77,70,880	40,09,54,893	
Previous year	1,68,25,43,634	10,03,24,328	1,85,76,70,200	1,35,50,06,467	4,23,14,920	-	5,93,93,921	1,45,67,15,308	40,09,54,893	
Capital Work in Progress								1,70,289	2,02,07,443	

FLAG TELECOM ASIA LIMITED

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

	As at March 31, 2016	Amount in ₹ As at March 31, 2015
NOTE # 2.08		
Long-term Loans and Advances		
Deposits	1,88,25,438	-
Prepaid Expenses	78,94,889	2,99,05,104
	<u>2,67,20,327</u>	<u>2,99,05,104</u>

NOTE # 2.09		
Trade Receivable		
(Unsecured)		
Considered Good	96,04,292	41,812
	<u>96,04,292</u>	<u>41,812</u>

NOTE # 2.10		
Cash and Cash Equivalent		
Balance with Banks		
- Current Accounts	1,18,14,970	6,16,78,821
Cash on hand	78,990	65,171
	<u>1,18,93,960</u>	<u>6,17,43,992</u>

NOTE # 2.11		
Short-term Loans and Advances		
(Unsecured, considered good)		
Advances to Group Companies (Refer Note 2.22)	4,00,09,08,496	3,61,91,56,600
Deposits	12,29,828	1,34,91,911
Advance to vendors	27,71,844	90,94,89,114
Prepaid Expenses	4,79,59,364	2,60,86,193
	<u>4,05,28,69,532</u>	<u>4,56,82,23,818</u>

	For the year ended March 31, 2016	Amount in ₹ For the year ended March 31, 2015
--	--------------------------------------	---

NOTE # 2.12		
Service Income		
Lease Capacity Services	80,71,311	2,27,019
Internet Protocol	9,81,843	9,17,295
Network Service Revenue	77,85,63,049	70,69,31,790
	<u>78,76,16,203</u>	<u>70,80,76,104</u>

FLAG TELECOM ASIA LIMITED

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

	Amount in ₹	
	For the year ended March 31, 2016	For the year ended March 31, 2015
NOTE # 2.13		
Other Income		
Interest Income	2,440	2,286
Gain on Foreign Exchange Fluctuation (Net)	-	71,564
Reversal of provision no longer required	78,547	-
Miscellaneous Income	21,41,888	17,734
	<u>22,22,875</u>	<u>91,584</u>
NOTE # 2.14		
Network Operation Expenses		
Equipment Maintenance and Support	1,63,82,380	1,53,05,377
Landing Stations and Point of Presence costs	8,23,31,400	8,01,42,835
Terrestrial Cable, Inland Amplifier and Regenerator Sites	2,96,12,338	3,56,20,319
Local Tails	7,49,43,241	5,80,70,808
Internet Protocol	1,20,72,042	64,78,953
	<u>21,53,41,401</u>	<u>19,56,18,292</u>
NOTE # 2.15		
Employee Benefits Expense		
Salaries, Wages and Bonus	33,86,66,685	29,51,62,555
Contribution to Provident and Other Funds	2,95,27,355	2,56,61,312
Staff Welfare	4,88,45,849	4,94,40,281
	<u>41,70,39,889</u>	<u>37,02,64,148</u>
NOTE # 2.16		
Depreciation and Amortization Expense		
Depreciation on Tangible assets	3,90,04,083	4,23,14,920
	<u>3,90,04,083</u>	<u>4,23,14,920</u>

FLAG TELECOM ASIA LIMITED

Amount in ₹
For the year ended
For the year ended
March 31, 2016 March 31, 2015

NOTE # 2.17

Sales and General Administration Expenses

Rent	4,46,25,802	3,95,19,462
Insurance	59,262	3,84,370
Rates and Taxes	18,88,506	41,27,600
Legal Fees	4,56,097	-
Professional Charges	43,26,554	28,30,187
Licensing and Regulatory Fees	17,57,845	16,55,004
Travel and Entertainment	5,88,04,872	6,04,72,665
Loss on Foreign Exchange Fluctuation (Net)	6,07,49,404	-
Communication	1,47,26,743	1,42,01,966
Information Technology Support	21,45,679	20,79,037
Bank charges	2,62,104	1,78,413
Sales and Marketing Expenses	2,91,59,696	3,80,37,307
Facility Usage charges	26,03,232	18,70,684
Miscellaneous Expense	-	49,64,140
	22,15,65,796	17,03,20,835
Payment to auditors	33,23,387	31,22,625
	22,48,89,183	17,34,43,460

NOTE 2.18

BACKGROUND AND ORGANISATION

The principal activities of FLAG Telecom Asia Limited (the "Company") are providing of telecommunication services, sales and marketing support services to its fellow subsidiaries and an intermediate holding company, and the operation of a fiber optic telecommunications network in Hong Kong.

NOTE 2.19

Earnings Per Share

Amount in ₹ except number of shares

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
A Profit after Tax	(107,543,264)	(74,594,290)
B Weighted average number of share (class A Common shares) of HKD 1 each used as denominator for calculating Basic and Diluted EPS	78,000	78,000
C Basic and Diluted Earnings per Share (A/B)	(1,379)	(956)

NOTE 2.20

Segment Reporting

The Company has determined its business segment as telecommunication network unit taking into account the nature of services provided, class of customers for the services provided, the differing risks and returns and the internal business reporting systems. Since 100% of the business of Company is from telecommunication network unit, there are no other reportable segments.

The segment revenue, segment result, total carrying amount of segment assets, total amount of segment liabilities, total cost incurred during the year to acquire segments assets, segment depreciation and amortisation for the year are reflected within the consolidated financial statements of the Company as of and for the year ended March 31, 2016.

The Company sells the full range of products and services across the globe and the billing is for the network assets across the globe and not divided into geographical locations, therefore it is impracticable to disclose revenue by geographical locations. Further, network assets span across various countries and are not necessarily located in the country of domicile and hence it is impracticable to disclose assets by geographical location of assets

FLAG TELECOM ASIA LIMITED

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

NOTE 2.21

Prior Period Comparatives have been classified and regrouped to confirm with the current year's presentations, where applicable.

NOTE 2.22

Related Party Transactions

In accordance with Accounting Standard 18 "Related Party Disclosures" issued by the Institute of Chartered Accountants of India, the company's related parties and transactions are disclosed below:

- a) Parties where control exist:
 - i) Reliance Communications Limited
 - ii) Reliance Globalcom Limited
 - iii) Reliance Globalcom (U.K.) Limited
- b) Enterprises as affiliated companies are:
 - i) FLAG Telecom Japan Limited
 - ii) FLAG Telecom Singapore Pte Limited
 - iii) Seoul Telenet Inc.
 - iv) FLAG Telecom Taiwan Limited
 - v) Reliance FLAG Telecom Ireland Limited
 - vi) FLAG Telecom Ireland Network Limited
 - vii) FLAG Holdings (Taiwan) Limited
 - viii) Reliance Communcations (HK) Limited
- c) Summarized below are the transactions entered into and closing balances with related parties:

Amount in ₹

Name of the Entity	Service Income		Short Term Loan and Advances		Other Current Liabilities	
	For the year ended March 31,2016	For the year ended March 31,2015	Closing Balance as at March 31,2016	Closing Balance as at March 31,2015	Closing Balance as at March 31,2016	Closing Balance as at March 31,2015
Reliance Globalcom Limited	-	1,02,22,519	-	58,85,61,278	4,21,27,77,126	3,81,35,90,341
Reliance FLAG Telecom Ireland Limited	77,85,63,049	69,67,09,271	3,96,30,94,615	2,99,50,85,569	-	-
FLAG Telecom Japan Limited	-	-	3,47,26,197	3,25,97,065	-	-
Seoul Telenet Inc.	-	-	2,22,606	2,09,989	-	-
FLAG Telecom Singapore Pte Limited	-	-	-	-	22,33,633	21,07,043
FLAG Telecom Taiwan Limited	-	-	15,56,210	14,68,012	-	-
FLAG Telecom Ireland Network Limited	-	-	-	-	40,55,288	38,25,440
Reliance Globalcom (UK) Limited	-	-	-	-	54,75,719	51,65,383
FLAG Holdings (Taiwan) Limited	-	-	13,08,869	12,34,688	-	-
Reliance Communications (HK) Limited	-	-	-	-	80,632	76,088

NOTE 2.23

The amounts relating to Balance Sheet items appearing in Amount in ₹ have been translated at Closing Rate of 1 USD = ₹ 66.255 (Previous year 1 USD = ₹ 62.50) and items relating to profit and loss have been translated at average rate of 1 USD = ₹ 65.4562 (Previous year 1 USD = ₹ 61.153).

The amounts have been converted in INR to comply with the financial reporting requirement in India.

As per our report attached

For and on behalf of the Board

For Shridhar & Associates

Chartered Accountants
Firm Regn. No. 134427W

Girish Kulai

Wilfred Tai Lai Kwan

} **Directors**

Jitendra Sawjany

Partner

Membership No : 050980

Place : Mumbai

Date : May 27, 2016

FLAG TELECOM JAPAN LIMITED

Independent Auditor's Report

To
The Board of Directors of Flag Telecom Japan Limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Flag Telecom Japan Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India including Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion whether the Company has in place an adequate Internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements read together with the notes thereon give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016 and its profit and its cash flows for the year ended on that date.

Other Reporting Requirements

We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account.

Other Matters

This report is issued for the information and use of the Board of Directors of the Company and of Reliance Communications Limited, the holding company in India to comply with the financial reporting requirements in India and should not be used for any other purposes without our prior written consent.

For Shridhar & Associates
Chartered Accountants
Firm Registration No.: 134427W

Jitendra Sawjany
Partner
Membership No. 050980

Place: Mumbai
Dated: May 27, 2016

FLAG TELECOM JAPAN LIMITED

Balance Sheet as at March 31, 2016

		Amount in ₹
	As at	As at
Note	March 31, 2016	March 31, 2015
EQUITY AND LIABILITIES		
Shareholders' Funds		
Share Capital	2.01 60,56,050	57,12,823
Reserves and Surplus	2.02 (5,48,58,12,598)	(5,22,60,71,137)
	<u>(5,47,97,56,548)</u>	<u>(5,22,03,58,314)</u>
Non Current Liabilities		
Long Term Provisions	2.03 1,84,52,461	-
	<u>1,84,52,461</u>	<u>-</u>
Current Liabilities		
Trade Payable	2.04 22,33,00,517	19,38,85,933
Other Current Liabilities	2.05 5,63,73,42,386	5,42,44,74,826
Short Term Provisions	2.06 79,507	72,248
	<u>5,86,07,22,410</u>	<u>5,61,84,33,007</u>
TOTAL	<u>39,94,18,323</u>	<u>39,80,74,693</u>
ASSETS		
Non Current Assets		
Fixed Assets		
Tangible assets	2.07 35,52,89,948	36,75,41,533
	<u>35,52,89,948</u>	<u>36,75,41,533</u>
Long-term Loans and Advances	2.08 14,95,011	-
	<u>35,67,84,959</u>	<u>36,75,41,533</u>
Current Assets		
Trade receivables	2.09 43,96,130	14,80,674
Cash and Cash Equivalent	2.10 99,95,549	63,50,943
Short-term Loans and Advances	2.11 2,65,39,599	2,27,01,544
Other Current Assets	2.12 17,02,086	-
	<u>4,26,33,364</u>	<u>3,05,33,160</u>
TOTAL	<u>39,94,18,323</u>	<u>39,80,74,693</u>
Significant Accounting Policies	1	
Notes forming part of the Financial Statements	2	

As per our report attached

For Shridhar & Associates
Chartered Accountants
Firm Regn. No. 134427W

Jitendra Sawjany
Partner
Membership No : 050980

Place : Mumbai
Date : May 27, 2016

For and on behalf of the Board

Girish Kulai
Wilfred Tai Lai Kwan } **Directors**

FLAG TELECOM JAPAN LIMITED

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

		Amount in ₹	
	Note	For the year ended March 31, 2016	For the year ended March 31, 2015
Income			
Service Income	2.13	44,00,87,900	46,78,52,603
Other Income	2.14	89,276	21,17,172
Total Revenue		44,01,77,176	46,99,69,775
Expenditure			
Network Operation Expenses	2.15	28,27,77,661	28,47,52,534
Employee Benefits Expense	2.16	4,88,33,810	6,88,17,294
Depreciation and Amortization Expense	2.17	3,45,33,118	4,38,83,438
Sales and General Administration Expenses	2.18	2,03,69,019	1,55,55,514
Total Expenditure		38,65,13,608	41,30,08,780
Profit/(Loss) Before Tax		5,36,63,568	5,69,60,995
Provision for taxation			
- Current Tax		76,721	70,390
		76,721	70,390
Profit/(Loss) After Tax		5,35,86,847	5,68,90,605
Earnings per Share (Basic and Diluted)	2.20	2,67,934	2,84,453
Significant Accounting Policies	1		
Notes forming part of the Financial Statements	2		

As per our report attached

For Shridhar & Associates
Chartered Accountants
Firm Regn. No. 134427W

Jitendra Sawjany
Partner
Membership No : 050980

Place : Mumbai
Date : May 27, 2016

For and on behalf of the Board

Girish Kulai
Wilfred Tai Lai Kwan } **Directors**

FLAG TELECOM JAPAN LIMITED

Cash Flow Statement for the year ended March 31, 2016

	For the year ended March 31, 2016	Amount in ₹ For the year ended March 31, 2015
A) CASH FLOW FROM OPERATING ACTIVITIES:		
Profit/(Loss) before tax as per Statement of Profit and Loss	5,36,63,568	5,69,60,995
Adjustments for:		
Effects of exchange difference on translation of Asset & Liabilities	(33,46,53,065)	(23,23,81,813)
Depreciation and Amortisation	3,45,33,118	4,38,83,438
	(30,01,19,947)	(18,84,98,375)
Operating Profit/(Loss) before Working Capital Changes	(24,64,56,379)	(13,15,37,380)
Adjustments for:		
(Increase)/ Decrease in Trade and other Receivables	(99,50,608)	(23,98,512)
Increase/ (Decrease) in Liabilities and Provisions	26,07,41,864	16,68,80,995
	25,07,91,256	16,44,82,484
	43,34,877	3,29,45,104
Income Taxes Paid	(76,721)	(70,390)
Net Cash from/(used in) Operating Activities (A)	42,58,156	3,28,74,714
B) CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets (Including Capital Work in Progress)	(6,13,550)	(3,82,10,811)
Net Cash from/(used in) Investing Activities (B)	(6,13,550)	(3,82,10,811)
C) CASH FLOW FROM FINANCING ACTIVITIES:		
Net Cash from/(used in) Financing Activities (C)	-	-
Net Increase/ (Decrease) in Cash and Cash Equivalents (A+B+C)	36,44,606	(53,36,097)
Cash and Cash Equivalents at the Beginning of the year	63,50,943	1,16,87,040
Cash and Cash Equivalents at the End of the year	99,95,549	63,50,943

As per our report attached

For Shridhar & Associates
Chartered Accountants
Firm Regn. No. 134427W

Jitendra Sawjany
Partner
Membership No : 050980

Place : Mumbai
Date : May 27, 2016

For and on behalf of the Board

Girish Kulai
Wilfred Tai Lai Kwan } **Directors**

FLAG TELECOM JAPAN LIMITED

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

NOTE 1

SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation of Financial Statements

The financial statements are prepared under historical cost convention, in accordance with the generally accepted accounting principles (GAAP) in India and Comply with Accounting Standard specified under Section 133 of the Companies Act, 2013 ("the Act") read with Rule 7 of the Companies (Accounts) Rules, 2014 and other provisions of the Act, to the extent notified and applicable as well as applicable guidance note and pronouncements of the Institute of Chartered Accountants of India (the ICAI).

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

Financial Statements have been prepared on a going concern basis and financial support as may be required shall be extended by associates and/or parent company.

b) Revenue Recognition

i. Capacity

The Company sells Right of Use (ROU) that provide customers with network capacity, typically over a 10 to 15 year period without transferring the legal title or giving an option to purchase the network capacity. Revenue from cancellable ROU arrangements are accounted as operating lease and recognised over the life of the contract.

Revenue from non cancellable ROU arrangements is recognised upfront as licensing income on activation of services.

Bills raised on customers/ payments received from customers for long term contracts and for which revenue is not recognised are included in deferred revenue.

ii. Operations and Maintenance

The Company provides operation and maintenance services over the life of the capacity contract, for which the Company receives Operation and Maintenance charges. Operation and maintenance charges are invoiced separately from capacity sales. Revenues relating to maintenance are recognised over the period in which the service is provided.

iii. Network Services

Network services include Capacity lease services, IP transit, IPLC (private lines leased to customers), backup service for other network operators and all other services. The customer typically pays the charges for network services periodically over the life of the contract, which may be up to three years. Network

Services revenue is recognized in the Company's income statement over the term of the contract.

iv. Ethernet Services

The Company recognizes Ethernet services revenue in the month in which the service is provided. Fees related to activation of services are deferred and recognized over the expected term of the related service agreement.

v. Unearned Income

Unearned income represents income billed in accordance with the contract but not Recognised in Statement of Profit and Loss as at the Balance Sheet date. Unearned income net of the amount recognisable within one year is disclosed as unearned income in non-current liabilities and the amount recognisable within one year is disclosed as unearned income in current liabilities.

vi. Unbilled Revenue

Where the services are performed prior to billing, an accrued income is recognised in unbilled revenue.

c) Employee Benefits

Eligible employees of the Company are covered by a defined contribution pension plan/provident fund scheme. Contribution to the plan/fund is made to the insurance companies/local regulatory authorities, where the Company has no further obligations. Such benefits are classified as defined contribution schemes, as the Company does not carry any further obligations apart from the contributions made on a monthly basis.

The Company does not have any material defined benefits plans.

FLAG TELECOM JAPAN LIMITED

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

d) Use of Estimates

The presentation of financial statements in conformity with accounting standards issued by ICAI requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the group reporting package and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known / materialized.

e) Current & Deferred Tax

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

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

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

f) Fixed Assets

i) Accounting of Tangible Fixed Assets

Fixed Assets are stated at cost of acquisition or construction (except revalued assets) including financing cost till commencement of commercial operations, net charges of foreign exchange contracts and adjustments arising from exchange rate variations, directly attributable to fixed assets. Indefeasible Right of Use is stated at cost of acquisition less accumulated amortization.

Costs incurred prior to the capital project's completion are reflected as construction in progress, which is reclassified to fixed assets on the date of completion of project and which is placed in service. Construction in progress is stated at cost. Capitalized costs include costs incurred under the construction contract, engineering and consulting fees, legal fees related to obtaining landing right licenses, interest costs related to program management, costs for the route surveys, indirect costs associated with cable systems and points of presence ("PoPs"), and other costs incurred in the development of the Company's global network.

ii) Depreciation / Amortization

Depreciation on fixed assets is provided on straight-line method on pro-rata basis based on the useful life of the fixed asset as follows:

Computers and Office Equipments	3 to 5 years
Fixtures and Fixtures.....	3 to 7 years
Leasehold improvements.....	Over the useful life
Network Assets	
Network Assets – Other Cables.....	Shorter of 15–25 years or remaining useful lives.

The estimated useful life of network assets are determined based on the estimated period over which they will generate revenue.

iii) Intangible Assets

Intangible Assets are stated at acquisition cost, net of accumulated amortisation and accumulated impairment losses, if any. Gains or losses arising from the retirement or disposal of an intangible asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognised as income or expense in the Statement of Profit and Loss..

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

iv) Impairment of Assets

Assessment is done at each Balance Sheet date as to whether there is any indication that an asset (tangible and intangible) may be impaired. For the purpose of assessing impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets, is considered as a cash generating unit. If any such indication exists, an estimate of the recoverable amount of the asset/cash generating unit is made. Assets whose carrying value exceeds their recoverable amount are written down to the recoverable amount. Recoverable amount is higher of an asset's or cash generating unit's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Assessment is also done at each Balance Sheet date as to whether there is any indication that an impairment loss recognised for an asset in prior accounting periods may no longer exist or may have decreased.

g) Foreign Currency Translation

Initial Recognition

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

Subsequent Recognition

As at the reporting date, non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. All non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined. All monetary assets and liabilities in foreign currency are restated at the end of accounting period.

h) Cash and Cash Equivalents

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

i) Provisions, Contingent Liabilities and Contingent Assets

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

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

Contingent Assets are neither recognised nor disclosed in the financial statements

j) Earnings Per Share

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

FLAG TELECOM JAPAN LIMITED

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

	As at March 31, 2016		Amount in ₹ As at March 31, 2015	
NOTE # 2.01				
Share Capital				
Authorised				
800(800) Shares of Japanese Yen 50,000 each		2,42,24,198		2,28,51,292
		2,42,24,198		<u>2,28,51,292</u>
Issued Subscribed and Paid up:				
200(200) Shares of Japanese Yen 50,000 each, fully paid up		60,56,050		57,12,823
		60,56,050		<u>57,12,823</u>
a) Shares held by Holding company		No. of Shares		No. of Shares
Held by Reliance Flag Telecom Ireland Limited		200		200
		200		<u>200</u>
b) Details of Shareholders holding more than 5% of the aggregate shares in the Company				
Particulars	% of Holding	No of Shares	% of Holding	No of Shares
Reliance Flag Telecom Ireland Limited	100	200	100	200
c) Terms/Rights attached to the shares				
The Company has shares having a par value of Japanese Yen 50,000 per share . Each holder of shares is entitled to one vote per share. In the event of liquidation of the Company, the holder of shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of shares held by the shareholder.				
d) Reconciliation of number of shares		As at March 31, 2016		As at March 31, 2015
	No. of Shares	Amount in ₹	No. of Shares	Amount in ₹
Balance as at the beginning of the year	200	60,56,050	200	57,12,823
Add:Common share issued during the year	-	-	-	-
Less: Common shares cancelled on buy back	-	-	-	-
Balance as at the end of the year	200	60,56,050	<u>200</u>	<u>57,12,823</u>

FLAG TELECOM JAPAN LIMITED

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

	As at March 31, 2016	Amount in ₹ As at March 31, 2015
NOTE # 2.02		
Reserves and Surplus		
Foreign Currency Translation Reserve	(98,56,39,080)	(67,23,10,772)
Surplus/(Deficit) as per the Statement of Profit and Loss		
Balance as per Last Balance Sheet	(4,55,37,60,365)	(4,61,06,50,970)
Add: Profit/(Loss) for the year	5,35,86,847	5,68,90,605
Balance as at the end of the year	(4,50,01,73,518)	(4,55,37,60,365)
Total Reserves and Surplus	(5,48,58,12,598)	(5,22,60,71,137)
NOTE # 2.03		
Long Term Provisions		
Provision for gratuity	1,84,52,461	-
	1,84,52,461	-
NOTE # 2.04		
Trade Payables		
Sundry Creditors (Refer Note 2.23)	1,06,01,615	2,54,39,446
Other contractual obligations	21,26,98,902	16,84,46,487
	22,33,00,517	19,38,85,933
NOTE # 2.05		
Other Current Liabilities		
Unearned Income-current	27,41,135	13,50,467
Employee payable	13,67,401	-
Statutory dues payable	8,89,289	-
Capital creditors	78,94,265	-
Group Company Payables (Refer Note 2.23)	5,62,44,50,296	5,42,31,24,359
	5,63,73,42,386	5,42,44,74,826
NOTE # 2.06		
Short Term Provisions		
Income Tax (net of advance tax)	79,507	72,248
	79,507	72,248

FLAG TELECOM JAPAN LIMITED

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

NOTE # 2.07 Fixed Assets

Particulars	Gross Block			Depreciation			Net Block	
	As at April 1, 2015	Additions during the year	Forex adjustment	As at March 31, 2016	For the year	Forex adjustment	As at March 31, 2016	As at March 31, 2015
Tangible Assets								
Leasehold Improvement	1,81,45,564	5,62,923	10,97,055	1,98,05,542	308	10,90,189	1,92,36,061	-
Computers	29,77,183	50,626	1,79,486	32,07,296	26,293	1,77,193	31,47,410	33,259
Network Assets	1,53,86,93,316	-	9,24,44,710	1,63,11,38,026	3,45,06,517	7,07,85,887	1,27,64,77,446	36,75,08,274
Tangible Assets (A)	1,55,98,16,063	6,13,550	9,37,21,252	1,65,41,50,864	3,45,33,118	7,20,53,269	1,29,88,60,917	36,75,41,533
Previous year	1,45,78,64,806	3,82,10,811	6,37,40,446	1,55,98,16,063	4,38,83,438	4,84,24,079	1,19,22,74,530	
Intangible Assets								
Indefeasible Right of Connectivity	9,54,65,452	-	57,35,549	10,12,01,001	-	57,35,549	10,12,01,001	-
Intangible Assets (B)	9,54,65,452	-	57,35,549	10,12,01,001	-	57,35,549	10,12,01,001	-
Previous year	9,15,17,001	-	39,48,451	9,54,65,452	-	39,48,451	9,54,65,452	-
Grand Total (A + B)	1,65,52,81,515	6,13,550	9,94,56,801	1,75,53,51,865	3,45,33,118	7,77,88,818	1,40,00,61,917	36,75,41,533
Previous year	1,54,93,81,807	3,82,10,811	6,76,88,897	1,65,52,81,515	4,38,83,438	5,23,72,530	1,28,77,39,982	-

FLAG TELECOM JAPAN LIMITED

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

	As at March 31, 2016	Amount in ₹ As at March 31, 2015
NOTE # 2.08		
Long-term Loans and Advances		
Deposits	14,95,011	-
	<u>14,95,011</u>	<u>-</u>
NOTE # 2.09		
Trade Receivable		
(Unsecured) (Refer Note 2.23)		
Due for More than Six months		
Considered Good	7,57,560	-
Considered Doubtful	-	-
	<u>7,57,560</u>	<u>-</u>
Provision for doubtful debts	-	-
	<u>7,57,560</u>	<u>-</u>
Others:		
Considered Good	36,38,570	14,80,674
Considered Doubtful	-	-
	<u>36,38,570</u>	<u>14,80,674</u>
Less: Provision for Doubtful Debts	-	-
	<u>36,38,570</u>	<u>14,80,674</u>
	<u>43,96,130</u>	<u>14,80,674</u>
NOTE # 2.10		
Cash and Cash Equivalent		
Cash on hand	841	4,130
Balance with Banks		
- Current Accounts	99,94,708	63,46,813
	<u>99,95,549</u>	<u>63,50,943</u>
NOTE # 2.11		
Short-term Loans and Advances		
(Unsecured, considered good)		
Advances to Group Companies (Refer Note 2.23)	98,14,485	1,33,551
Deposits	-	80,02,167
Advance to vendors	26,37,140	1,42,87,763
Balances with Government Authorities	1,32,96,782	-
Prepaid Expenses	7,91,192	2,78,063
	<u>2,65,39,599</u>	<u>2,27,01,544</u>
NOTE # 2.12		
Other Current Assets		
Unbilled Debtors	17,02,086	-
	<u>17,02,086</u>	<u>-</u>

FLAG TELECOM JAPAN LIMITED

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

Amount in ₹

	For the year ended March 31, 2016	For the year ended March 31, 2015
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NOTE # 2.13

Service Income

Lease Capacity Services	2,48,28,385	1,85,32,152
Operation and Maintenance Charges	16,81,570	-
Internet Protocol	15,95,530	1,24,02,919
Network Service Revenue	<u>41,19,82,415</u>	<u>43,69,17,532</u>
	<u>44,00,87,900</u>	<u>46,78,52,603</u>

NOTE # 2.14

Other Income

Interest Income	115	224
Gain on Foreign Exchange Fluctuation (Net)	-	20,86,200
Miscellaneous Income	89,161	30,748
	<u>89,276</u>	<u>21,17,172</u>

NOTE # 2.15

Network Operation Expenses

Equipment Maintenance and Support	20,04,643	-
Marine Cable Operations	-	39,03,043
Landing Stations and Point of Presence costs	15,46,06,038	16,58,27,166
Terrestrial Cable, Inland Amplifier and Regenerator Sites	6,21,66,248	6,12,64,979
Local Tails	3,87,82,728	4,20,39,723
Internet Protocol	<u>2,52,18,004</u>	<u>1,17,17,623</u>
	<u>28,27,77,661</u>	<u>28,47,52,534</u>

NOTE # 2.16

Employee Benefits Expense

Salaries, Wages and Bonus	4,35,97,863	6,21,21,869
Contribution to Provident and Other Funds	42,70,604	54,52,978
Staff Welfare	9,65,343	12,42,447
	<u>4,88,33,810</u>	<u>6,88,17,294</u>

NOTE # 2.17

Depreciation and Amortization Expense

Depreciation on Tangible assets	3,45,33,118	4,38,83,438
	<u>3,45,33,118</u>	<u>4,38,83,438</u>

FLAG TELECOM JAPAN LIMITED

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

Amount in ₹

	For the year ended March 31, 2016	For the year ended March 31, 2015
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NOTE # 2.18

Sales and General Administration Expenses

Rent	70,81,226	79,25,134
Insurance	17,45,402	9,61,338
Rates and Taxes	55,259	61,854
Professional Charges	13,39,329	20,44,770
Licensing and Regulatory Fees	7,02,835	1,24,783
Travel and Entertainment	16,12,580	17,00,239
Loss on Foreign Exchange Fluctuation (Net)	31,51,515	-
Communication	8,84,590	8,50,794
Information Technology Support	1,02,344	1,52,853
Bank charges	2,31,693	2,84,580
Sales and Marketing Expenses	2,54,977	4,39,466
Facility Usage charges	8,19,305	4,31,494
Miscellaneous Expense	23,87,964	5,78,209
	2,03,69,019	1,55,55,514

NOTE 2.19

Background and Organisation

The principal activities of FLAG Telecom Japan Limited (the "Company") are the provision of telecommunication services, sales and marketing support services to its fellow subsidiaries and an intermediate holding company, and the operation of a fiber optic telecommunications network in Japan.

NOTE 2.20

Earnings Per Share

Amount in ₹ except number of shares

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
A Profit after Tax	53,586,847	56,890,605
B Weighted average number of share of Japanese Yen 50,000 each used as denominator for calculating Basic and Diluted EPS	200	200
C Basic and Diluted Earnings per Share (A/B)	267,934	284,453

NOTE 2.21

Segment Reporting

The Company has determined its business segment as telecommunication network unit taking into account the nature of services provided, class of customers for the services provided, the differing risks and returns and the internal business reporting systems. Since 100% of the business of Company is from telecommunication network unit, there are no other reportable segments.

The segment revenue, segment result, total carrying amount of segment assets, total amount of segment liabilities, total cost incurred during the year to acquire segments assets, segment depreciation and amortisation for the year are reflected within the consolidated financial statements of the Company as of and for the year ended March 31, 2016.

The Company sells the full range of products and services across the globe and the billing is for the network assets across the globe and not divided into geographical locations, therefore it is impracticable to disclose revenue by geographical locations. Further, network assets span across various countries and are not necessarily located in the country of domicile and hence it is impracticable to disclose assets by geographical location of assets.

NOTE 2.22

Prior Period comparatives have been classified to confirm with the current year's presentation, where applicable.

FLAG TELECOM JAPAN LIMITED

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

NOTE 2.23

Related Party Transactions

In accordance with Accounting Standard 18 "Related Party Disclosures" issued by the Institute of Chartered Accountants of India, the company's related parties and transactions are disclosed below:

- a) Parties where control exist:
 - i. Reliance Communications Limited
 - ii. Reliance Flag Telecom Ireland Limited
- b) Enterprises as affiliated companies are:
 - i) Flag Telecom Asia Limited
 - ii) Flag Telecom Ireland Network Limited
 - iii) Reliance Globalcom Limited
 - iv) Flag Atlantic (UK) Limited
 - v) Reliance Flag Atlantic France SAS
 - vi) Flag Telecom Singapore Pte. Limited
 - vii) Flag Telecom Network USA Limited
 - viii) Reliance Globalcom Services Inc
 - ix) Vanco Japan Limited

FLAG TELECOM JAPAN LIMITED

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

c) Summarized below are the transactions entered into and closing balances with related parties:

Amount in ₹

Name of the Entity	Service Income		Short Term Loans and Advances		Trade Receivable		Trade Payable		Other Current Liabilities	
	For the year ended March 31, 2016	For the year ended March 31, 2015	Closing Balance as at March 31, 2016	Closing Balance as at March 31, 2015	Closing Balance as at March 31, 2016	Closing Balance as at March 31, 2015	Closing Balance as at March 31, 2016	Closing Balance as at March 31, 2015	Closing Balance as at March 31, 2016	Closing Balance as at March 31, 2015
Flag Telecom Asia Limited	-	-	-	-	-	-	-	-	3,47,26,196	3,25,97,065
Reliance Flag Telecom Ireland Limited	41,19,82,415	43,69,17,532	-	-	-	-	-	-	21,84,17,740	59,94,14,964
Flag Telecom Ireland Network Limited	-	-	-	-	-	-	-	-	5,73,68,497	5,41,17,139
Reliance Globalcom Limited	-	-	-	-	-	-	-	-	5,28,32,10,849	4,72,08,97,565
FLAG Atlantic (UK) Limited	-	-	81,05,570	76,46,188	-	-	-	-	-	-
Reliance Flag Atlantic France SAS	-	-	5,49,054	5,17,938	-	-	-	-	-	-
Flag Telecom Singapore PTE Limited	-	-	11,59,860	10,94,125	-	-	-	-	-	-
Flag Telecom Network USA Limited	-	-	-	-	-	-	-	-	3,07,27,014	2,53,55,875
Reliance Globalcom Services Inc	-	-	-	-	15,14,722	3,97,375	-	-	-	-
Vanco Japan Limited	-	-	-	1,33,551	-	1,28,027	-	-	-	-

NOTE 2.24

The amounts relating to Balance Sheet items appearing in Amount in ₹ have been translated at Closing Rate of 1 USD = ₹ 66.255 (Previous year 1 USD = ₹ 62.50) and items relating to profit and loss have been translated at average rate of 1 USD = ₹ 65.4562 (Previous year 1 USD = ₹ 61.153).

The amounts have been converted in INR to comply with the financial reporting requirement in India.

As per our report attached

For and on behalf of the Board

For Shridhar & Associates
Chartered Accountants
Firm Regn. No. 1 34427W

Girish Kulai
Wilfred Tai Lai Kwan
} **Directors**

Jitendra Sawjany
Partner
Membership No : 050980

Place : Mumbai
Date : May 27, 2016

FLAG TELECOM SINGAPORE PTE LIMITED

Independent Auditor's Report

To
The Board of Directors of Flag Telecom Singapore Pte Limited
Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Flag Telecom Singapore Pte Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India including Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion whether the Company has in place an adequate Internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements read together with the notes thereon give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016 and its profit and its cash flows for the year ended on that date.

Other Reporting Requirements

We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account.

Other Matters

This report is issued for the information and use of the Board of Directors of the Company and of Reliance Communications Limited, the holding company in India to comply with the financial reporting requirements in India and should not be used for any other purposes without our prior written consent.

For Shridhar & Associates
Chartered Accountants
Firm Registration No.: 134427W

Jitendra Sawjany
Partner
Membership No. 050980

Place: Mumbai
Dated: May 27, 2016

FLAG TELECOM SINGAPORE PTE LIMITED

Balance Sheet as at March 31, 2016

		Amount in ₹	
	Note	As at March 31, 2016	As at March 31, 2015
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2.01	18,88,578	17,81,543
Reserves and Surplus	2.02	(1,01,99,98,760)	(96,50,40,875)
		<u>(1,01,81,10,182)</u>	<u>(96,32,59,332)</u>
Non Current Liabilities			
Other Long Term Liabilities	2.03	6,047	5,750
Current Liabilities			
Trade Payable	2.04	5,07,45,114	1,85,55,824
Other Current Liabilities	2.05	1,50,03,66,003	1,39,91,15,162
		<u>1,55,11,11,117</u>	<u>1,41,76,70,986</u>
TOTAL		<u>53,30,06,982</u>	<u>45,44,17,404</u>
ASSETS			
Non Current Assets			
Fixed Assets			
Tangible assets	2.06	4,82,55,590	3,54,70,667
Capital Work-in-Progress	2.06	0	44,58,277
		<u>4,82,55,590</u>	<u>3,99,28,944</u>
Long-term loans and advances	2.07	2,20,532	-
		<u>4,84,76,122</u>	<u>3,99,28,944</u>
Current Assets			
Trade receivables	2.08	3,79,79,458	5,00,12,799
Cash and Cash Equivalent	2.09	10,33,39,002	2,86,75,122
Short-term loans and advances	2.10	34,32,12,400	33,58,00,539
		<u>48,45,30,860</u>	<u>41,44,88,460</u>
TOTAL		<u>53,30,06,982</u>	<u>45,44,17,404</u>
Significant Accounting Policies	1		
Notes forming part of the Financial Statements	2		

As per our report attached

For Shridhar & Associates
Chartered Accountants
Firm Regn. No. 134427W

Jitendra Sawjany
Partner
Membership No : 050980

Place : Mumbai
Date : May 27, 2016

For and on behalf of the Board

Naresh Manchanda
Toh Weng Cheong } **Directors**

FLAG TELECOM SINGAPORE PTE LIMITED

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

		Amount in ₹	
	Note	For the year ended March 31, 2016	For the year ended March 31, 2015
Income			
Service Income	2.11	21,86,76,107	18,41,89,729
Other Income	2.12	-	14,49,035
Total Revenue		21,86,76,107	18,56,38,764
Expenditure			
Network Operation Expenses	2.13	18,99,47,065	16,42,34,491
Employee Benefits Expense	2.14	55,41,432	50,71,881
Depreciation and Amortization Expense	2.15	37,55,297	44,33,596
Sales and General Administration Expenses	2.16	1,64,47,042	85,96,335
Total Expenditure		21,56,90,836	18,23,36,303
Profit/(Loss) Before Tax		29,85,271	33,02,461
Provision for taxation - Current Tax		-	-
Profit/(Loss) After Tax		29,85,271	33,02,461
Earnings per Share (Basic and Diluted)	2.18	59.71	66.05

Significant Accounting Policies

1

Notes forming part of the Financial Statements

2

As per our report attached

For and on behalf of the Board

For Shridhar & Associates

Chartered Accountants
Firm Regn. No. 134427W

Naresh Manchanda

Toh Weng Cheong

} **Directors**

Jitendra Sawjany

Partner
Membership No : 050980

Place : Mumbai

Date : May 27, 2016

FLAG TELECOM SINGAPORE PTE LIMITED

Cash Flow Statement for the year ended March 31, 2016

Particulars	Amount in ₹	
	For the year ended March 31, 2016	For the year ended March 31, 2015
A) CASH FLOW FROM OPERATING ACTIVITIES:		
Profit/(Loss) before tax as per Statement of Profit and Loss	29,85,271	33,02,461
Adjustments for:		
Effects of exchange difference on translation of asset & Liabilities	(7,43,76,341)	(4,15,00,208)
Depreciation and Amortisation	37,55,297	44,33,596
	(7,06,21,044)	(3,70,66,612)
Operating Profit/(Loss) before Working Capital Changes	(6,76,35,773)	(3,37,64,151)
Adjustments for:		
(Increase)/ Decrease in Trade and other Receivables	44,00,948	(94,45,055)
Increase/ (Decrease) in Liabilities and Provisions	13,34,40,428	6,53,15,204
	13,78,41,376	5,58,70,149
Net Cash from/(used in) Operating Activities (A)	7,02,05,603	2,21,05,998
B) CASH FLOW FROM INVESTING ACTIVITIES:		
Sale/(Purchase) of Fixed Assets (Including Capital Work in Progress)	44,58,277	(44,58,277)
Net Cash from/(used in) Investing Activities (B)	44,58,277	(44,58,277)
C) CASH FLOW FROM FINANCING ACTIVITIES:		
Net Cash from/(used in) Financing Activities (C)	-	-
Net Increase/ (Decrease) in Cash and Cash Equivalents (A+B+C)	7,46,63,880	1,76,47,721
Cash and Cash Equivalents at the Beginning of the year	2,86,75,122	1,10,27,401
Cash and Cash Equivalents at the End of the year	10,33,39,002	2,86,75,122

As per our report attached

For Shridhar & Associates
Chartered Accountants
Firm Regn. No. 134427W

Jitendra Sawjany
Partner
Membership No : 050980

Place : Mumbai
Date : May 27, 2016

For and on behalf of the Board

Naresh Manchanda
Toh Weng Cheong } **Directors**

FLAG TELECOM SINGAPORE PTE LIMITED

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

NOTE 1

Significant Accounting Policies

a) Basis of Preparation of Financial Statements

The financial statements are prepared under historical cost convention, in accordance with the generally accepted accounting principles (GAAP) in India and Comply with Accounting Standard specified under Section 133 of the Companies Act, 2013 ("the Act") read with Rule 7 of the Companies (Accounts) Rules, 2014 and other provisions of the Act, to the extent notified and applicable as well as applicable guidance note and pronouncements of the Institute of Chartered Accountants of India (the ICAI).

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

Financial Statements have been prepared on a going concern basis and financial support as may be required, shall be extended by associates and / or parent company.

b) Revenue Recognition

Indefeasible Right of Use

The Company sells Right of Use (ROU) that provide customers with network capacity, typically over a 10 to 15 year period without transferring the legal title or giving an option to purchase the network capacity. Revenue from cancellable ROU arrangements are accounted as operating lease and recognised over the life of the contract.

Revenue from non cancellable ROU arrangements is recognised upfront as licensing income on activation of services. Also refer note 3 below for change in accounting policy in current year.

Bills raised on customers/ payments received from customers for long term contracts and for which revenue is not recognised are included in deferred revenue.

Operations And Maintenance

The Company provides operation and maintenance services over the life of the capacity contract, for which the Company receives Operation and Maintenance charges. Operation and maintenance charges are invoiced separately from capacity sales. Revenues relating to maintenance are recognized over the period in which the service is provided.

Network Revenue

Network services include Capacity lease services, IP transit, IPLC (private lines leased to customers), backup service for other network operators and all other services. The customer typically pays the charges for network services periodically over the life of the contract, which may be up to three years. Network revenue is recognized in the Company's income statement over the term of the contract.

Ethernet/Internet Protocol Services

Ethernet revenue is recognized in the Company's income statement over the term of the contract.

Unearned Income

Unearned income represents income billed in accordance with the contract but not recognised in Statement of Profit and Loss as at the Balance Sheet date. Unearned income net of the amount recognisable within one year is disclosed as unearned income in non-current liabilities and the amount recognisable within one year is disclosed as unearned income in current liabilities.

Unbilled Revenue

Where the services are performed prior to billing, an accrued income is recognized in unbilled revenue.

c) Employee Benefits

Eligible employees of the Company are covered by a defined contribution pension plan/provident fund scheme. Contribution to the plan/fund is made to the insurance companies/local regulatory authorities, where the Company has no further obligations. Such benefits are classified as defined contribution schemes, as the Company does not carry any further obligations apart from the contributions made on a monthly basis.

The Company does not have any material defined benefits plans..

FLAG TELECOM SINGAPORE PTE LIMITED

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

d) Use of Estimates

The presentation of financial statements in conformity with accounting standards issued by ICAI requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the group reporting package and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known / materialized.

e) Current and Deferred tax

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

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

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

f) Fixed Assets

i) Accounting of Tangible Fixed Assets

Fixed Assets are stated at cost of acquisition or construction (except revalued assets) including financing cost till commencement of commercial operations, net charges of foreign exchange contracts and adjustments arising from exchange rate variations, directly attributable to fixed assets. Indefeasible Right of Use is stated at cost of acquisition less accumulated amortization.

Costs incurred prior to the capital project's completion are reflected as construction in progress, which is reclassified to fixed assets on the date of completion of project and which is placed in service. Construction in progress is stated at cost. Capitalized costs include costs incurred under the construction contract, engineering and consulting fees, legal fees related to obtaining landing right licenses, interest costs related to program management, costs for the route surveys, indirect costs associated with cable systems and points of presence ("PoPs"), and other costs incurred in the development of the Company's global network.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the Statement of Profit and Loss during the financial period in which they are incurred

ii) Depreciation / Amortization

Depreciation on fixed assets is provided on straight-line method on prorated basis based on the useful life of the fixed asset as follows:

Computer equipment.....3 -5 years.

Leasehold improvements..... Over the useful life.

Network Assets.....the shorter of 15 years or remaining useful lives.

The estimated useful life of network assets are determined based on the estimated period over which they will generate revenue.

iii) Intangible Assets

Intangible Assets are stated at acquisition cost, net of accumulated amortisation and accumulated impairment losses, if any. Gains or losses arising from the retirement or disposal of an intangible asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognised as income or expense in the Statement of Profit and Loss.

Indefeasible Right of Use are fully amortized in the year of purchase

FLAG TELECOM SINGAPORE PTE LIMITED

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

iv) Impairment of Fixed Assets

Assessment is done at each Balance Sheet date as to whether there is any indication that an asset (tangible and intangible) may be impaired. For the purpose of assessing impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets, is considered as a cash generating unit. If any such indication exists, an estimate of the recoverable amount of the asset/cash generating unit is made. Assets whose carrying value exceeds their recoverable amount are written down to the recoverable amount. Recoverable amount is higher of an asset's or cash generating unit's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Assessment is also done at each Balance Sheet date as to whether there is any indication that an impairment loss recognised for an asset in prior accounting periods may no longer exist or may have decreased.

g) Foreign Currency Translation

Initial Recognition

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

Subsequent Recognition

As at the reporting date, non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. All non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined. All monetary assets and liabilities in foreign currency are restated at the end of accounting period.

h) Cash and Cash Equivalents

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

i) Provisions, Contingent Liabilities and Contingent Assets

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

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

Contingent Assets: Contingent assets are neither recognised nor disclosed in the financial statements

j) Earnings Per Share

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

FLAG TELECOM SINGAPORE PTE LIMITED

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

	As at March 31, 2016		Amount in ₹ As at March 31, 2015	
NOTE 2.01				
Share Capital				
Authorised:				
100,000 (100,000) Shares of SGD 1 each		48,20,913		45,47,688
		<u>48,20,913</u>		<u>45,47,688</u>
Issued, Subscribed and Paid up:				
50,000 (50,000) Shares of SGD 1 each, fully paid up		18,88,578		17,81,543
		<u>18,88,578</u>		<u>17,81,543</u>
a) Shares held by Holding Company				
		No. of Shares		No. of Shares
Reliance Globalcom Limited		50,000		50,000
		<u>50,000</u>		<u>50,000</u>
b) Details of Shareholders holding more than 5% of the aggregate Shares in the Company				
Particulars	% of Holding	No. of Shares	% of Holding	No. of Shares
Reliance Globalcom Limited	100	50,000	100	50,000
c) Terms/Rights attached to the shares				
The Company has shares having a par value of SGD 1 per share . Each holder of shares is entitled to one vote per share. In the event of liquidation of the Company, the holder of shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of shares held by the shareholder.				
d) Reconciliation of number of shares				
	As at March 31, 2016		As at March 31, 2015	
	No. of Shares	Amount in ₹	No. of Shares	Amount in ₹
Balance as at the beginning of the year	50,000	18,88,578	50,000	17,81,543
Add: Movement for the year	-	-	-	-
Balance as at the end of the year	<u>50,000</u>	<u>18,88,578</u>	<u>50,000</u>	<u>17,81,543</u>

FLAG TELECOM SINGAPORE PTE LIMITED

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

	As at March 31, 2016	Amount in ₹ As at March 31, 2015
NOTE # 2.02		
Reserves and Surplus		
Foreign Currency Translation Reserve	(17,46,52,390)	(11,67,09,234)
Surplus/(Deficit) as per the Statement of Profit and Loss		
Balance as per Last Balance Sheet	(84,83,31,641)	(85,16,34,101)
Add: Profit/(Loss) for the year	29,85,271	33,02,461
Balance as at the end of the year	(84,53,46,370)	(84,83,31,641)
Total Reserves and Surplus	(1,01,99,98,760)	(96,50,40,875)
NOTE # 2.03		
Other Long Term Liabilities		
Unearned Income	6,047	5,750
	6,047	5,750
NOTE # 2.04		
Trade Payables		
Sundry Creditors	48,54,998	55,87,023
Other contractual obligations	4,58,90,116	1,29,68,801
	5,07,45,114	1,85,55,824
NOTE # 2.05		
Other Current Liabilities		
Unearned Income-current	89,44,438	1,28,66,344
Employee payable	2,75,114	2,19,569
Statutory dues payable	1,50,850	6,95,383
Group Company Payables (Refer Note 2.21)	1,49,09,95,601	1,38,53,33,866
	1,50,03,66,003	1,39,91,15,162

FLAG TELECOM SINGAPORE PTE LIMITED

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

NOTE # 2.06 Fixed Assets

Particulars	Amount in ₹									
	As at April 1, 2015	Additions during the year	Gross Block	As at March 31, 2016	As at April 1, 2015	For the year	Depreciation	Forex adjustment	As at March 31, 2016	Net Block
Tangible Assets										
Leasehold Improvement	5,84,559	-	(5,38,207)	1,01,640	5,84,559	-	(5,38,207)	55,288	1,01,640	-
Computers	11,80,421	-	(12,55,843)	34,161	11,80,421	-	(12,55,843)	1,09,583	34,161	-
Network Assets	16,10,33,321	1,42,80,694	-	17,69,06,401	12,55,62,654	37,55,297	-	(6,67,140)	12,86,50,811	3,54,70,667
Tangible Assets (A)	16,27,98,301	1,42,80,694	(17,94,050)	17,70,42,202	12,73,27,634	37,55,297	(17,94,050)	(5,02,270)	12,87,86,612	4,82,55,590
Previous year	14,86,71,273	-	-	16,27,98,301	11,03,23,833	44,33,596	-	1,25,70,204	12,73,27,634	3,54,70,667
Intangible Assets										
Indefeasible Right of Connectivity	18,64,77,877	-	-	19,76,81,468	18,64,77,877	-	-	1,12,03,591	19,76,81,468	-
Intangible Assets (B)	18,64,77,877	-	-	19,76,81,468	18,64,77,877	-	-	1,12,03,591	19,76,81,468	-
Previous year	17,87,65,152	-	-	18,64,77,877	17,87,65,152	-	-	77,12,725	18,64,77,877	-
Total (A + B)	34,92,76,178	1,42,80,694	(17,94,050)	37,47,23,670	31,38,05,511	37,55,297	(17,94,050)	1,07,01,321	32,64,68,080	4,82,55,590
Previous year	32,74,36,425	-	-	34,92,76,178	28,90,88,985	44,33,596	-	2,02,82,929	31,38,05,511	3,54,70,667
Capital Work in Progress	-	-	-	-	-	-	-	-	-	-
										44,58,277

FLAG TELECOM SINGAPORE PTE LIMITED

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

	As at March 31, 2016	Amount in ₹ As at March 31, 2015
NOTE # 2.07		
Long-term Loans and Advances		
Prepaid Expenses	<u>2,20,532</u>	<u>-</u>
	2,20,532	-
NOTE # 2.08		
Trade Receivable (Unsecured)		
Due for More than Six months		
Considered Good	9,01,068	-
Considered Doubtful		
	<u>9,01,068</u>	<u>-</u>
Provision for doubtful debts	-	-
	<u>9,01,068</u>	<u>-</u>
Others:		
Considered Good	3,70,78,390	5,00,12,799
Considered Doubtful	-	-
	<u>3,70,78,390</u>	<u>5,00,12,799</u>
Less: Provision for Doubtful Debts	-	-
	<u>3,70,78,390</u>	<u>5,00,12,799</u>
	<u>3,79,79,458</u>	<u>5,00,12,799</u>
NOTE # 2.09		
Cash and Cash Equivalent		
Balance with Banks		
- Current Accounts	10,33,39,002	2,86,75,122
	<u>10,33,39,002</u>	<u>2,86,75,122</u>
NOTE # 2.10		
Short-term Loans and Advances (Unsecured considered good)		
Advances to Group Companies (Refer Note 2.21)	33,18,90,207	32,39,95,806
Deposits	73,55,046	69,38,199
Advance to vendors	39,67,147	42,54,631
Balances with Government Authorities	-	6,11,903
	<u>34,32,12,400</u>	<u>33,58,00,539</u>

FLAG TELECOM SINGAPORE PTE LIMITED

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

	Amount in ₹	
	For the year ended	For the year ended
	March 31, 2016	March 31, 2015
NOTE # 2.11		
Service Income		
Indefeasible Right of Use	7,85,47,440	-
Lease Capacity Services	13,78,90,479	18,29,66,667
Operation and Maintenance Charges	22,38,188	12,23,062
	<u>21,86,76,107</u>	<u>18,41,89,729</u>
NOTE # 2.12		
Other Income		
Gain on Foreign Exchange Fluctuation (Net)	-	14,48,057
Reversal of provision no longer required	-	978
	<u>-</u>	<u>14,49,035</u>
NOTE # 2.13		
Network Operation Expenses		
Equipment Maintenance and Support	78,01,045	39,18,782
Landing Stations and Point of Presence costs	3,01,67,258	2,97,81,247
Terrestrial Cable, Inland Amplifier and Regenerator Sites	10,39,58,820	4,03,91,862
Local Tails	3,43,52,336	3,11,03,546
Internet Protocol	22,35,847	21,25,632
Network Service Expenses	1,14,31,759	5,69,13,422
	<u>18,99,47,065</u>	<u>16,42,34,491</u>
NOTE # 2.14		
Employee Benefits Expense		
Salaries, Wages and Bonus	51,87,674	47,76,064
Contribution to Provident and Other Funds	1,91,157	1,80,169
Staff Welfare	1,62,601	1,15,648
	<u>55,41,432</u>	<u>50,71,881</u>
NOTE # 2.15		
Depreciation and Amortization Expense		
Depreciation on Tangible assets	37,55,297	44,33,596
	<u>37,55,297</u>	<u>44,33,596</u>

FLAG TELECOM SINGAPORE PTE LIMITED

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

	Amount in ₹	
	For the year ended March 31, 2016	For the year ended March 31, 2015
NOTE # 2.16		
Sales and General Administration Expenses		
Rates and Taxes	8,11,546	8,20,236
Legal Fees	10,78,472	-
Professional Charges	18,25,734	18,16,506
Licensing and Regulatory Fees	40,78,304	45,18,707
Travel and Entertainment	1,38,215	33,763
Loss on Foreign Exchange Fluctuation (Net)	53,78,698	-
Communication	1,06,488	96,496
Bank charges	1,21,997	1,37,155
Facility Usage charges	13,928	-
Miscellaneous Expense	14,38,554	20,074
	1,49,91,936	74,42,937
Payment to auditors	14,55,106	11,53,398
	1,64,47,042	85,96,335

NOTE 2.17

Background and Organisation

The principal activities of FLAG Telecom Singapore PTE Limited (the "Company") are providing of telecommunication services, sales and marketing support services to its fellow subsidiaries and an intermediate holding company, and the operation of a fiber optic telecommunications network in Singapore. The Company is licensed by the Info-Communications Development Authority of Singapore ("IDA") to carry out these activities.

NOTE 2.18

Earnings Per Share

Amount in ₹ except number of shares

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
A Profit after Tax	2,985,271	3,302,461
B Weighted average number of shares of SGD 1 each used as denominator for calculating Basic and Diluted EPS	50,000	50,000
C Basic and Diluted Earnings per Share (A/B)	59.71	66.05

NOTE 2.19

Segment Reporting

The Company has determined its business segment as telecommunication network unit taking into account the nature of services provided, class of customers for the services provided, the differing risks and returns and the internal business reporting systems. Since 100% of the business of Company is from telecommunication network unit, there are no other reportable segments.

The segment revenue, segment result, total carrying amount of segment assets, total amount of segment liabilities, total cost incurred during the year to acquire segments assets, segment depreciation and amortisation for the year are reflected within the consolidated financial statements of the Company as of and for the year ended March 31, 2016.

The Company sells the full range of products and services across the globe and the billing is for the network assets across the globe and not divided into geographical locations, therefore it is impracticable to disclose revenue by geographical locations. Further, network assets span across various countries and are not necessarily located in the country of domicile and hence it is impracticable to disclose assets by geographical location of assets.

FLAG TELECOM SINGAPORE PTE LIMITED

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

NOTE 2.20

Prior Period Comparatives have been classified and regrouped to confirm with the current year's presentations, where applicable.

NOTE 2.21

Related Party Transactions

In accordance with Accounting Standard 18 "Related Party Disclosures" issued by the Institute of Chartered Accountants of India, the company's related parties and transactions are disclosed below:

- a) Parties where control exist:
 - i) Reliance Communications Limited
 - ii) Reliance Globalcom Limited
- b) Enterprises as affiliated companies are:
 - i) FLAG Telecom Japan Limited
 - ii) FLAG Telecom Asia Limited
 - iii) Reliance FLAG Telecom Ireland Limited
 - iv) FLAG Telecom Ireland Network Limited
- c) Summarized below are the transactions entered into and closing balances with related parties:

Amount in ₹

Name of the Entity	Network Operating Expenses		Short Term Loans and Advances		Other Current Liabilities	
	For the year ended March 31,2016	For the year ended March 31,2015	Closing Balance as at March 31,2016	Closing Balance as at March 31,2015	Closing Balance as at March 31,2016	Closing Balance as at March 31,2015
Reliance Globalcom Limited	-	-	-	-	1,47,89,55,453	1,37,39,76,093
FLAG Telecom Japan Limited	-	-	-	-	11,59,860	10,94,125
FLAG Telecom Asia Limited	-	-	22,33,634	21,07,063	-	-
FLAG Telecom Ireland Network Limited	-	-	-	-	1,08,80,287	1,02,63,648
Reliance FLAG Telecom Ireland Limited	1,14,31,759	5,69,13,422	32,96,56,574	32,18,88,743	-	-

NOTE 2.22

Foreign Currency Exchange Rates

The amounts relating to Balance Sheet items appearing in Amount in ₹ have been translated at Closing Rate of 1 USD = ₹ 66.255 (Previous year 1 USD = ₹ 62.50) and items relating to profit and loss have been translated at average rate of 1 USD = ₹ 65.4562 (Previous year 1 USD = ₹ 61.153).

The amounts have been converted in INR to comply with the financial reporting requirement in India.

As per our report attached

For and on behalf of the Board

For Shridhar & Associates

Chartered Accountants
Firm Regn. No. 134427W

Naresh Manchanda

Toh Weng Cheong

} **Directors**

Jitendra Sawjany

Partner
Membership No : 050980

Place : Mumbai

Date : May 27, 2016

Reliance IDC Limited

Independent Auditor's Report

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

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

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2016, and its profit and cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

As required by 'the Companies (Auditor's Report) Order, 2016', issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (hereinafter referred to as 'the Order'), we give in the 'Annexure A' statement on the matters specified in paragraphs 3 & 4 of the Order.

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

- (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- (c) the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- (d) in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) on the basis of the written representations received from the directors as on March 31, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) 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, if any of pending litigations as at March 31, 2016 on its financial position in its Financial Statements.
 - ii. The Company did not have any long-term contracts including derivative contracts as at 31st March, 2016 for which there were any material foreseeable losses; and
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2016.

For Pathak H.D & Associates
Chartered Accountants
Firm Reg No. 107783W

Parimal Kumar Jha
Partner
Membership No. 124262

Place: Mumbai
Dated: May 6, 2016

Reliance IDC Limited

Annexure A to Independent Auditor's Report – 31st March 2016

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

1. (a) The company has maintained proper records showing full particulars, including quantitative details and location of fixed assets.
 - (b) As explained to us, the fixed assets have been physically verified by the management during the year in a phased periodic manner, which in our opinion is reasonable, having regard to the size of the company and nature of its asset and no material discrepancies were noticed on such verification.
 - (c) As represented, the company does not have any immovable properties in the name of the company.
 2. (a) The inventories have been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable.
 - (b) The Company is maintaining proper records of inventories. Discrepancies identified on physical verification of inventory are not material.
 7. (a) According to the information and explanation given to us and on the basis of our examination of the records of the company, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, sales tax, service tax, customs duty, excise duty, value added tax (VAT), income tax, wealth tax, cess, and other material statutory dues applicable to the Company except Profession Tax. According to the information and explanations given to us, no undisputed amounts payable in respect of sales tax, service tax, customs duty, excise duty, value added tax, income tax, wealth tax, and cess were in arrears as at March 31, 2016 for a period of more than six months from the date they became payable except Profession Tax details given in below table:
- | Name of the Statute | Nature of the dues | Amount (Rs.in Crores) | Period to which amount relates | Due date | Date of Payment |
|---------------------|--------------------|-----------------------|--------------------------------|-------------------------|-----------------|
| Profession Tax Act | Profession Tax | 0.01 | FY – 2015-16 | 15th of following month | Not yet Paid |
- ** All above includes unpaid amounts.
- (b) According to the information and explanation given to us, there are no dues of sales tax, service tax, custom duty, excise duty, value added tax, income tax, wealth tax and cess which have not been deposited on account of dispute
 - (c) There are no amounts required to be transferred by the company to Investor Education & Protection Fund in accordance with the provisions of the Companies Act, and the ruled made there under.
 8. The company has not raised loans from Financial Institutions or Banks or Government or debenture holders. Hence clause 3(viii) of the order requiring comment on repayment of the dues to them is not applicable.
 9. In our opinion and according to the information and explanations given to us, the company has not raised money by way of Initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, the provision of Clause 3(ix) of the order is not applicable to the company.
 3. 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 paragraphs 3(iii) (a), (b) and (c) of the Order are not applicable to the Company.
 4. In our opinion and according to the information and explanations given to us, the company has not given loans, investments, guarantees, and any security under provisions of section 185 and 186 of the Companies Act, 2013. Accordingly, Paragraph 3(iv) of the Order is not applicable to the Company.
 5. In our opinion, and information and explanations given to us, the Company has not accepted deposits as per directives issued by the Reserve Bank of India under the provisions of Section 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Accordingly, Paragraph 3(v) of the Order is not applicable to the Company.
 6. The Central Government has not prescribed maintenance of cost records under Sub- Section (1) of section 148 of the Companies Act, 2013. Accordingly the clause 3(vi) is not applicable.
 10. According to the information and explanations given to us, no significant fraud on or by the company by its officers or employees, that causes a material misstatement to the financial statements, has been noticed or reported during the year.
 11. According to the information and explanations given to us, the company has not paid or provided managerial remuneration during the year. Accordingly, the provision of Clause 3(xi) of the order is not applicable to the company.
 12. As the company is not the Nidhi Company, the provision of Clause 3(xii) of the order is not applicable to the company.
 13. According to the information and explanations given to us, the company has made all the transactions with the related parties in compliance with sections 177 & 188 of Companies Act and the details have been disclosed in the Financial Statements as required by the applicable Accounting Standards.
 14. According to the information and explanations given to us, the company has not made any preferential allotment or

Annexure A to Independent Auditor's Report – 31st March 2016

- private placement of shares or fully or partly convertible debentures during the year as per section 42 of the Companies Act, 2013. Accordingly, the provision of Clause 3(xiv) of the order is not applicable to the company.
15. According to the information and explanations given to us, the company has not entered into any non cash transactions with the directors or persons connected with them as per section 192 of Companies Act, 2013.
16. The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the clause 3(xvi) is not applicable.

For Pathak H.D & Associates
Chartered Accountants
Firm Reg No. 107783W

Parimal Kumar Jha
Partner
Membership No. 124262

Place: Mumbai
Dated: May 6, 2016

Annexure To Independent Auditor's Report

Annexure B to Independent Auditor's Report – 31st March 2016 on the Financial Statements of Reliance IDC Limited

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 IDC Limited ('the Company') as of March 31, 2016 in conjunction with our audit of the 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'. 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 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 Companies Act, 2013, 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 Institute of Chartered Accountants of India. 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 judgement, 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 Institute of Chartered Accountants of India".

For Pathak H.D & Associates
Chartered Accountants
Firm Reg No. 107783W

Parimal Kumar Jha
Partner
Membership No. 124262

Place: Mumbai
Dated: May 6, 2016

Reliance IDC Limited

Balance Sheet as at March 31, 2016

	Notes			(₹ in crore)
		As at		As at
		March 31	March 31	March 31, 2015
		2016	2016	
EQUITY AND LIABILITIES				
Shareholders' Funds				
(a) Share Capital	2.01	2.10		2.10
(b) Reserves and Surplus	2.02	<u>24.84</u>	<u>26.94</u>	<u>23.13</u> 25.23
Non Current Liabilities				
(a) Long Term Provision	2.03	<u>1.36</u>	<u>1.36</u>	<u>-</u> -
Current Liabilities				
(a) Short Term borrowings	2.04	293.00		0.00
(b) Trade Payables	2.05			
(i) Due to Micro and Small Enterprises		0.91		0.62
(ii) Others		<u>123.87</u>		<u>252.34</u>
(c) Other Current Liabilities	2.06	104.12		139.89
(d) Short Term Provision	2.07		<u>521.90</u>	<u>0.34</u> 393.19
TOTAL			<u><u>550.20</u></u>	<u><u>418.42</u></u>
ASSETS				
Non Current Assets				
(a) Fixed Assets				
(i) Tangible Assets	2.08	52.35		61.66
(ii) Capital Work in Progress		<u>86.23</u>	<u>138.58</u>	<u>75.22</u> 136.88
(b) Long Term Loans and Advances	2.09		<u>50.43</u>	<u>4.06</u>
			<u>189.01</u>	<u>140.94</u>
Current Assets				
(a) Inventories	2.10	2.01		1.77
(b) Trade Receivables	2.10	302.81		226.29
(c) Cash and Bank Balances	2.12	7.94		5.34
(d) Short Term Loans and Advances	2.13	39.63		34.04
(e) Other Current Assets	2.14	<u>8.80</u>	<u>361.19</u>	<u>10.04</u> 277.48
TOTAL			<u><u>550.20</u></u>	<u><u>418.42</u></u>
SIGNIFICANT ACCOUNTING POLICIES	1			
NOTES ON ACCOUNTS	2			

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

As per our report of even date

For Pathak H. D. & Associates

Chartered Accountants
Firm Regn No 107783W

Parimal Kumar Jha

Partner
Membership No. 124262

Mumbai
Dated : May 06, 2016

For and on behalf of the Board

Anil C Shah

DIN : 00004368

Shrenik Vaishnav

DIN : 00386889

} Directors

Reliance IDC Limited

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

	Notes	For the year ended March 31, 2016	(₹ in crore) For the year ended March 31, 2015
INCOME			
Revenue from Operations	2.15	450.59	432.64
Other Income	2.16	0.34	3.17
Total Revenue		<u>450.93</u>	<u>435.81</u>
EXPENDITURE			
Operating Expenses	2.17	371.73	314.31
Employee Benefits Expenses	2.18	8.79	-
Finance Costs	2.19	3.34	10.25
Depreciation	2.08	9.32	12.23
General Administration Expenses	2.20	56.04	77.98
Total Expenses		<u>449.22</u>	<u>414.76</u>
Profit Before Tax		1.71	21.05
Current Tax		0.35	4.41
Short Provision for earlier years			0.14
Less: Mat Credit entitlement		<u>(0.35)</u>	<u>(4.06)</u>
Profit After tax		<u>1.71</u>	<u>20.56</u>
Basic and Diluted Earning per Share of ₹ 10 each (₹)		8.16	97.92

Significant Accounting Policies 1

Notes On Accounts 2

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

As per our report of even date

For Pathak H. D. & Associates

Chartered Accountants
Firm Regn No 107783W

Parimal Kumar Jha

Partner
Membership No. 124262

Mumbai
Dated : May 06, 2016

For and on behalf of the Board

Anil C Shah

DIN : 00004368

Shrenik Vaishnav

DIN : 00386889

} **Directors**

Reliance IDC Limited

Cash Flow Statement for the year ended March 31, 2016

Sl. Particulars	For the year ended March 31, 2016	(₹ in crore) For the year ended March 31, 2015
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax as per Statement of Profit and Loss	1.71	21.05
Adjusted for:		
Provision for Doubtful Debts, Loans & Advances and Bad Debts Written off (net of reversal)		(3.06)
Effect of changes in Foreign Exchange Rate (net)	(0.06)	
Depreciation/ Impairment and Amortisation	9.32	12.23
Interest Expenses	0.41	9.22
Interest Income	(0.33)	(0.11)
	9.34	18.28
Operating Profit before Working Capital Changes	11.04	39.33
Adjusted for:		
Receivables and other Advances	(80.91)	(69.57)
Inventories	(0.24)	9.56
Trade Payables and Other Liabilities	(165.91)	45.75
	(247.06)	(14.26)
Cash Generated from Operations	(236.01)	25.07
Tax Paid	(21.61)	(0.65)
Net Cash from Operating Activities	(257.62)	24.42
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets and Capital Work in Progress	(32.76)	(13.76)
Interest Received	0.36	0.32
Fixed Deposits made	(0.29)	(0.30)
Net Cash Used in Investing Activities	(32.69)	(13.74)
C CASH FLOW FROM FINANCING ACTIVITIES		
Net Proceeds/ (Repayment) from Short term Borrowings	293.00	
Interest paid	(0.41)	(9.22)
Net Cash from Financing Activities	292.59	(9.22)
Net Increase/ (Decrease) in Cash and Cash Equivalents	2.28	1.47
Opening Balance of Cash and Cash Equivalents	1.52	0.05
Effect of Exchange Gain/ (Loss) on Cash and Cash Equivalents		
Closing Balance of Cash and Cash Equivalents	3.80	1.52

Notes:

- Figures in brackets indicates cash outgo.
- Cash and Cash Equivalent includes bank balance and Fixed Deposits with Banks.
- Cash Flow statement has been prepared under the Indirect method set out in Accounting Standard 3 "Cash Flow Statement".

As per our report of even date

For Pathak H. D. & Associates

Chartered Accountants
Firm Regn No 107783W

Parimal Kumar Jha

Partner
Membership No. 124262

Mumbai

Dated : May 06, 2016

For and on behalf of the Board

Anil C Shah

DIN : 00004368

Shrenik Vaishnav

DIN : 00386889

} **Directors**

Note 1

1.01 Basis of Preparation of Financial Statements

The financial statements are prepared under historical cost convention, in accordance with the generally accepted accounting principles in India and the provisions of the Companies Act, 2013 read with the Rule 7 of the Companies (Accounts) Rules, 2014 and other provisions of the act to the extent notified and applicable, as well as applicable guidance and pronouncements of the Institute of Chartered Accountants of India (the ICAI).

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

1.02 Use of Estimates

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

1.03 Revenue Recognition

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

1.04 Fixed Assets

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

1.05 Depreciation / Amortisation

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

1.06 Impairment of Assets

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

1.07 Inventories of Stores and Spares

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

1.08 Employee Retirement Benefits

- i) Gratuity and Leave Encashment are charged to Statement of Profit and Loss on the basis of actuarial valuation as at Balance Sheet date.

1.09 Taxes on Income and Deferred Tax

Provision for Income Tax is made on the basis of taxable income for the year at current rates. Tax expense comprises of Current Tax and Deferred Tax at the applicable enacted or substantively enacted rates. Current Tax represents the amount of Income Tax payable / recoverable in respect of the taxable income / loss for the reporting period. Deferred Tax represents the effect of timing difference between taxable income and accounting income for the reporting period that originate in one period and are capable of reversal in one or more subsequent periods. The Deferred Tax Asset is recognised and carried 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.

Reliance IDC Limited

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

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

1.11 Foreign Currency Transactions

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

1.12 Provision for Doubtful Debts and Loans and Advances

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

1.13 Provisions, Contingent Liabilities and Contingent Assets

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

1.14 Earning per Share

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

	As at March 31, 2016	As at March 31, 2015
(₹ in crore)		
Note 2.01		
SHARE CAPITAL		
Authorised		
21 00 000 Equity Shares of ₹10 each (21 00 000)	2.10	2.10
	<u>2.10</u>	<u>2.10</u>
Issued, Subscribed and Paid up		
21 00 000 Equity Shares of ₹10 each (21 00 000)	2.10	2.10
	<u>2.10</u>	<u>2.10</u>

2.01.01 Shares held by holding company

	% of Holding	No. of Shares	% of Holding	No. of Shares
Reliance Websotres Limited & its Nominee	100%	21 00 000	100%	21 00 000

2.01.02 Terms/rights attached to Equity Shares

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

Reliance IDC Limited

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

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

	As at March 31, 2016		As at March 31, 2015	
	Number	(₹ in crore)	Number	(₹ in crore)
Equity shares				
At the beginning of the Year	21 00 000	2.10	21 00 000	2.10
Add/(Less):Changes during the year	-	-	-	-
At the end of the Year	<u>21 00 000</u>	<u>2.10</u>	<u>21 00 000</u>	<u>2.10</u>

(₹ in crore)

As at
March 31, 2016

As at
March 31, 2015

Note : 2.02

RESERVES AND SURPLUS

Surplus in the Statement of Profit and Loss

As per last Balance Sheet	23.13	2.57
Add: Profit during the year	<u>1.71</u>	<u>20.56</u>
Balance Carried forward	<u>24.84</u>	<u>23.13</u>
	<u>24.84</u>	<u>23.13</u>

Note : 2.03

LONG TERM PROVISION

Retirement Benefits	1.36	-
	<u>1.36</u>	<u>-</u>

Note : 2.04

SHORT TERM BORROWINGS

Unsecured		
Loans Repayable on Demand	293.00	-
- from Related Parties		
	<u>293.00</u>	<u>-</u>

Note : 2.05

TRADE PAYABLES

Due to Micro and Small Enterprises	0.91	0.62
Others	<u>123.87</u>	<u>252.34</u>
	<u>124.78</u>	<u>252.96</u>

Reliance IDC Limited

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

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

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

	As at March 31, 2016	(₹ in crore) As at March 31, 2015
(i) Principal amount due to any supplier as at the year end	1.16	0.62
(ii) Interest due on the principal amount unpaid at the year end to any supplier	0.13	0.03
(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	2.30	2.82
(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	0.10	0.17
(vi) Amount of interest accrued and remaining unpaid at the end of each accounting year	0.25	0.21
(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	0.16	0.15

	As at March 31, 2016	(₹ in crore) As at March 31, 2015
Note : 2.06		
OTHER CURRENT LIABILITIES		
Capital Creditors	5.07	1.82
Security Deposits from Customers	24.50	24.50
Income Received in advance	30.78	44.22
Advance from Customers	11.31	25.67
Payable to Tax Authorities	2.15	2.61
Other Liabilities*	30.31	41.07
	104.12	139.89

* Includes amounts due towards material ,services rendered and salary payable.

	As at March 31, 2016	As at March 31, 2015
Note : 2.07		
SHORT TERM PROVISIONS		
Provision For Income Tax	-	0.34
	-	0.34

Reliance IDC Limited

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

Note : 2.08

Fixed Assets

(₹ in crore)

Description	Gross Block			Depreciation				Net Block		
	As at April 01, 2015	Additions	Deduction	As at March 31, 2016	As at April 01, 2015	Depreciation for the year	Deduction	As at March 31, 2016	As at March 31, 2016	As at March 31, 2015
Own Assets										
Tangible Assets										
Plant and Machinery	122.83	-	-	122.83	62.69	8.99	-	71.68	51.15	60.12
Electrical Installations	1.09		-	1.09	0.47	0.11	-	0.58	0.51	0.63
Office Equipment	0.05		-	0.05	0.03	0.00	-	0.03	0.02	0.03
Furniture and Fixtures	1.96		-	1.96	1.07	0.22	-	1.29	0.67	0.88
Sub Total	125.93	-	-	125.93	64.26	9.32	-	73.58	52.35	61.66
Grand Total	125.93	-	-	125.93	64.26	9.32	-	73.58	52.35	61.66
Previous Year	119.14	6.92	0.13	125.93	52.16	12.23	0.12	64.27	61.66	66.98
Capital Work- in - Progress									86.23	75.22

(₹ in crore)

As at
March 31, 2016

As at
March 31, 2015

Note : 2.09

LONG TERM LOANS AND ADVANCES

(Unsecured, Considered good - unless stated otherwise)

Capital Advance	25.00	-
TDS and Advance Tax	21.02	-
Mat credit entitlement	4.41	4.06
	50.43	4.06

Note : 2.10

INVENTORIES

Stores and Spares (valued at cost or net realisable value, whichever is less)	2.01	1.77
	2.01	1.77

Reliance IDC Limited

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

	As at March 31, 2016		(₹ in crore) As at March 31, 2015	
Note : 2.11				
TRADE RECEIVABLES (Unsecured)				
Outstanding for More than Six months from the date they became due for payment				
Considered Good	130.10		140.91	
Considered Doubtful	-		-	
	<u>130.10</u>		<u>140.91</u>	
Less: Provision for doubtful debts	-	130.10	-	140.91
Others				
Considered Good	172.71		85.38	
Considered Doubtful	-		-	
	<u>172.71</u>		<u>85.38</u>	
Less: Provision for doubtful debts	-	172.71	-	85.38
		<u><u>302.81</u></u>		<u><u>226.29</u></u>
Note : 2.12				
CASH AND BANK BALANCES				
Balance with Banks		3.80		1.52
Fixed Deposits with Banks with more than 3 months maturity		4.14		3.82
		<u>7.94</u>		<u>5.34</u>
Note : 2.13				
SHORT TERM LOANS AND ADVANCES				
(Unsecured, Considered good – unless stated otherwise)				
Other Advances				
Balance with Customs, Central Excise Authorities	35.11		23.32	
Advance to Vendors and others	4.52	39.63	10.72	34.04
		<u>39.63</u>		<u>34.04</u>
Note : 2.14				
OTHER CURRENT ASSETS				
Deposits	2.08		1.84	
Interest accrued on Fixed Deposits	0.04		0.07	
Unbilled Revenue	6.68	8.80	8.13	10.04
		<u>8.80</u>		<u>10.04</u>

Reliance IDC Limited

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

	For the year ended March 31,2016		(₹ in crore) For the year ended March 31,2015	
Note : 2.15				
REVENUE FROM OPERATIONS				
A) Service Revenue				
Income from Data Centre Services	512.60		487.69	
Less: Service Tax	<u>62.01</u>	<u>450.59</u>	<u>55.45</u>	432.24
B) Sales Revenue				
Sale of Equipment	-		0.42	
Less: VAT	<u>-</u>	<u>-</u>	<u>0.02</u>	0.40
		<u><u>450.59</u></u>		<u><u>432.64</u></u>
Note : 2.16				
OTHER INCOME				
Interest Income		0.33		0.11
Other Income		<u>0.01</u>		<u>3.06</u>
		<u><u>0.34</u></u>		<u><u>3.17</u></u>
Note : 2.17				
OPERATING EXPENSES				
Power, Fuel and Utilities		122.94		113.91
Repairs and Maintenance – Plant and Machinery		12.58		14.56
Leased Capacity Charges & Other Rent		220.06		172.53
Stores and Spares		4.94		7.28
Cost of Goods Sold		-		0.21
Rates & Taxes – Others		1.23		0.25
Network Expenses others		<u>9.98</u>		<u>5.56</u>
		<u><u>371.73</u></u>		<u><u>314.31</u></u>
Note : 2.18				
PAYMENT TO AND PROVISION FOR EMPLOYEES				
Salaries		7.16		-
Contribution to Provident Fund ,Gratuity ,and Superannuation Fund		0.62		-
Other Amenities Employee Welfare		<u>1.01</u>		<u>-</u>
		<u><u>8.79</u></u>		<u><u>-</u></u>
Note : 2.19				
FINANCE COSTS				
Interest and Financial Costs		<u>3.34</u>		<u>10.25</u>
		<u><u>3.34</u></u>		<u><u>10.25</u></u>

Reliance IDC Limited

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

	For the year ended March 31,2016	(₹ in crore) For the year ended March 31,2015
Note : 2.20		
GENERAL ADMINISTRATION EXPENSES		
Hire Charges-Contracted Services	25.41	48.94
IT Services Expenses	27.03	27.00
Professional Fees	1.13	0.00
Contribution To CSR	0.17	-
Other Expenses	2.29	2.02
Loss on sale of Asset	-	0.01
	56.03	77.97
Payment to Auditors	0.01	0.01
	56.04	77.98

Note : 2.21

Previous year figures have been re-grouped, re-arranged and re-classified wherever necessary. Amount in financial statements are presented Rupees in crore, except as otherwise stated.

Note : 2.22

Project Development Expenditure

Opening Balance	0.64	0.35
Add : Expenditure incurred during the year		
Freight and Transport charges	0.03	0.29
Closing Balance	0.67	0.64

Note : 2.23

Value of Imports on CIF basis in respect of

Capital Goods	0.98	0.80
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Note : 2.24

Earnings in Foreign Currency	1.41	0.47
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Note : 2.25

Deferred Tax Assets

Related to timing difference on depreciation on fixed assets	5.87	6.35
The Company on conservative basis has restricted deferred tax asset to NIL.		

Note : 2.26

Sharing of Expenses

The Company has,during the year,reimbursed Operating Expenses of ₹ 2.38 crore (Previous year ₹ 12.76 crore) and General Administration Expenses of ₹ 0.82 crore (Previous year ₹ 0.31 crore) to Reliance Communications Infrastructure Limited (RCIL),the Fellow Subsidiary. General Administrative Expenses of ₹ Nil crore (Previous year ₹ 20.76 crore), Finance cost ₹ 3.72 crore (Previous year ₹ Nil),and Interest Cost of ₹ Nil crore (previous year ₹ 9.22crore) charged by Reliance Communications Limited for the funds used by the Company for it's business.

Reliance IDC Limited

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

	For the year ended March 31, 2016	(₹ in crore) For the year ended March 31, 2015
Note : 2.27		
Earning Per Share (before and after Exceptional Items)		
Net Profit (Numerator used for calculation) (₹ in crore)	1.71	20.56
Weighted Average number of Equity Shares used as denominator for calculating EPS	21 00 000	21 00 000
Basic and Diluted Earning Per Share of ₹ 10 each (₹)	8.16	97.91
	As at March 31, 2016	As at March 31, 2015

Note : 2.28		
Contingent Liabilities		
(i) Estimated amount of contracts remaining to be executed on capital accounts and not provided for.	17.62	21.09

Note : 2.29		
Contingent Liabilities		
(i) Bank Guarantee (against the Corporate Guarantee given by Ultimate Holding Company)	0.60	-

Note : 2.30

Corporate Social Responsibility Expenditure (as per section 135 of the Companies Act, 2013 read with Schedule VIII)

(a) Gross amount required to be spent by the company during the year	0.16
(b) Amount Spent During the year on	
(i) Constuction /Acquisition of any Assets	
(ii) On purposes other than (i) above	0.17

Note : 2.31

Employees 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.

The following table set out the status of the gratuity plan and leave encashment as required under Accounting Standarda ("AS") -15 (Revised) "Employee Benefits" (Revised).

Particulars	(₹ in crore)			
	Gratuity		Leave Encashment	
	As at March 31, 2016	2015	As at March 31, 2016	2015
i) Reconciliation of opening and closing balances of the present value of the defined benefit obligation				
Obligation at Year beginning	-	-	-	-
Interest cost	0.05	-	0.04	-
Service cost	0.13	-	0.04	-
Actuarial (gain)/ loss	(0.01)	-	0.09	-
Liability Transferred on Acquisition	0.68	-	0.52	-
Benefits paid	(0.01)	-	(0.07)	-
Obligation at Year end	0.84	-	0.62	-

Defined benefit obligation liability as at the balance sheet date is wholly funded by the company

Reliance IDC Limited

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

Particulars	(₹ in crore)			
	Gratuity		Leave Encashment	
	As at March 31, 2016	2015	As at March 31, 2016	2015
ii) Change in plan assets				
Plan assets at Year beginning, at fair value	-	-	-	-
Expected return on plan assets	-	-	-	-
Actuarial gain/ (loss)	-	-	-	-
Contributions	-	-	-	-
Liability Transferred on Acquisition	-	-	-	-
Benefits paid	-	-	-	-
Plan assets at Year end, at fair value	-	-	-	-
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	-	-	-	-
Present value of the defined benefit obligations at the end of the year	0.84	-	0.62	-
Liability recognized in the Balance Sheet	0.84	-	0.62	-
iv) Cost for the Year				
Service Cost	0.13	-	0.04	-
Interest Cost	0.05	-	0.04	-
Expected return on plan assets	-	-	-	-
Actuarial (gain)/ loss	(0.01)	-	0.09	-
Net Gratuity / Leave Encashment Cost	0.17	-	0.17	-
v) Investment details of plan assets				
100% of the plan assets are invested in debt instruments	-	-	-	-
vi) Actual return on plan assets	-		-	-
vii) Assumptions				
Interest rate	7.79%	-	7.79%	-
Estimated return on plan assets	N.A	-	N.A	-
Salary Growth rate	8.00%	-	8.00%	-
viii) Particulars of the amounts for the year and Previous years				
	(₹ in crore)			
	Gratuity for the year ended March 31			
	2016	2015		
Present Value of benefit obligation	0.84	-		
Fair Value of Plan assets	-	-		
Excess of obligation over plan assets (plan assets over obligation)	-	-		
ix) Experience Adjustment	2016	2015		
On Plan Liabilities	(0.01)	-		
On Plan Assets	-	-		

Provident Fund : The Guidance on Implementing AS 15 "Employee Benefits" 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.

Reliance IDC Limited

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

Note : 2.32

Segment Information

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

Note : 2.33

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

a) Name of the Related Party (with whom transaction taken place)	Relationship
1 Reliance Communications Limited	Ultimate Holding Company
2 Reliance Webstores Limited	Holding Company

List of other Related Parties where there have been transactions

3 Reliance Telecom Limited	Fellow Subsidiary Companies
4 Reliance Infratel Limited	
5 Reliance Big TV Limited	
6 Reliance Tech Services Limited	
7 Reliance Infocomm Infrastructure Limited	
8 Reliance Communications infrastuture Limited	
9 Reliance Globalcom Limited, Bermuda and its Subsidiaries	
10 Reliance Big Broadcasting Private Limited	
11 Reliance Big Entertainment Private limited	
12 Zapak Digital Entertainment Limited	
13 Big Animation (India) Private Limited	Enterprise over which Promoter of Holding Company having control with effect from March 28, 2015. (Fellow Subsidiary Companies Upto March 27, 2015)
14 Reliance Capital Limited	
15 Reliance Capital Asset Management Limited	
16 Reliance Securities Limited	
17 Reliance General Insurance Company Limited	
18 Reliance Spot Exchange Infrastructure Limited	

Note : 2.32

(b) Transactions with related parties :

(figures Shown in brackets pertains to Previous year)

Sr. No.	Nature of Transactions	Ultimate Holding Company	Holding Company	Fellow Subsidiaries	Enterprise over which Promoter of Holding Company having control	Total
(₹ in crore)						
1	Short Term Borrowings					
	Balance as at April 01, 2015	-	-	-	-	-
		(-)	(-)	(-)	(-)	(-)
	Taken During the year	-	-	293.00		293.00
		(-)	(-)	(-)		(-)
	Repaid during the year	-	-	-		-
		(-)	(-)	(-)		(-)
	Balance as at March 31, 2016	-	-	293.00		293.00
		(-)	(-)	(-)		(-)
2	Trade Payable	24.57	-	80.43	-	105.00
		(61.47)	(-)	(141.16)	(-)	(202.63)

Reliance IDC Limited

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

(₹ in crore)						
Sr. No.	Nature of Transactions	Ultimate Holding Company	Holding Company	Fellow Subsidiaries	Enterprise over which Promoter of Holding Company having control	Total
3	Other Current Liabilities					
ii)	Advance from customer	- (-)	3.62 (-)	1.97 (23.88)	0.79 (0.79)	6.38 (24.67)
iii)	Income Received in Advance	- (-)	0.34 (0.39)	0.73 (2.49)	2.51 (3.17)	3.58 (6.05)
4	Trade Receivable	- (-)	- (3.92)	12.85 (28.59)	34.55 (31.40)	47.41 (63.91)
5	Short Term loans And advances					
	Advance to vendor	- (-)	- (-)	- (8.46)	- (-)	- (8.46)
6	Other Current Assets					
	Unbilled Revenue	- (-)	- (-)	0.12 (-)	0.02 (0.09)	0.14 (0.09)
7	Revenue from Operations					
	Services Income	100.16 (99.01)	1.36 (1.56)	25.90 (74.80)	13.81 (-)	141.24 (175.37)
8	Expenditure					
i)	Operating Expenditure	149.29 (109.95)	- (-)	141.71 (146.74)	- (-)	290.99 (256.69)
ii)	General Administration Expenditure	- (20.76)	- (-)	27.00 (27.31)	- (-)	27.00 (48.07)
iii)	Finance Cost	3.72 (9.22)	- (-)	0.41 (-)	- (-)	4.13 (9.22)

Note : 2.33

(c) Significant Related Party Transactions

- 1** Loan taken during the year includes ₹ 293 crore (Previous year ₹ Nil) from Reliance Infocomm Infrastructure Limited.
- 2** Trade Payable include ₹ 24.57 crore (Previous year ₹ 61.47 crore) due to Reliance Communications Limited, ₹ Nil crore (Previous year ₹ 135.81 crore) due to Reliance Communications Infrastructure Limited, ₹ 68.37crore (Previous year ₹ Nil crore) due to Reliance Infocomm Infrastructure Limited and ₹ 12.06 crore (Previous year ₹ 5.35 crore) due to Reliance Tech Services Limited .
- 3(i)** Advance from Customer Includes ₹ Nil crore (Previous year ₹ 23.88 crore) from Reliance Infratel Limited , ₹ 3.62 crore (Previous year ₹ Nil crore) from Reliance Webstore Limited and ₹ 1.97 crore (Previous year ₹ Nil crore) from Reliance Big TV Limited.
- 3(ii)** Income Received in Advance include ₹ Nil crore (Previous year ₹ 1.22 crore) from Reliance Big TV Limited, ₹ 0.34 crore (Previous year ₹ 0.39 crore) from Reliance Webstore Limited ₹ 0.62 crore (Previous year ₹ 1.16 crore) from Reliance Communications Infrastructure Limited , ₹ 1.82 crore (Previous year ₹ 2.25 crore) from Reliance Capital Limited, ₹ 0.36 crore (Previous year ₹ Nil crore) from Reliance Securities Limited.
- 4** Trade Receivable include ₹ 6.58 crore(Previous year ₹ 14.05 crore) due from Reliance Telecom Limited, ₹ Nil crore (Previous year ₹ 8.71 crore) due from Reliance Big TV Limited, ₹ Nil crore (Previous year ₹ 3.92 crore) due from Reliance Webstore Limited, ₹ 22.66 crore (Previous year ₹ 20.18 crore) due from Reliance Capital Limited and ₹ 7.37 crore (Previous year ₹ 6.85 crore) due from Reliance General Insurance Company Limited .

Reliance IDC Limited

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

- 5 Advance To Vendor Includes ₹ Nil crore (Previous year ₹ 8.46 crore) to Reliance infocomm Infrastructure Limited .
- 6 Unbilled Revenue Includes ₹ 0.12 crore (Previous year ₹ Nil crore) to Reliance Communications Infrastructure Limited, ₹ Nil crore (Previous year ₹ 0.06 crore) to Reliance Capital Limited and ₹ Nil crore (Previous year ₹ 0.03 crore) to Reliance General Insurance Company Limited.
- 7 Service Income include ₹ 100.16 crore (Previous year ₹ 99.01 crore) from Reliance Communications Limited, ₹ 11.01 crore (Previous year ₹ 2.86 crore) from Reliance Communications Infrastructure Limited, ₹ Nil (Previous year ₹ 28 crore) from Reliance Infratel Limited, ₹ 12 crore (Previous year ₹ 25.00 crore) from Reliance Telecom Limited, ₹ 2.46 crore (Previous year ₹ 4.85 crore) from Reliance Big TV Limited, ₹ 1.36 crore (Previous year ₹ 1.56 crore) from Reliance Webstore Limited and ₹ 10.73 crore (Previous year ₹ 9.10 crore) from Reliance Capital Limited.
- 8(i) Operating Expenditure include ₹ 149.29 crore (Previous year ₹ 109.95 crore) of Reliance Communications Limited, ₹ Nil (Previous year ₹ 12.76 crore) of Reliance communications infrastructure Limited and ₹ 141.71 crore (Previous year ₹ 125.88 crore) of Reliance Infocomm Infrastructure Limited.
- (ii) General Administration Expenses includes ₹ 27 crore (Previous year ₹ 27 crore) from Reliance Tech Services Limited and ₹ Nil (Previous year ₹ 20.76) of Reliance Communications Limited.
- (iii) Finance Cost includes interest of ₹ 3.72 crore (Previous year ₹ 9.22 crore) charged by Reliance Communications Limited and ₹ 0.41 crore (previous year ₹ Nil) charged by Reliance Infocomm Infrastructure Limited for the funds used by the Company for it's business.

As per our report of even date

For Pathak H. D. & Associates

Chartered Accountants
Firm Regn No 107783W

Parimal Kumar Jha

Partner
Membership No. 124262

Mumbai
Dated : May 06, 2016

For and on behalf of the Board

Anil C Shah

DIN : 00004368

Shrenik Vaishnav

DIN : 00386889

} Directors

SEOUL TELENET INC.

Independent Auditor's Report

To
The Board of Directors of Seoul Telenet Inc.

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Seoul Telenet Inc. ("the Company"), which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India including Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion whether the Company has in place an adequate Internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements read together with the notes thereon give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016 and its profit and its cash flows for the year ended on that date.

Other Reporting Requirements

We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account.

Other Matters

This report is issued for the information and use of the Board of Directors of the Company and of Reliance Communications Limited, the holding company in India to comply with the financial reporting requirements in India and should not be used for any other purposes without our prior written consent.

For Shridhar & Associates
Chartered Accountants
Firm Registration No.: 134427W

Jitendra Sawjany
Partner
Membership No. 050980

Place: Mumbai
Dated: May 27, 2016

SEOUL TELENET INC.

Balance Sheet as at March 31, 2016

		Amount in ₹
	As at	As at
	March 31, 2016	March 31, 2015
EQUITY AND LIABILITIES		
Shareholders' Funds		
Share Capital	2.01 15,01,01,948	14,15,94,938
Reserves and Surplus	2.02 (1,09,89,17,723)	(1,05,16,73,444)
	<u>(94,88,15,775)</u>	<u>(91,00,78,506)</u>
Non Current Liabilities		
Long Term Provisions	2.03 3,91,78,561	4,71,57,563
	<u>3,91,78,561</u>	<u>4,71,57,563</u>
Current Liabilities		
Trade Payable	2.04 8,79,81,349	95,61,338
Other Current Liabilities	2.05 1,06,90,86,907	1,12,18,10,979
	<u>1,15,70,68,256</u>	<u>1,13,13,72,317</u>
TOTAL	<u>24,74,31,042</u>	<u>26,84,51,374</u>
ASSETS		
Non Current Assets		
Fixed Assets:		
Tangible assets	2.06 14,15,28,756	14,25,42,915
Capital Work-in-Progress	2.06 2,85,503	10,52,821
	<u>14,18,14,259</u>	<u>14,35,95,736</u>
Current Assets:		
Trade receivables	2.07 2,70,60,353	1,93,01,234
Cash and Cash Equivalent	2.08 2,15,94,214	5,64,01,795
Short-term loans and advances	2.09 5,69,62,216	4,91,52,609
	<u>10,56,16,783</u>	<u>12,48,55,638</u>
TOTAL	<u>24,74,31,042</u>	<u>26,84,51,374</u>
Significant Accounting Policies	1	
Notes forming part of the Financial Statements	2	

As per our report attached

For and on behalf of the Board

For Shridhar & Associates
Chartered Accountants
Firm Regn. No. 134427W

Girish Kulai
Fabrizio Civitarese } **Directors**

Jitendra Sawjiyani
Partner
Membership No : 050980

Place : Mumbai
Date : May 27, 2016

SEOUL TELENET INC.

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

		Amount in ₹	
	Note	For the year ended March 31, 2016	For the year ended March 31, 2015
Income			
Service Income	2.10	32,67,87,294	27,96,31,153
Other Income	2.11	27,80,997	2,82,642
Total Revenue		32,95,68,291	27,99,13,796
Expenditure			
Network Operation Expenses	2.12	22,16,86,152	15,70,88,247
Employee benefits expense	2.13	4,61,90,818	7,23,62,916
Depreciation and Amortization Expense	2.14	1,11,31,054	1,45,84,162
Sales and General Administration Expenses	2.15	3,48,12,215	1,80,95,607
Total Expenditure		31,38,20,239	26,21,30,933
Profit/(Loss) Before Tax		1,57,48,052	1,77,82,863
Provision for taxation - Current Tax		-	-
Profit/(Loss) After Tax		1,57,48,052	1,77,82,863
Earnings per Share (Basic and Diluted)	2.17	26.25	29.64

As per our report attached

For Shridhar & Associates
Chartered Accountants
Firm Regn. No. 134427W

Jitendra Sawjany
Partner
Membership No : 050980

Place : Mumbai
Date : May 27, 2016

For and on behalf of the Board

Girish Kulai
Fabrizio Civitarese } **Directors**

SEOUL TELENET INC.

Cash Flow Statement for the year ended March 31, 2016

Particulars	Amount in ₹	
	For the year ended March 31, 2016	For the year ended March 31, 2015
A) CASH FLOW FROM OPERATING ACTIVITIES:		
Profit/(Loss) before tax as per Statement of Profit and Loss	1,57,48,052	1,77,82,863
Adjustments for:		
Depreciation and Amortisation	1,11,31,054	1,45,84,162
Effects of exchange difference on translation of asset & Liabilities	(6,29,33,829)	(4,39,69,945)
	(5,18,02,775)	(2,93,85,783)
Operating Profit/(Loss) before Working Capital Changes	(3,60,54,723)	(1,16,02,919)
Adjustments for:		
(Increase)/ Decrease in Trade and other Receivables	(1,55,68,726)	4,69,43,298
Increase/ (Decrease) in Liabilities and Provisions	1,77,16,937	(2,61,05,778)
	21,48,211	2,08,37,520
Net Cash from/(used in) Operating Activities (A)	(3,39,06,512)	92,34,601
B) CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets (Including Capital Work in Progress)	(9,01,069)	(1,20,03,885)
Net Cash from/(used in) Investing Activities (B)	(9,01,069)	(1,20,03,885)
C) CASH FLOW FROM FINANCING ACTIVITIES:		
Net Cash from/(used in) Financing Activities (C)	-	-
Net Increase/ (Decrease) in Cash and Cash Equivalents (A+B+C)	(3,48,07,581)	(27,69,284)
Cash and Cash Equivalents at the Beginning of the year	5,64,01,795	5,91,71,079
Cash and Cash Equivalents at the End of the year	2,15,94,214	5,64,01,795

As per our report attached

For Shridhar & Associates
Chartered Accountants
Firm Regn. No. 134427W

Jitendra Sawjany
Partner
Membership No : 050980

Place : Mumbai
Date : May 27, 2016

For and on behalf of the Board

Girish Kulai
Fabrizio Civitarese } **Directors**

NOTE 1

Significant Accounting Policies

a) Basis of Preparation of Financial Statements

The financial statements are prepared under historical cost convention, in accordance with the generally accepted accounting principles (GAAP) in India and Comply with Accounting Standard specified under Section 133 of the Companies Act, 2013 ("the Act") read with Rule 7 of the Companies (Accounts) Rules, 2014 and other provisions of the Act, to the extent notified and applicable as well as applicable guidance note and pronouncements of the Institute of Chartered Accountants of India (the ICAI).

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

Financial Statements have been prepared on a going concern basis and financial support as may be required shall be extended by associates and/or parent company.

b) Revenue Recognition

i. Capacity

The Company sells Right of Use (ROU) that provide customers with network capacity, typically over a 10 to 15 year period without transferring the legal title or giving an option to purchase the network capacity. Revenue from cancellable ROU arrangements are accounted as operating lease and recognised over the life of the contract.

Revenue from non cancellable ROU arrangements is recognised upfront as licensing income on activation of services.

Bills raised on customers/ payments received from customers for long term contracts and for which revenue is not recognised are included in deferred revenue.

ii. Operations and Maintenance

The Company provides operation and maintenance services over the life of the capacity contract, for which the Company receives Operation and Maintenance charges. Operation and maintenance charges are invoiced separately from capacity sales. Revenues relating to maintenance are recognised over the period in which the service is provided.

iii. Network Services

Network services include Capacity lease services, IP transit, IPLC (private lines leased to customers), backup service for other network operators and all other services. The customer typically pays the charges for network services periodically over the life of the contract, which may be up to three years. Network Services revenue is recognized in the Company's income statement over the term of the contract.

iv. Ethernet/Internet Protocol Services

The Company recognizes Ethernet services revenue in the month in which the service is provided. Fees related to activation of services are deferred and recognized over the expected term of the related service agreement.

v. Unearned Income

Unearned income represents income billed in accordance with the contract but not recognised in Statement of Profit and Loss as at the Balance Sheet date. Unearned income net of the amount recognisable within one year is disclosed as unearned income in non-current liabilities and the amount recognisable within one year is disclosed as unearned income in current liabilities.

vi. Unbilled Revenue

Where the services are performed prior to billing, an accrued income is recognized in unbilled revenue.

c) Employee Benefits

Eligible employees of the Company are covered by a defined contribution pension plan/provident fund scheme. Contribution to the plan/fund is made to the insurance companies/local regulatory authorities, where the Company has no further obligations. Such benefits are classified as defined contribution schemes, as the Company does not carry any further obligations apart from the contributions made on a monthly basis.

The Company does not have any material defined benefits plans.

d) Use of Estimates

The presentation of financial statements in conformity with accounting standards issued by ICAI requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the group reporting package and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known / materialized.

e) Current and Deferred tax

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

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

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

f) Fixed Assets

i) Accounting of Tangible Fixed Assets

Fixed Assets are stated at cost of acquisition or construction (except revalued assets) including financing cost till commencement of commercial operations, net charges of foreign exchange contracts and adjustments arising from exchange rate variations, directly attributable to fixed assets. Indefeasible Right of Use is stated at cost of acquisition less accumulated amortization.

Costs incurred prior to the capital project's completion are reflected as construction in progress, which is reclassified to fixed assets on the date of completion of project and which is placed in service. Construction in progress is stated at cost. Capitalized costs include costs incurred under the construction contract, engineering and consulting fees, legal fees related to obtaining landing right licenses, interest costs related to program management, costs for the route surveys, indirect costs associated with cable systems and points of presence ("PoPs"), and other costs incurred in the development of the Company's global network.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the Statement of Profit and Loss during the financial period in which they are incurred

ii) Depreciation / Amortization

Depreciation on fixed assets is provided on straight-line method on prorated basis based on the useful life of the fixed asset as follows:

Computers and Office Equipments	3 to 5 years
Fixtures and Fixtures.....	3 to 7 years
Leasehold improvements.....	Over the useful life
Network Assets –	
Network Assets – Other Cables.....	Shorter of 15 years or remaining useful lives.

The estimated useful life of network assets are determined based on the estimated period over which they will generate revenue.

iii) Intangible Assets

Intangible Assets are stated at acquisition cost, net of accumulated amortisation and accumulated impairment losses, if any. Gains or losses arising from the retirement or disposal of an intangible asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognised as income or expense in the

Statement of Profit and Loss.

Indefeasible Right of Use are fully amortised in the year of purchase.

iv) Impairment of Assets

Assessment is done at each Balance Sheet date as to whether there is any indication that an asset (tangible and intangible) may be impaired. For the purpose of assessing impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets, is considered as a cash generating unit. If any such indication exists, an estimate of the recoverable amount of the asset/cash generating unit is made. Assets whose carrying value exceeds their recoverable amount are written down to the recoverable amount. Recoverable amount is higher of an asset's or cash generating unit's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Assessment is also done at each Balance Sheet date as to whether there is any indication that an impairment loss recognised for an asset in prior accounting periods may no longer exist or may have decreased.

g) Foreign Currency Translation

Initial Recognition

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

Subsequent Recognition

As at the reporting date, non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. All non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined. All monetary assets and liabilities in foreign currency are restated at the end of accounting period.

h) Cash and Cash Equivalents

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

i) Provisions, Contingent Liabilities and Contingent Assets

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

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

Contingent Assets: Contingent assets are neither recognised nor disclosed in the financial statements.

j) Earnings Per Share

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

SEOUL TELENET INC.

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

	As at March 31, 2016	Amount in ₹ As at March 31, 2015
NOTE # 2.01		
Share Capital		
Authorised		
2,400,000 (2,400,000) Shares of South Korean Won 5,000 each	<u>71,77,00,662</u>	<u>67,70,25,000</u>
	<u>71,77,00,662</u>	<u>67,70,25,000</u>
Issued Subscribed and Paid up:		
600,000 (600,000) Shares of South Korean Won 5,000 each, fully paid up	<u>15,01,01,948</u>	<u>14,15,94,938</u>
	<u>15,01,01,948</u>	<u>14,15,94,938</u>

a) Shares held by Holding and Affiliated companies

	No. of Shares	No. of Shares
Class A Common Shares		
IMM Corporation	3,06,000	3,06,000
Reliance Globalcom Limited	2,94,000	2,94,000
	<u>6,00,000</u>	<u>6,00,000</u>

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

Particulars	% of Holding	No. of Shares	% of Holding	No. of Shares
IMM Corporation	51	3,06,000	51	3,06,000
Reliance Globalcom Limited	49	2,94,000	49	2,94,000

c) Terms/Rights attached to shares

The Company has only shares having a par value of South Korean Won of 5,000 each per share. Each holder of shares is entitled to one vote per share. In the event of liquidation of the Company, the holder of shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of shares held by the shareholder.

	As at March 31, 2016		As at March 31, 2015	
d) Reconciliation of number of shares	No. of Shares	Amount in ₹	No. of Shares	Amount in ₹
Balance as at the beginning of the year	6,00,000	15,01,01,948	6,00,000	14,15,94,938
Add: Common share issued during the year	-	-	-	-
Less: Common shares cancelled on buy back	-	-	-	-
Balance as at the end of the year	<u>6,00,000</u>	<u>15,01,01,948</u>	<u>6,00,000</u>	<u>14,15,94,938</u>

SEOUL TELENET INC.

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

	As at March 31, 2016	Amount in ₹ As at March 31, 2015
NOTE # 2.02		
Reserves and Surplus		
Foreign Currency Translation Reserve	(19,39,68,338)	(13,09,76,007)
Surplus/(Deficit) as per the Statement of Profit and Loss		
Balance as per Last Balance Sheet	(92,06,97,437)	(93,84,80,300)
Add: Profit/(Loss) for the year	1,57,48,052	1,77,82,863
Balance as at the end of the year	(90,49,49,385)	(92,06,97,437)
Total Reserves and Surplus	(1,09,89,17,723)	(1,05,16,73,444)
NOTE # 2.03		
Long Term Provisions		
Provision for gratuity	3,91,78,561	4,71,57,563
	3,91,78,561	4,71,57,563
NOTE # 2.04		
Trade Payables		
Sundry Creditors	1,38,550	-
Other contractual obligations	8,78,42,799	95,61,338
	8,79,81,349	95,61,338
NOTE # 2.05		
Other Current Liabilities		
Employee payable	43,07,046	76,67,913
Statutory dues payable	54,07,631	74,24,596
Capital creditors	17,227	-
Other Liabilities/Accrued Expense	-	4,14,79,055
Group Company Payables (Refer Note 2.20)	1,05,93,55,003	1,06,52,39,415
	1,06,90,86,907	1,12,18,10,979

SEOUL TELENET INC.

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

NOTE # 2.06
Fixed Assets

Particulars	Gross Block			Depreciation			Net Block		Amount in ₹
	As at April 1, 2015	Additions during the year	As at March 31, 2016	For the year	Forex adjustment	As at March 31, 2016	As at March 31, 2016	As at March 31, 2015	
Tangible Assets									
Leasehold Improvement	10,40,982	-	11,03,543	-	62,561	11,03,543	-	-	-
Computers	13,04,655	6,19,830	20,10,415	29,063	78,702	14,12,419	5,97,996	-	-
Furniture and Fixtures	1,45,304	-	1,54,043	-	8,739	1,54,043	-	-	-
Network Assets	50,91,26,493	10,48,557	54,07,76,135	1,11,01,991	2,21,59,806	39,98,45,375	14,09,30,760	14,25,42,915	-
Tangible Assets (A)	51,16,17,434	16,68,387	54,40,44,136	1,11,31,054	2,23,09,808	40,25,15,380	14,15,28,756	14,25,42,915	
Previous year	47,97,27,573	1,09,51,072	51,16,17,434	1,45,84,162	1,49,69,710	36,90,74,519	14,25,42,915		
Intangible Assets									
Indefeasible Right of Connectivity	16,26,99,258	-	17,24,74,230	-	97,74,972	17,24,74,230	-	-	-
Intangible Assets (B)	16,26,99,258	-	17,24,74,230	-	97,74,972	17,24,74,230	-	(0)	
Previous year	15,59,70,017	-	16,26,99,258	-	67,29,241	16,26,99,258	-	-	-
Total (A + B)	67,43,16,692	16,68,387	71,65,18,366	1,11,31,054	3,20,84,780	57,49,89,610	14,15,28,756	14,25,42,915	
Previous year	63,56,97,590	1,09,51,072	67,43,16,692	1,45,84,162	2,16,98,951	53,17,73,777	14,25,42,915	-	-
Capital Work in Progress							2,85,503	10,52,821	

SEOUL TELENET INC.

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

	As at March 31, 2016	Amount in ₹ As at March 31, 2015
NOTE # 2.07		
Trade Receivable		
(Unsecured)		
Due for More than Six months		
Considered Good	-	1,92,16,005
Considered Doubtful	18,27,215	43,47,693
	18,27,215	2,35,63,697
Provision for doubtful debts	18,27,215	43,47,693
	-	1,92,16,005
Others:		
Considered Good	2,70,60,353	85,229
Considered Doubtful	-	-
	2,70,60,353	85,229
Less: Provision for Doubtful Debts	-	-
	2,70,60,353	85,229
	2,70,60,353	1,93,01,234
NOTE # 2.08		
Cash and Cash Equivalent		
Cash on hand	12,765	12,042
Balance with Banks		
- Current Accounts	2,15,81,449	5,63,89,753
	2,15,94,214	5,64,01,795
NOTE # 2.09		
Short-term Loans and Advances		
(Unsecured considered good)		
Advances to Group Companies (Refer Note 2.20)	15,90,267	-
Deposits	33,07,992	31,20,511
Advance to vendors	5,09,09,798	4,31,55,065
Balances with Government Authorities	4,67,428	24,15,375
Prepaid Expenses	6,86,731	4,61,657
	5,69,62,216	4,91,52,609

SEOUL TELENET INC.

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

Amount in ₹

	For the year ended March 31, 2016	For the year ended March 31, 2015
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NOTE # 2.10

Service Income

Indefeasible Right of Use	5,23,650	1,24,81,347
Lease Capacity Services	15,87,28,562	10,79,54,130
Operation and Maintenance Charges	1,11,72,841	1,00,44,378
Internet Protocol	8,57,49,670	9,35,96,294
Network Service Revenue	7,06,12,571	5,55,55,004
	32,67,87,294	27,96,31,153

NOTE # 2.11

Other Income

Interest Income	32,847	38,695
Gain on Foreign Exchange Fluctuation (Net)	-	2,43,458
Reversal of provision no longer required	27,48,150	-
Miscellaneous Income	-	489
	27,80,997	2,82,642

NOTE # 2.12

Network Operation Expenses

Equipment Maintenance and Support	19,07,257	24,09,966
Landing Stations and Point of Presence costs	5,45,62,704	4,33,57,669
Terrestrial Cable, Inland Amplifier and Regenerator Sites	3,42,74,956	2,86,14,783
Local Tails	13,02,70,301	8,20,10,142
Internet Protocol	6,70,934	6,95,687
	22,16,86,152	15,70,88,247

NOTE # 2.13

Employee Benefits Expense

Salaries, Wages and Bonus	4,03,03,825	6,70,13,110
Contribution to Provident and Other Funds	28,54,706	22,08,739
Staff Welfare	30,32,287	31,41,067
	4,61,90,818	7,23,62,916

NOTE # 2.14

Depreciation and Amortization Expense

Depreciation on Tangible assets	1,11,31,054	1,45,84,162
	1,11,31,054	1,45,84,162

SEOUL TELENET INC.

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

Amount in ₹

	For the year ended March 31, 2016	For the year ended March 31, 2015
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NOTE # 2.15

Sales and General Administration Expenses

Rent	37,45,237	37,76,013
Insurance	9,87,242	8,87,165
Rates and Taxes	49,082	48,381
Professional Charges	25,27,707	25,34,224
Licensing and Regulatory Fees	54,541	1,33,660
Travel and Entertainment	57,35,904	55,68,515
Loss on Foreign Exchange Fluctuation (Net)	1,72,30,573	-
Communication	12,67,551	10,95,421
Information Technology Support	3,25,983	3,52,543
Bank charges	20,058	39,074
Sales and Marketing Expenses	-	7,89,344
Facility Usage charges	1,07,960	86,041
Miscellaneous Expense	15,09,786	15,25,652
	3,35,61,624	1,68,36,032
Payment to auditors	12,50,591	12,59,574
	3,48,12,215	1,80,95,607

NOTE 2.16

BACKGROUND AND ORGANISATION

The principal activities of Seoul Telenet Inc. (the "Non-Trading Entity") are the providing telecommunication services, sales and marketing support services to its fellow subsidiaries and an intermediate holding company, and the operation of a fiber optic telecommunications network in South Korea.

NOTE 2.17

Earnings Per Share

Amount in ₹ except number of shares

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
A Profit after Tax	15,748,052	17,782,863
B Weighted average number of share of South Korean Won 5,000 each used as denominator for calculating Basic and Diluted EPS	600,000	600,000
C Basic and Diluted Earnings per Share (A/B)	26.25	29.64

NOTE 2.18

Segment Reporting

The Company has determined its business segment as telecommunication network unit taking into account the nature of services provided, class of customers for the services provided, the differing risks and returns and the internal business reporting systems. Since 100% of the business of Company is from telecommunication network unit, there are no other reportable segments.

The segment revenue, segment result, total carrying amount of segment assets, total amount of segment liabilities, total cost incurred during the year to acquire segments assets, segment depreciation and amortisation for the year are reflected within the consolidated financial statements of the Company as of and for the year ended March 31, 2016.

The Company sells the full range of products and services across the globe and the billing is for the network assets across the globe and not divided into geographical locations, therefore it is impracticable to disclose revenue by geographical locations. Further, network assets span across various countries and are not necessarily located in the country of domicile and hence it is impracticable to disclose assets by geographical location of assets

SEOUL TELENET INC.

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

NOTE 2.19

Prior Period comparatives have been classified & regrouped to confirm with the current year's presentation, where applicable.

NOTE 2.20

Related Party Transactions

In accordance with Accounting Standard 18 "Related Party Disclosures" issued by the Institute of Chartered Accountants of India, the company's related parties and transactions are disclosed below:

- a) Parties where control exist:
 - i) Reliance Communications Limited
 - ii) Reliance Globalcom Limited
 - iii) IMM Corporation
- b) Enterprises as affiliated companies are:
 - i) Flag Telecom Asia Limited
 - ii) Flag Atlantic (UK) Limited
 - iii) Reliance Flag Telecom Ireland Limited
- c) Summarized below are the transactions entered into and closing balances with related parties:

Amount in ₹

Name of the Entity	Service Income		Short Term Loans and Advances		Other Current Liabilities	
	For the year ended March 31,2016	For the year ended March 31,2015	Closing Balance as at March 31,2016	Closing Balance as at March 31,2015	Closing Balance as at March 31,2016	Closing Balance as at March 31,2015
Flag Telecom Asia Limited	-	-	-	-	2,22,606	2,09,989
Flag Atlantic (UK) Limited	-	-	-	-	24	-
Reliance Flag Telecom Ireland Limited	7,06,12,571	5,55,55,004	15,90,267	-	-	6,59,23,345
Reliance Globalcom Limited	-	-	-	-	1,05,91,32,374	99,91,06,081

NOTE 2.21

The amounts relating to Balance Sheet items appearing in Amount in ₹ have been translated at Closing Rate of 1 USD = ₹ 66.255 (Previous year 1 USD = ₹ 62.50) and items relating to profit and loss have been translated at average rate of 1 USD = ₹ 65.4562 (Previous year 1 USD = ₹ 61.153).

The amounts have been converted in INR to comply with the financial reporting requirement in India.

As per our report attached

For and on behalf of the Board

For Shridhar & Associates
Chartered Accountants
Firm Regn. No. 134427W

Girish Kulai
Fabrizio Civitarese } **Directors**

Jitendra Sawjany
Partner
Membership No : 050980

Place : Mumbai
Date : May 27, 2016

FLAG Holdings (Taiwan) Limited

Independent Auditor's Report

To
The Board of Directors of Flag Holdings (Taiwan) Limited
Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of FLAG Holdings (Taiwan) Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India including Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion whether the Company has in place an adequate Internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements read together with the notes thereon give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016 and its profit and its cash flows for the year ended on that date.

Other Reporting Requirements

We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account.

Other Matters

This report is issued for the information and use of the Board of Directors of the Company and of Reliance Communications Limited, the holding company in India to comply with the financial reporting requirements in India and should not be used for any other purposes without our prior written consent.

For Shridhar & Associates
Chartered Accountants
Firm Registration No.: 134427W

Jitendra Sawjany
Partner
Membership No. 050980

Place: Mumbai
Dated: May 27, 2016

FLAG Holdings (Taiwan) Limited

Balance Sheet as at March 31, 2016

		As at	Amount in ₹
	Note	March 31, 2016	As at March 31, 2015
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2.01	35,65,83,587	33,63,74,223
Reserves and Surplus	2.02	<u>(3,59,83,569)</u>	<u>(3,40,08,634)</u>
		32,06,00,018	30,23,65,589
Current Liabilities			
Trade Payable	2.03	10,47,153	5,20,691
Other Current Liabilities	2.04	<u>34,99,92,477</u>	<u>32,77,21,557</u>
		35,10,39,630	32,82,42,248
TOTAL		<u>67,16,39,648</u>	<u>63,06,07,837</u>
ASSETS			
Non Current Assets			
Non Current Investments	2.05	<u>66,42,85,634</u>	<u>62,66,37,250</u>
		66,42,85,634	62,66,37,250
Current Assets:			
Current Investment			
Cash and Cash Equivalent	2.06	35,58,211	36,02,416
Short-term loans and advances	2.07	<u>37,95,803</u>	<u>3,68,171</u>
		73,54,014	39,70,587
TOTAL		<u>67,16,39,648</u>	<u>63,06,07,837</u>
Significant Accounting Policies	1		
Notes forming part of the Financial Statements	2		

As per our report attached

For Shridhar & Associates
Chartered Accountants
Firm Regn. No. 134427W

Jitendra Sawjany
Partner
Membership No : 050980

Place : Mumbai
Date : May 27, 2016

For and on behalf of the Board

Girish Kulai
Eric Yih } **Directors**

FLAG Holdings (Taiwan) Limited

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

		Amount in ₹	
	Note	For the year ended March 31, 2016	For the year ended March 31, 2015
Income			
Service Income	2.08	17,63,409	15,36,564
Other Income	2.09	6,307	8,662
Total Revenue		17,69,716	15,45,226
Expenditure			
Sales and General Administration Expenses	2.10	17,02,240	14,78,651
Total Expenditure		17,02,240	14,78,651
Profit/(Loss) Before Tax		67,476	66,575
Provision for taxation - Current Tax		-	-
Profit/(Loss) After Tax		67,476	66,575
Earnings per Share (Basic and Diluted)	2.12	0.0034	0.0033

As per our report attached

For Shridhar & Associates
Chartered Accountants
Firm Regn. No. 134427W

Jitendra Sawjany
Partner
Membership No : 050980

Place : Mumbai
Date : May 27, 2016

For and on behalf of the Board

Girish Kulai
Eric Yih } **Directors**

FLAG Holdings (Taiwan) Limited

Cash Flow Statement for the year ended March 31, 2016

	For the year ended March 31, 2016	Amount in ₹ For the year ended March 31, 2015
A) CASH FLOW FROM OPERATING ACTIVITIES:		
Profit/(Loss) before tax as per Statement of Profit and Loss	67,476	66,575
Adjustments for:		
Effects of exchange difference on translation of asset & Liabilities	(1,94,81,430)	(1,34,13,227)
	(1,94,81,430)	(1,34,13,227)
Operating Profit/(Loss) before Working Capital Changes	(1,94,13,954)	(1,33,46,652)
Adjustments for:		
(Increase)/ Decrease in Trade and other Receivables	(34,27,632)	(43,015)
Increase/ (Decrease) in Liabilities and Provisions	2,27,97,382	1,35,67,439
	1,93,69,750	1,35,24,424
Net Cash from/(used in) Operating Activities (A)	(44,205)	1,77,772
B) CASH FLOW FROM INVESTING ACTIVITIES:		
Net Cash from/(used in) Investing Activities (B)	-	-
C) CASH FLOW FROM FINANCING ACTIVITIES:		
Net Cash from/(used in) Financing Activities (C)	-	-
Net Increase/ (Decrease) in Cash and Cash Equivalents (A+B+C)	(44,205)	1,77,772
Cash and Cash Equivalents at the Beginning of the year	36,02,416	34,24,644
Cash and Cash Equivalents at the End of the year	35,58,211	36,02,416

As per our report attached

For Shridhar & Associates
Chartered Accountants
Firm Regn. No. 134427W

Jitendra Sawjany
Partner
Membership No : 050980

Place : Mumbai
Date : May 27, 2016

For and on behalf of the Board

Girish Kulai
Eric Yih } **Directors**

FLAG Holdings (Taiwan) Limited

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

NOTE 1

SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation of Financial Statements

The financial statements are prepared under historical cost convention, in accordance with the generally accepted accounting principles (GAAP) in India and Comply with Accounting Standard specified under Section 133 of the Companies Act, 2013 ("the Act") read with Rule 7 of the Companies (Accounts) Rules, 2014 and other provisions of the Act, to the extent notified and applicable as well as applicable guidance note and pronouncements of the Institute of Chartered Accountants of India (the ICAI).

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

b) Revenue Recognition

Indefeasible Right of Use

The Company sells Right of Use (ROU) that provide customers with network capacity, typically over a 10 to 15 year period without transferring the legal title or giving an option to purchase the network capacity. Revenue from cancellable ROU arrangements are accounted as operating lease and recognised over the life of the contract.

Revenue from non cancellable ROU arrangements is recognised upfront as licensing income on activation of services. Also refer note 3 below for change in accounting policy in current year.

Bills raised on customers/ payments received from customers for long term contracts and for which revenue is not recognised are included in deferred revenue.

Operations and Maintenance

The Company provides operation and maintenance services over the life of the capacity contract, for which the Company receives Operation and Maintenance charges. Operation and maintenance charges are invoiced separately from capacity sales. Revenues relating to maintenance are recognised over the period in which the service is provided.

Network Services

Network services include Capacity lease services, IP transit, IPLC (private lines leased to customers), backup service for other network operators and all other services. The customer typically pays the charges for network services periodically over the life of the contract, which may be up to three years. Network Services revenue is recognized in the Company's income statement over the term of the contract.

Ethernet Services

The Company recognizes Ethernet services revenue in the month in which the service is provided. Fees related to activation of services are deferred and recognized over the expected term of the related service agreement.

Unearned Income

Unearned income represents income billed in accordance with the contract but not recognized in Statement of Profit and Loss as at the Balance Sheet date. Unearned income net of the amount recognisable within one year is disclosed as unearned income in non-current liabilities and the amount recognisable within one year is disclosed as unearned income in current liabilities.

Unbilled Revenue

Where the services are performed prior to billing, an accrued income is recognized in unbilled revenue.

c) Employee Benefits

Eligible employees of the Company are covered by a defined contribution pension plan/provident fund scheme. Contribution to the plan/fund is made to the insurance companies/local regulatory authorities, where the Company has no further obligations. Such benefits are classified as defined contribution schemes, as the Company does not carry any further obligations apart from the contributions made on a monthly basis.

The Company does not have any material defined benefits plans..

d) Use of Estimates

The presentation of financial statements in conformity with accounting standards issued by ICAI requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the group reporting package and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and

FLAG Holdings (Taiwan) Limited

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

estimates are recognized in the period in which the results are known / materialized.

e) Current and Deferred Tax

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

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

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

f) Foreign Currency Translation

Initial Recognition

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

Subsequent Recognition

As at the reporting date, non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. All non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined. All monetary assets and liabilities in foreign currency are restated at the end of accounting period.

g) Cash and Cash Equivalents

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

h) Provisions, Contingent Liabilities and Contingent Assets

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

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

Contingent Assets: Contingent assets are neither recognised nor disclosed in the financial statements

i) Earnings Per Share

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

j) Investments

Long-term investments and current maturities of long-term investments are stated at cost, less provision for other temporary diminution in value. Current investments, except for current maturities of long term investments, are stated at the lower of cost and fair value.

FLAG Holdings (Taiwan) Limited

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

	As at March 31, 2016		Amount in ₹ As at March 31, 2015	
NOTE 2.01				
Share Capital				
Authorised:				
Capital stock of New Taiwan Dollar (NTD) 20,000,000	35,65,83,587		33,63,74,223	
	<u>35,65,83,587</u>		<u>33,63,74,223</u>	
Issued, Subscribed and Paid up:				
Capital stock of New Taiwan Dollar (NTD) 20,000,000, fully paid up	35,65,83,587		33,63,74,223	
	<u>35,65,83,587</u>		<u>33,63,74,223</u>	
a) Shares held by Holding and Affiliated companies				
	Capital Stock		Capital Stock	
Reliance Globalcom Limited	1,00,00,000		1,00,00,000	
Sian-Chon Internet Co Limited	1,00,00,000		1,00,00,000	
	<u>2,00,00,000</u>		<u>2,00,00,000</u>	
b) Details of Shareholders holding more than 5% of the aggregate Shares in the Company				
Particulars	% of Holding	No. of Shares	% of Holding	No. of Shares
Reliance Globalcom Limited	50	1,00,00,000	50	1,00,00,000
Sian-Chon Internet Co Limited	50	1,00,00,000	50	1,00,00,000
c) Terms/Rights attached to the shares				
The holder of capital stock is entitled to one vote per New Taiwan Dollar contribution. In the event of liquidation of the Company, the holder of stock will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the capital contribution held by the shareholder.				
d) Reconciliation of number of shares				
	As at March 31, 2016		As at March 31, 2015	
	No. of Shares	Amount in ₹	No. of Shares	Amount in ₹
Balance as at the beginning of the year	2,00,00,000	35,65,83,587	2,00,00,000	33,63,74,223
Add: Movement for the year	-	-	-	-
Balance as at the end of the year	<u>2,00,00,000</u>	<u>35,65,83,587</u>	<u>2,00,00,000</u>	<u>33,63,74,223</u>

FLAG Holdings (Taiwan) Limited

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

	As at March 31, 2016	Amount in ₹ As at March 31, 2015
NOTE # 2.02		
Reserves and Surplus		
Foreign Currency Translation Reserve	(65,08,817)	(44,66,406)
Surplus/(Deficit) as per the Statement of Profit and Loss		
Balance as per Last Balance Sheet	(2,95,42,228)	(2,96,08,803)
Add: Profit/(Loss) for the year	67,476	66,575
Balance as at the end of the year	<u>(2,94,74,752)</u>	<u>(2,95,42,228)</u>
Total Reserves and Surplus	<u>(3,59,83,569)</u>	<u>(3,40,08,634)</u>
NOTE # 2.03		
Trade Payables		
Sundry Creditors	-	75,455
Other contractual obligations	10,47,153	4,45,236
	<u>10,47,153</u>	<u>5,20,691</u>
NOTE # 2.04		
Other Current Liabilities		
Group Company Payables (Refer Note 2.14)	34,99,92,477	32,77,21,557
	<u>34,99,92,477</u>	<u>32,77,21,557</u>
NOTE # 2.05		
Non Current Investments		
Investment in Subsidiary Company (Unquoted, Non trade, at cost)		
33,600,000 (33,600,000) shares of New Taiwan Dollar 10 each in Flag Telecom Taiwan Limited, fully paid up	66,42,85,634	62,66,37,250
	<u>66,42,85,634</u>	<u>62,66,37,250</u>
NOTE # 2.06		
Cash and Cash Equivalent		
Balance with Banks		
- Current Accounts	35,58,211	36,02,416
	<u>35,58,211</u>	<u>36,02,416</u>
NOTE # 2.07		
Short-term Loans and Advances		
(Unsecured considered good)		
Advances to Group Companies (Refer Note 2.14)	34,49,689	-
Balances with Government Authorities	3,37,422	2,87,228
Prepaid Expenses	8,692	80,943
	<u>37,95,803</u>	<u>3,68,171</u>

FLAG Holdings (Taiwan) Limited

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

Amount in ₹

	For the year ended	For the year ended
	March 31, 2016	March 31, 2015

NOTE # 2.08 Service Income

Network Service Revenue	17,63,409	15,36,564
	17,63,409	15,36,564

NOTE # 2.09 Other Income

Interest Income	6,307	6,264
Gain on Foreign Exchange Fluctuation (Net)	-	2,398
	6,307	8,662

NOTE # 2.10 Sales and General Administration Expenses

Rent	8,74,210	8,61,602
Professional Charges	19,701	19,983
Licensing and Regulatory Fees	1,57,776	2,33,206
Loss on Foreign Exchange Fluctuation (Net)	2,59,724	-
Miscellaneous Expense	25	-
	13,11,436	11,14,790
Payment to auditors	3,90,804	3,63,860
	17,02,240	14,78,651

NOTE 2.11

BACKGROUND AND ORGANISATION

The principal activities of FLAG Holdings (Taiwan) Limited (the "Non-Trading Entity") are the provision of telecommunication services, sales and marketing support services to its fellow subsidiaries and an intermediate holding company, and the operation of a fiber optic telecommunications network in Taiwan.

NOTE 2.12

Earnings Per Share

Amount in ₹ except number of shares

	For the year ended	For the year ended
	March 31, 2016	March 31, 2015
A Profit after Tax	67,476	66,575
B Weighted average capital stock of New Taiwan Dollar used as denominator for calculating Basic and Diluted EPS	20,000,000	20,000,000
C Basic and Diluted Earnings per Share (A/B)	0.0034	0.0033

FLAG Holdings (Taiwan) Limited

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

NOTE 2.13

Segment Reporting

The Company has determined its business segment as telecommunication network unit taking into account the nature of services provided, class of customers for the services provided, the differing risks and returns and the internal business reporting systems. Since 100% of the business of Company is from telecommunication network unit, there are no other primary reportable segments.

The segment revenue, segment result, total carrying amount of segment assets, total amount of segment liabilities, total cost incurred during the year to acquire segments assets, segment depreciation and amortisation for the year are reflected within the consolidated financial statements of the Company as of and for the year ended March 31, 2016.

The Company sells the full range of products and services across the globe and the billing is for the network assets across the globe and not divided into geographical locations, therefore it is impracticable to disclose revenue by geographical locations. Further, network assets span across various countries and are not necessarily located in the country of domicile and hence it is impracticable to disclose assets by geographical location of assets

NOTE 2.14

Related Party Transactions

In accordance with Accounting Standard 18 "Related Party Disclosures" issued by the Institute of Chartered Accountants of India, the company's related parties and transactions are disclosed below:

a) Parties where control exist:

Reliance Communications Limited

Reliance Globalcom Limited

Sian-Chon Internet Co Limited

b) Enterprises as affiliated companies are:

FLAG Telecom Asia Limited

FLAG Telecom Taiwan Limited

FLAG Telecom Development Ltd

Reliance Flag Telecom Ireland Limited

c) Summarized below are the transactions entered into and closing balances with related parties:

Amount in ₹

Name of the Entity	Service Income		Other Current Liabilities		Short Term Loans and Advances	
	For the year ended March 31, 2016	For the year ended March 31, 2015	Closing Balance as at March 31, 2016	Closing Balance as at March 31, 2015	Closing Balance as at March 31, 2016	Closing Balance as at March 31, 2015
FLAG Telecom Asia Limited	-	-	13,08,868	12,34,688		
FLAG Telecom Taiwan Limited	-	-	9,09,38,026	8,49,19,437		
Reliance Globalcom Limited	-	-	25,47,40,125	24,03,02,736		
FLAG Telecom Development Ltd	-	-	30,05,459	28,35,125		
Reliance Flag Telecom Ireland Limited	17,63,409	15,36,564	-	-	34,49,689	15,70,428

FLAG Holdings (Taiwan) Limited

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

NOTE 2.15

Prior Period comparatives have been classified to conform with the current year's presentation, where applicable.

NOTE 2.16

The amounts relating to Balance Sheet items appearing in Amount in ₹ have been translated at Closing Rate of 1 USD = ₹ 66.255 (Previous year 1 USD = ₹ 62.50) and items relating to profit and loss have been translated at average rate of 1 USD = ₹ 65.4562 and (Previous year 1 USD = ₹ 61.153).

The amounts have been converted in INR to comply with the financial reporting requirement in India.

As per our report attached

For and on behalf of the Board

For Shridhar & Associates

Chartered Accountants

Firm Regn. No. 134427W

Girish Kulai

Eric Yih

} Directors

Jitendra Sawjany

Partner

Membership No : 050980

Place : Mumbai

Date : May 27, 2016

FLAG TELECOM TAIWAN LIMITED

Independent Auditor's Report

To
The Board of Directors of Flag Telecom Taiwan Limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of FLAG Telecom Taiwan Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India including Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion whether the Company has in place an adequate Internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements read together with the notes thereon give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016 and its profit and its cash flows for the year ended on that date.

Other Reporting Requirements

We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account.

Other Matters

This report is issued for the information and use of the Board of Directors of the Company and of Reliance Communications Limited, the holding company in India to comply with the financial reporting requirements in India and should not be used for any other purposes without our prior written consent.

For Shridhar & Associates
Chartered Accountants
Firm Registration No.: 134427W

Jitendra Sawjany
Partner
Membership No. 050980

Place: Mumbai
Dated: May 27, 2016

FLAG TELECOM TAIWAN LIMITED

Balance Sheet as at March 31, 2016

	Note	As at March 31, 2016	Amount in ₹ As at March 31, 2015
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2.01	83,03,57,033	78,32,96,574
Reserves and Surplus	2.02	3,53,47,954	(4,64,67,069)
		<u>86,57,04,987</u>	<u>73,68,29,505</u>
Non Current Liabilities			
Other Long Term Liabilities	2.03	94,96,27,150	98,11,17,456
		<u>94,96,27,150</u>	<u>98,11,17,456</u>
Current Liabilities			
Trade Payable	2.04	4,81,34,690	6,03,21,375
Other Current Liabilities	2.05	9,95,08,943	9,31,62,632
Short Term Provisions	2.06	26,68,705	25,17,457
		<u>15,03,12,338</u>	<u>15,60,01,464</u>
TOTAL		<u>1,96,56,44,475</u>	<u>1,87,39,48,425</u>
ASSETS			
Non Current Assets			
Fixed Assets			
Tangible assets	2.07	1,18,73,95,633	1,13,04,40,289
Capital Work-in-Progress	2.07	2,52,475	2,17,076
		<u>1,18,76,48,108</u>	<u>1,13,06,57,365</u>
Long-term Loans and Advances	2.08	10,25,88,671	28,16,278
		<u>1,29,02,36,779</u>	<u>1,13,34,73,643</u>
Current Assets:			
Trade receivables	2.09	3,11,54,616	6,00,11,877
Cash and Cash Equivalent	2.10	35,34,52,872	22,39,77,404
Short-term Loans and Advances	2.11	26,87,15,190	43,56,52,150
Other Current Assets	2.12	2,20,85,018	2,08,33,351
		<u>67,54,07,696</u>	<u>74,04,74,782</u>
TOTAL		<u>1,96,56,44,475</u>	<u>1,87,39,48,425</u>
Significant Accounting Policies	1		
Notes forming part of the Financial Statements	2		

As per our report attached

For Shridhar & Associates
Chartered Accountants
Firm Regn. No. 134427W

Jitendra Sawjany
Partner
Membership No : 050980

Place : Mumbai
Date : May 27, 2016

For and on behalf of the Board

Girish Kulai
Wilfred Tai Lai Kwan } **Directors**

FLAG TELECOM TAIWAN LIMITED

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

	Note	For the year ended March 31, 2016	Amount in ₹ For the year ended March 31, 2015
Income			
Service Income	2.13	29,33,16,515	31,80,14,280
Other Income	2.14	48,266	12,839
Total Revenue		<u>29,33,64,781</u>	<u>31,80,27,119</u>
Expenditure			
Network Operation Expenses	2.15	14,01,87,424	17,33,50,932
Employee Benefits Expense	2.16	2,85,22,454	3,09,09,758
Depreciation and Amortization Expense	2.17	1,10,36,353	1,71,17,801
Sales and General Administration Expenses	2.18	3,00,31,865	1,74,55,410
Total Expenditure		<u>20,97,78,096</u>	<u>23,88,33,901</u>
Profit/(Loss) Before Tax		<u>8,35,86,685</u>	<u>7,91,93,218</u>
Provision for taxation			
- Current Tax		-	58,71,326
		-	58,71,326
Profit/(Loss) After Tax		<u>8,35,86,685</u>	<u>7,33,21,892</u>
Earnings per Share (Basic and Diluted)	2.20	1.99	1.75

As per our report attached

For Shridhar & Associates
Chartered Accountants
Firm Regn. No. 134427W

Jitendra Sawjiyani
Partner
Membership No : 050980

Place : Mumbai
Date : May 27, 2016

For and on behalf of the Board

Girish Kulai
Wilfred Tai Lai Kwan } **Directors**

FLAG TELECOM TAIWAN LIMITED

Cash Flow Statement for the year ended March 31, 2016

Particulars	Amount in ₹	
	For the year ended March 31, 2016	For the year ended March 31, 2015
A) CASH FLOW FROM OPERATING ACTIVITIES:		
Profit/(Loss) before tax as per Statement of Profit and Loss	8,35,86,685	7,91,93,218
Adjustments for:		
Depreciation and Amortisation	1,10,36,353	1,71,17,801
Effects of exchange difference on translation of asset & Liabilities	(2,24,95,900)	(1,78,66,721)
	(1,14,59,547)	(7,48,920)
Operating Profit/(Loss) before Working Capital Changes	7,21,27,138	7,84,44,298
Adjustments for:		
(Increase)/ Decrease in Trade and other Receivables	9,47,70,161	18,50,75,589
Increase/ (Decrease) in Liabilities and Provisions	(3,71,79,433)	(8,26,42,639)
	5,75,90,728	10,24,32,950
	12,97,17,866	18,08,77,248
Income Taxes Paid	-	(58,71,326)
Net Cash from/(used in) Operating Activities (A)	12,97,17,866	17,50,05,922
B) CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets (Including Capital Work in Progress)	(2,42,398)	(1,22,65,544)
Net Cash from/(used in) Investing Activities (B)	(2,42,398)	(1,22,65,544)
C) CASH FLOW FROM FINANCING ACTIVITIES:		
Net Cash from/(used in) Financing Activities (C)	-	-
Net Increase/ (Decrease) in Cash and Cash Equivalents (A+B+C)	12,94,75,468	16,27,40,378
Cash and Cash Equivalents at the Beginning of the year	22,39,77,404	6,12,37,026
Cash and Cash Equivalents at the End of the year	35,34,52,872	22,39,77,404

As per our report attached

For Shridhar & Associates
Chartered Accountants
Firm Regn. No. 134427W

Jitendra Sawjany
Partner
Membership No : 050980

Place : Mumbai
Date : May 27, 2016

For and on behalf of the Board

Girish Kulai
Wilfred Tai Lai Kwan } **Directors**

FLAG TELECOM TAIWAN LIMITED

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

NOTE 1

SIGNIFICANT ACCOUNTING POLICIES

i. Basis of Preparation of Financial Statements

The financial statements are prepared under historical cost convention, in accordance with the generally accepted accounting principles (GAAP) in India and Comply with Accounting Standard specified under Section 133 of the Companies Act, 2013 ("the Act") read with Rule 7 of the Companies (Accounts) Rules, 2014 and other provisions of the Act, to the extent notified and applicable as well as applicable guidance note and pronouncements of the Institute of Chartered Accountants of India (the ICAI).

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

ii. Revenue Recognition

Capacity

The Company sells Right of Use (ROU) that provide customers with network capacity, typically over a 10 to 15 year period without transferring the legal title or giving an option to purchase the network capacity. Revenue from cancellable ROU arrangements are accounted as operating lease and recognized over the life of the contract.

Revenue from non cancellable ROU arrangements is recognized upfront as licensing income on activation of services.

Bills raised on customers/ payments received from customers for long term contracts and for which revenue is not recognized are included in deferred revenue.

Operations And Maintenance

The Company provides operation and maintenance services over the life of the capacity contract, for which the Company receives Operation and Maintenance charges. Operation and maintenance charges are invoiced separately from capacity sales. Revenues relating to maintenance are recognized over the period in which the service is provided.

Network Revenue

Network services include Capacity lease services, IP transit, IPLC (private lines leased to customers), backup service for other network operators and all other services. The customer typically pays the charges for network services periodically over the life of the contract, which may be up to three years. Network revenue is recognized in the Company's income statement over the term of the contract.

Ethernet \ Internet Protocol Services

Ethernet revenue is recognized in the Company's income statement over the term of the contract.

Unbilled Revenue

Where the services are performed prior to billing, an accrued income is recognized in unbilled revenue.

iii. Employee Benefits

Eligible employees of the Company are covered by a defined contribution pension plan/provident fund scheme. Contribution to the plan/fund is made to the insurance companies/local regulatory authorities, where the Company has no further obligations. Such benefits are classified as defined contribution schemes, as the Company does not carry any further obligations apart from the contributions made on a monthly basis.

The Company does not have any material defined benefits plans.

iv. Use of Estimates

The presentation of financial statements in conformity with accounting standards issued by ICAI requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the group reporting package and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known / materialized.

v. Accounting for Taxes on Income

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

FLAG TELECOM TAIWAN LIMITED

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

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

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

vi. Fixed Assets

i) Accounting of Tangible Fixed Assets

Fixed Assets are stated at cost of acquisition or construction (except revalued assets) including financing cost till commencement of commercial operations, net charges of foreign exchange contracts and adjustments arising from exchange rate variations, directly attributable to fixed assets. Indefeasible Right of Use is stated at cost of acquisition less accumulated amortization.

Costs incurred prior to the capital project's completion are reflected as construction in progress, which is reclassified to fixed assets on the date of completion of project and which is placed in service. Construction in progress is stated at cost. Capitalized costs include costs incurred under the construction contract, engineering and consulting fees, legal fees related to obtaining landing right licenses, interest costs related to program management, costs for the route surveys, indirect costs associated with cable systems and points of presence ("PoPs"), and other costs incurred in the development of the Company's global network.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the Statement of Profit and Loss during the financial period in which they are incurred

ii) Depreciation / Amortization

Depreciation on fixed assets is provided on straight-line method on prorated basis based on the useful life of the fixed asset as follows:

Computer equipment.....3 to 5 years.

Fixtures and fittings.....3 to 7 years.

Leasehold improvements.....Over the useful life.

Network assets.....the shorter of 15 to 25 years or remaining useful lives.

The estimated useful life of network assets are determined based on the estimated period over which they will generate revenue.

iii) Intangible Assets

Intangible Assets are stated at acquisition cost, net of accumulated amortisation and accumulated impairment losses, if any. Gains or losses arising from the retirement or disposal of an intangible asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognised as income or expense in the Statement of Profit and Loss.

Indefeasible Right of Use are fully amortized in the year of purchase.

iv) Impairment of Assets

Assessment s done at each Balance Sheet date as to whether there is any indication that an asset (tangible and intangible) may be impaired. For the purpose of assessing impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets, is considered as a cash generating unit. If any such indication exists, an estimate of the recoverable amount of the asset/cash generating unit is made. Assets whose carrying value exceeds their recoverable amount are written down to the recoverable amount. Recoverable amount is higher of an asset's or cash generating unit's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Assessment is also done at each Balance Sheet date

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

as to whether there is any indication that an impairment loss recognised for an asset in prior accounting periods may no longer exist or may have decreased.

vii. Foreign Currency Translation

Initial Recognition

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

Subsequent Recognition

As at the reporting date, non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. All non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined. All monetary assets and liabilities in foreign currency are restated at the end of accounting period.

viii. Cash and Cash Equivalents

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

ix. Provisions, Contingent Liabilities and Contingent Assets

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

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

Contingent Assets: Contingent assets are neither recognised nor disclosed in the financial statements.

x. Earnings Per Share

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

FLAG TELECOM TAIWAN LIMITED

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

	As at March 31, 2016	Amount in ₹ As at March 31, 2015
NOTE # 2.01		
Share Capital		
Authorised		
Capital stock of New Taiwan Dollar (NTD) 80,000,000 (80,000,000)	1,69,69,23,060	1,60,07,50,000
	<u>1,69,69,23,060</u>	<u>1,60,07,50,000</u>
Issued Subscribed and Paid up:		
Capital stock of New Taiwan Dollar (NTD) 42,000,000 (42,000,000), fully paid up	83,03,57,033	78,32,96,574
	<u>83,03,57,033</u>	<u>78,32,96,574</u>

a) Capital Stock held by Holding company and subsidiary of Holding Company

	Capital Stock NTD	Capital Stock NTD
Flag Holdings(Taiwan) Limited	3,36,00,000	3,36,00,000
Reliance Globalcom limited	84,00,000	84,00,000
	<u>4,20,00,000</u>	<u>4,20,00,000</u>

b) Details of shareholders holding more than 5% of the aggregate shares in the Company

Particulars	% of Holding	Capital Stock NTD	% of Holding	Capital Stock NTD
Flag Holdings(Taiwan) Limited	80	3,36,00,000	80	3,36,00,000
Reliance Globalcom limited	20	84,00,000	20	84,00,000

c) Terms/ Rights attached to the shares

The Company has NTD paid up capital stock. Each holder of capital stock is entitled to vote in proportion of their holding of capital stock. In the event of liquidation of the Company, the holder of capital stock will be entitled to receive remaining assets of the Company. The distribution will be in proportion of capital stock held by the shareholder.

d) Reconciliation of Capital Stock

	As at March 31, 2016		As at March 31, 2015	
	Capital Stock NTD	Amount in `	Capital Stock NTD	Amount in `
Balance as at the beginning of the year	4,20,00,000	83,03,57,033	4,20,00,000	78,32,96,574
Add: Common share issued during the year	-	-	-	-
Less: Common shares cancelled on buy back	-	-	-	-
Balance as at the end of the year	<u>4,20,00,000</u>	<u>83,03,57,033</u>	<u>4,20,00,000</u>	<u>78,32,96,574</u>

FLAG TELECOM TAIWAN LIMITED

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

	As at March 31, 2016	Amount in ₹ As at March 31, 2015
NOTE # 2.02		
Reserves and Surplus		
Foreign Currency Translation Reserve	(55,48,164)	(37,76,502)
Surplus/(Deficit) as per the Statement of Profit and Loss		
Balance as per Last Balance Sheet	(4,26,90,567)	(11,60,12,459)
Add: Profit/(Loss) for the year	<u>8,35,86,685</u>	<u>7,33,21,892</u>
Balance as at the end of the year	<u>4,08,96,118</u>	<u>(4,26,90,567)</u>
	<u>3,53,47,954</u>	<u>(4,64,67,069)</u>
NOTE # 2.03		
Other Long Term Liabilities		
Liability for lease assets	-	2,08,32,028
Unearned Income	<u>94,96,27,150</u>	<u>96,02,85,428</u>
	<u>94,96,27,150</u>	<u>98,11,17,456</u>
NOTE # 2.04		
Trade Payables		
Sundry Creditors	31,10,014	44,35,082
Other contractual obligations	<u>4,50,24,676</u>	<u>5,58,86,293</u>
	<u>4,81,34,690</u>	<u>6,03,21,375</u>
NOTE # 2.05		
Other Current Liabilities		
Unearned Income-current	4,86,44,527	4,51,51,688
Employee payable	2,81,163	19,43,641
Statutory dues payable	11,42,656	-
Capital creditors/provision	-	10,06,259
Liability for lease assets	2,20,84,518	2,08,33,327
Group Company Payables (Refer Note 2.23)	<u>2,73,56,079</u>	<u>2,42,27,717</u>
	<u>9,95,08,943</u>	<u>9,31,62,632</u>
NOTE # 2.06		
Short Term Provisions		
Income Tax (net of advance tax)	26,68,705	25,17,457
	<u>26,68,705</u>	<u>25,17,457</u>

FLAG TELECOM TAIWAN LIMITED

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

NOTE # 2.07 Fixed Assets

Particulars	Gross Block			Depreciation			Net Block		Amount, in ₹
	As at April 1, 2015	Additions during the year	Forex adjustment	As at March 31, 2016	For the year	Forex adjustment	As at March 31, 2016	As at March 31, 2015	
Tangible Assets									
Leasehold Improvement	13,69,640	-	82,288	14,51,928	-	82,288	14,51,928	-	-
Computers	76,021	1,52,175	6,424	2,34,620	139	4,569	80,729	1,53,891	-
Network Assets	1,53,02,97,457	54,825	9,18,49,194	1,62,22,01,476	1,10,36,214	2,40,66,352	43,49,59,734	1,18,72,41,742	1,13,04,40,289
Tangible Assets (A)	1,53,17,43,118	2,06,999	9,19,37,907	1,62,38,88,024	1,10,36,353	2,41,53,209	43,64,92,391	1,18,73,95,633	1,13,04,40,289
Previous year	1,45,65,85,712	1,20,48,467	6,31,08,939	1,53,17,43,118	1,71,17,801	1,62,51,357	40,13,02,829	1,13,04,40,289	-
Intangible Assets									
Indefeasible Right of Connectivity	45,83,97,045	-	2,75,40,494	48,59,37,539	-	2,75,40,494	48,59,37,539	-	-
Intangible Assets (B)	45,83,97,045	-	2,75,40,494	48,59,37,539	-	2,75,40,494	48,59,37,539	-	-
Previous year	43,94,37,743	-	1,89,59,302	45,83,97,045	-	1,89,59,302	45,83,97,045	-	-
Total (A + B)	1,99,01,40,163	2,06,999	11,94,78,401	2,10,98,25,563	1,10,36,353	5,16,93,703	92,24,29,930	1,18,73,95,633	1,13,04,40,289
Previous year	1,89,60,23,455	1,20,48,467	8,20,68,241	1,99,01,40,163	1,71,17,801	3,52,10,659	85,96,99,874	1,13,04,40,289	-
Capital Work in Progress								2,52,475	2,17,076

FLAG TELECOM TAIWAN LIMITED

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

	Amount in ₹	
	As at March 31, 2016	As at March 31, 2015
NOTE # 2.08		
Long-term Loans and Advances		
Deposits	3,34,80,451	-
Capital Advance	13,914	-
Prepaid Expenses	6,90,94,306	28,16,278
	<u>10,25,88,671</u>	<u>28,16,278</u>
NOTE # 2.09		
Trade Receivable		
(Unsecured)		
Due for More than Six months		
Considered Good	72,661	1,93,61,874
Considered Doubtful	91,14,854	86,13,813
	<u>91,87,515</u>	<u>2,79,75,687</u>
Provision for doubtful debts	91,14,854	86,13,813
	<u>72,661</u>	<u>1,93,61,874</u>
Others:		
Considered Good	3,10,81,955	4,06,50,003
Considered Doubtful	-	-
	<u>3,10,81,955</u>	<u>4,06,50,003</u>
Less: Provision for Doubtful Debts	-	-
	<u>3,10,81,955</u>	<u>4,06,50,003</u>
	<u>3,11,54,616</u>	<u>6,00,11,877</u>
NOTE # 2.10		
Cash and Cash Equivalent		
Cash on hand	28,350	26,743
Balance with Banks		
- Current Accounts	35,34,24,522	22,39,50,661
	<u>35,34,52,872</u>	<u>22,39,77,404</u>
NOTE # 2.11		
Short-term Loans and Advances		
(Unsecured considered good)		
Advances to Group Companies (Refer Note 2.23)	19,01,38,346	14,73,06,664
Deposits	6,44,430	3,21,90,854
Advance to vendors	9,77,717	-
Balances with Government Authorities	23,27,724	26,23,156
Prepaid Expenses	7,46,26,973	25,35,31,476
	<u>26,87,15,190</u>	<u>43,56,52,150</u>
NOTE # 2.12		
Other Current Assets		
(Unsecured, considered good)		
Unbilled Debtors	2,20,85,018	2,08,33,351
	<u>2,20,85,018</u>	<u>2,08,33,351</u>

FLAG TELECOM TAIWAN LIMITED

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

Amount in ₹

	For the year ended March 31, 2016	For the year ended March 31, 2015
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NOTE # 2.13

Service Income

Indefeasible Right of Use	4,53,83,420	2,03,85,061
Lease Capacity Services	10,24,06,333	13,37,54,651
Operation and Maintenance Charges	3,32,00,130	3,06,46,619
Internet Protocol	8,40,72,264	13,32,27,948
Network Service Revenue	2,82,54,368	-
	29,33,16,515	31,80,14,280

NOTE # 2.14

Other Income

Interest Income	31,988	12,839
Reversal of provision no longer required	16,278	-
	48,266	12,839

NOTE # 2.15

Network Operation Expenses

Equipment Maintenance and Support	13,06,996	12,18,600
Marine Cable Operations	1,36,367	-
Landing Stations and Point of Presence costs	6,56,11,170	5,78,61,804
Terrestrial Cable, Inland Amplifier and Regenerator Sites	6,03,68,347	3,85,31,162
Local Tails	1,27,64,544	1,09,82,938
Network Service Expenses	-	6,47,56,428
	14,01,87,424	17,33,50,932

NOTE # 2.16

Employee Benefits Expense

Salaries, Wages and Bonus	2,52,23,967	2,74,98,063
Contribution to Provident and Other Funds	29,54,052	31,52,635
Staff Welfare	3,44,435	2,59,060
	2,85,22,454	3,09,09,758

NOTE # 2.17

Depreciation and Amortization Expense

Depreciation on Tangible assets	1,10,36,353	1,71,17,801
	1,10,36,353	1,71,17,801

FLAG TELECOM TAIWAN LIMITED

Amount in ₹
For the year ended For the year ended
March 31, 2016 March 31, 2015

NOTE # 2.18

Sales and General Administration Expenses

Rent	29,35,491	28,74,424
Professional Charges	24,34,368	23,71,534
Licensing and Regulatory Fees	60,71,205	69,78,151
Travel and Entertainment	14,69,148	13,06,915
Loss on Foreign Exchange Fluctuation (Net)	1,55,52,308	22,40,639
Communication	6,12,731	5,85,198
Information Technology Support	46,874	52,074
Bank charges	32,970	33,028
Sales and Marketing Expenses	-	97,669
Facility Usage charges	2,06,819	1,76,729
Miscellaneous Expense	-	35,793
	2,93,61,914	1,67,52,153
Payment to auditors	6,69,951	7,03,257
	3,00,31,865	1,74,55,410

NOTE 2.19

BACKGROUND AND ORGANISATION

The principal activities of Flag Telecom Taiwan Limited (the "Company") are providing telecommunication services, sales and marketing support services to its fellow subsidiaries, and the operation of a fiber optic telecommunications network in Taiwan.

NOTE 2.20

Earnings per Share

Amount in ₹ except number of shares

Particulars	Year ended March 31, 2016	Year ended March 31, 2015
Profit after Tax (A)	83,586,685	73,321,892
Weighted average capital stock of New Taiwan Dollar used as denominator for calculating Basic and Diluted EPS (B)	42,000,000	42,000,000
Basic and Diluted Earnings per Share (C=A/B)	1.99	1.75

NOTE 2.21

Segment Reporting

The Company has determined its business segment as telecommunication network unit taking into account the nature of services provided, class of customers for the services provided, the differing risks and returns and the internal business reporting systems. Since 100% of the business of Company is from telecommunication network unit, there are no other reportable segments.

The segment revenue, segment result, total carrying amount of segment assets, total amount of segment liabilities, total cost incurred during the year to acquire segments assets, segment depreciation and amortisation for the year are reflected within the consolidated financial statements of the Company as of and for the year ended March 31, 2016.

The Company sells the full range of products and services across the globe and the billing is for the network assets across the globe and not divided into geographical locations, therefore it is impracticable to disclose revenue by geographical locations. Further, network assets span across various countries and are not necessarily located in the country of domicile and hence it is impracticable to disclose assets by geographical location of assets.

FLAG TELECOM TAIWAN LIMITED

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

NOTE 2.22

Prior Period comparatives have been classified and regrouped to conform with the current year's presentation, where applicable.

NOTE 2.23

In accordance with Accounting Standard 18 "Related Party Disclosures" issued by the Institute of Chartered Accountants of India, the company's related parties and transactions are disclosed below:

- A. Parties where control exist :
- i) Reliance Communications Limited
 - ii) Reliance Globalcom Limited
 - iii) Flag Holdings (Taiwan) Limited
- B. Enterprises as affiliated companies are :
- i) Flag Telecom Asia Limited
 - ii) Reliance Flag Telecom Ireland Limited
 - iii) Flag Telecom Development Limited
- C. Summarized below are the transactions entered into and closing balances with related parties:

Amount in ₹

Name of the Entity	Service Income		Network Operating Expenses		Short Term Loans and Advances		Other Current Liabilities	
	For the year ended March 31,2016	For the year ended March 31,2015	Closing Balance as at March 31,2016	Closing Balance as at March 31,2015	Closing Balance as at March 31,2016	Closing Balance as at March 31,2015	Closing Balance as at March 31,2016	Closing Balance as at March 31,2015
Flag Telecom Asia Limited	-	-	-	-	-	-	15,56,210	14,68,012
Flag Holdings (Taiwan) Limited	-	-	-	-	9,09,38,026	8,49,19,432	-	-
Reliance Flag Telecom Ireland Limited	2,82,54,368	-	-	5,25,32,078	9,92,00,320	6,65,99,822	-	-
Reliance Globalcom Limited	-	-	-	-	-	-	2,57,99,869	2,69,72,295

NOTE 2.24

The amounts relating to Balance Sheet items appearing in Amount in ₹ have been translated at Closing Rate of 1 USD = ₹ 66.255 (Previous year 1 USD = ₹ 62.50) and items relating to profit and loss have been translated at average rate of 1 USD = ₹ 65.4562 (Previous year 1 USD = ₹ 61.153).

The amounts have been converted in INR to comply with the financial reporting requirement in India.

As per our report attached

For and on behalf of the Board

For Shridhar & Associates
Chartered Accountants
Firm Regn. No. 134427W

Girish Kulai
Wilfred Tai Lai Kwan } **Directors**

Jitendra Sawjany

Partner
Membership No : 050980

Place : Mumbai
Date : May 27, 2016

Reliance Globalcom (UK) Limited

Independent Auditor's Report

To
The Board of Directors of Reliance Globalcom (UK) Limited
Report on the Standalone Financial Statements

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

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India including Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion whether the Company has in place an adequate Internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements read together with the notes thereon give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016 and its loss and its cash flows for the year ended on that date.

Other Reporting Requirements

We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account.

Other Matters

This report is issued for the information and use of the Board of Directors of the Company and of Reliance Communications Limited, the holding company in India to comply with the financial reporting requirements in India and should not be used for any other purposes without our prior written consent.

For Shridhar & Associates
Chartered Accountants
Firm Registration No.: 134427W

Jitendra Sawjany
Partner
Membership No. 050980

Place: Mumbai
Dated: May 27, 2016

Reliance Globalcom (UK) Limited

Balance Sheet as at March 31, 2016

		Amount in ₹	
	Note	As at March 31, 2016	As at March 31, 2015
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2.01	192	188
Reserves and Surplus	2.02	<u>50,40,29,310</u>	<u>48,16,86,784</u>
		<u>50,40,29,502</u>	<u>48,16,86,972</u>
Non Current Liabilities			
Other Long Term Liabilities	2.03	<u>7,03,887</u>	<u>6,44,371</u>
		<u>7,03,887</u>	<u>6,44,371</u>
Current Liabilities			
Trade Payables	2.04	15,71,24,459	17,12,94,297
Other Current Liabilities	2.05	<u>18,43,67,037</u>	<u>24,09,88,045</u>
		<u>34,14,91,496</u>	<u>41,22,82,342</u>
TOTAL		<u><u>84,62,24,885</u></u>	<u><u>89,46,13,685</u></u>
ASSETS			
Non Current Assets			
Fixed Assets			
Tangible Assets	2.06	<u>13,60,965</u>	<u>13,53,875</u>
		<u>13,60,965</u>	<u>13,53,875</u>
Current Assets			
Trade Receivables	2.07	18,59,155	-
Cash and Bank Balances	2.08	96,10,704	5,20,210
Short-Term Loans and Advances	2.09	<u>83,33,94,061</u>	<u>89,27,39,600</u>
		<u>84,48,63,920</u>	<u>89,32,59,810</u>
TOTAL		<u><u>84,62,24,885</u></u>	<u><u>89,46,13,685</u></u>
Significant Accounting Policies	1		
Notes forming part of Financial Statements	2		

As per our report attached

For and on behalf of the Board

For Shridhar & Associates
Chartered Accountants
Firm Regn. No. 134427W

Andrew Goldie
B K Sinha } **Directors**

Jitendra Sawjany
Partner
Membership No : 050980

Place : Mumbai
Date : May 27, 2016

Reliance Globalcom (UK) Limited

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

		Amount in ₹	
	Note	For the year ended March 31, 2016	For the year ended March 31, 2015
Income			
Service Income	2.10	44,43,09,016	45,48,84,297
Other Income	2.11	5,44,47,447	915
		<u>49,87,56,463</u>	<u>45,48,85,212</u>
Expenditure			
Network Operation Expenses	2.12	2,58,45,102	79,40,427
Employee Benefits Expenses	2.13	38,13,48,354	34,54,66,433
Depreciation and Amortization expenses	2.14	70,932	1,02,029
Sales and General Administration Expenses	2.15	9,80,09,750	12,26,44,093
		<u>50,52,74,138</u>	<u>47,61,52,982</u>
Profit/(Loss) Before Tax		<u>(65,17,675)</u>	<u>(2,12,67,770)</u>
Provision for taxation			
- Current Tax		-	-
Profit / (Loss) After Tax		<u>(65,17,675)</u>	<u>(2,12,67,770)</u>
Earning per Share (Basic and Diluted)	2.17	(32,58,838)	(1,06,33,885)
Significant Accounting Policies	1		
Notes forming part of Financial Statements	2		

As per our report attached

For Shridhar & Associates
Chartered Accountants
Firm Regn. No. 134427W

Jitendra Sawjiyani
Partner
Membership No : 050980

Place : Mumbai
Date : May 27, 2016

For and on behalf of the Board

Andrew Goldie
B K Sinha } **Directors**

Reliance Globalcom (UK) Limited

Cash Flow Statement for the year ended March 31, 2016

	For the year ended March 31, 2016	Amount in ₹ For the year ended March 31, 2015
A) CASH FLOW FROM OPERATING ACTIVITIES:		
Profit/(Loss) Before Tax	(65,17,675)	(2,12,67,770)
Adjustments for:		
Depreciation and Amortisation	70,932	1,02,029
Effects of exchange difference on translation of assets & Liabilities	2,87,82,182	2,03,53,159
Operating Profit/ (Loss) before Working Capital Changes	2,23,35,439	(8,12,582)
Adjustments for:		
(Increase)/ Decrease in Trade & other Receivables	5,74,86,384	24,33,26,048
Increase/ (Decrease) in Liabilities and Provisions	(7,07,31,329)	(24,19,32,994)
	(1,32,44,945)	13,93,054
Cash Generated from Operations	90,90,494	5,80,472
Income Taxes (Paid)/Refund	-	-
Net Cash from/ (used in) Operating Activities (A)	90,90,494	5,80,472
B) CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets (Including Capital Work in Progress)	-	(60,262)
Net Cash from/ (used in) Investing Activities (B)	-	(60,262)
C) CASH FLOW FROM FINANCING ACTIVITIES:		
Net Cash from/ (used in) Financing Activities (C)	-	-
Net Increase/ (Decrease) in Cash and Cash Equivalents (A+B+C)	90,90,494	5,20,210
Cash and Cash Equivalents at the Beginning of the year	5,20,210	-
Cash and Cash Equivalents at the End of the year	96,10,704	5,20,210

As per our report attached

For Shridhar & Associates
Chartered Accountants
Firm Regn. No. 134427W

Jitendra Sawjany
Partner
Membership No : 050980

Place : Mumbai
Date : May 27, 2016

For and on behalf of the Board

Andrew Goldie
B K Sinha

} **Directors**

Reliance Globalcom (UK) Limited

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

NOTE # 1

Significant Accounting Policies

a) Basis of Preparation of Financial Statements

The financial statements are prepared under historical cost convention, in accordance with the generally accepted accounting principles (GAAP) in India and Comply with Accounting Standard specified under Section 133 of the Companies Act, 2013 ("the Act") read with Rule 7 of the Companies (Accounts) Rules, 2014 and other provisions of the Act, to the extent notified and applicable as well as applicable guidance note and pronouncements of the Institute of Chartered Accountants of India (the ICAI).

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

b) Revenue Recognition

Indefeasible Rights of Use

The Company sells Right of Use (ROU) that provide customers with network capacity, typically over a 10 to 15 year period without transferring the legal title or giving an option to purchase the network capacity. Revenue from cancellable ROU arrangements are accounted as operating lease and recognized over the life of the contract.

Revenue from non cancellable ROU arrangements is recognized upfront as licensing income on activation of services.

Bills raised on customers/ payments received from customers for long term contracts and for which revenue is not recognized are included in deferred revenue.

Operations And Maintenance

The Company provides operation and maintenance services over the life of the capacity contract, for which the Company receives Operation and Maintenance charges. Operation and maintenance charges are invoiced separately from capacity sales. Revenues relating to maintenance are recognized over the period in which the service is provided.

Network Services

Network services include Capacity lease services, IP transit, IPLC (private lines leased to customers), backup service for other network operators and all other services. The customer typically pays the charges for network services periodically over the life of the contract, which may be up to three years. Network Services revenue is recognized in the Company's income statement over the term of the contract.

c) Employee Benefits

Eligible employees of the Company are covered by defined contribution pension plan/provident fund scheme. Contribution to the plan/fund is made to the insurance companies/local regulatory authorities, where the Company has no further obligations. Such benefits are classified as defined contribution schemes, as the Company does not carry any further obligations apart from the contributions made on a monthly basis.

The Company does not have any material defined benefits plans.

d) Use of Estimates

The presentation of financial statements in conformity with accounting standards issued by ICAI requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the group reporting package and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known / materialized.

e) Current and Deferred Tax

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

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

Reliance Globalcom (UK) Limited

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

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

f) Fixed Assets

i) Accounting of Tangible Fixed Assets

Fixed Assets are stated at cost of acquisition or construction (except revalued assets) including financing cost till commencement of commercial operations, net charges of foreign exchange contracts and adjustments arising from exchange rate variations, directly attributable to fixed assets. Indefeasible Right of Use is stated at cost of acquisition less accumulated amortization.

Costs incurred prior to the capital project's completion are reflected as construction in progress, which is reclassified to fixed assets on the date of completion of project and which is placed in service. Construction in progress is stated at cost. Capitalized costs include costs incurred under the construction contract, engineering and consulting fees, legal fees related to obtaining landing right licenses, interest costs related to program management, costs for the route surveys, indirect costs associated with cable systems and points of presence ("PoPs"), and other costs incurred in the development of the Company's global network.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the Statement of Profit and Loss during the financial period in which they are incurred.

ii) Depreciation on Tangible Assets

Depreciation on fixed assets is provided on straight-line method on prorated basis based on the useful life of the fixed asset as follows:

Computer equipment.....3 to 6 years.

Fixtures and fittings.....5 years.

Vehicles.....5 years.

Leasehold improvements.....Shorter of the remaining lease term,
ranging from 1 to 17 years or useful life.

Cable systems.....the shorter of 15 years or remaining useful lives.

The estimated useful life of cable systems are determined based on the estimated period over which they will generate revenue, ranging from 10 to 15 years. Depreciation on any capitalization due to modifications, improvements of the assets is restricted to the useful life of the fixed asset.

iii) Intangible Assets

Intangible Assets are stated at acquisition cost, net of accumulated amortization and accumulated impairment losses, if any. Gains or losses arising from the retirement or disposal of an intangible asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognized as income or expense in the Statement of Profit and Loss.

Indefeasible Right of Use are fully amortized in the year of purchase.

iv) Impairment of Assets

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

g) Effects of Changes in Foreign Currency Rates

Initial Recognition

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

Reliance Globalcom (UK) Limited

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

Subsequent Recognition

As at the reporting date, non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. All non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined. All monetary assets and liabilities in foreign currency are restated at the end of accounting period.

h) Cash and Cash Equivalents

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

i) Provisions, Contingent Liabilities and Contingent Assets

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

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

Contingent Assets: Contingent assets are neither recognised nor disclosed in the financial statements.

	As at March 31, 2016	Amount in ₹ As at March 31, 2015		
NOTE # 2.01				
Share Capital				
Authorised:				
1000(1000) Ordinary Shares of GBP 1 each	<u>98,257</u>	92,688		
	<u>98,257</u>	<u>92,688</u>		
Issued Subscribed and Paid up:				
2(2) Ordinary Shares of GBP 1 each, fully paid up	<u>192</u>	188		
	<u>192</u>	<u>188</u>		
a) Ordinary Shares held by Holding Company				
	No. of Shares	No. of Shares		
Reliance Globalcom Limited	<u>2</u>	<u>2</u>		
	<u>2</u>	<u>2</u>		
b) Details of Shareholders holding more than 5% of the aggregate shares in the Company				
Particulars	% of Holding	No. of Shares	% of Holding	No. of Shares
Reliance Globalcom Limited	100	2	100	2
c) Terms/ Rights attached to the shares				
The Company has ordinary shares having a par value of GBP 1 each. Each holder of shares is entitled to one vote per share. In the event of liquidation of the Company, the holder of shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of shares held by the shareholder.				
d) Reconciliation of shares outstanding at the beginning and at the end of the year				
	No of Shares	Amount ₹	No of Shares	Amount ₹
Ordinary Shares				
Balance as at the beginning of the year	2	192	2	188
Add: Movement for the year	-	-	-	-
At the end of the year	<u>2</u>	<u>192</u>	<u>2</u>	<u>188</u>

Reliance Globalcom (UK) Limited

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

	As at March 31, 2016	Amount in ₹ As at March 31, 2015
NOTE # 2.02		
Reserves and Surplus		
Foreign Currency Translation Reserve	9,57,47,734	6,68,87,533
Surplus/ (Deficit) in Statement of Profit and Loss		
As per Last Balance Sheet	41,47,99,251	43,60,67,021
Add: Profit/ (Loss) for the year	(65,17,675)	(2,12,67,770)
Balance as the end of the year	40,82,81,576	41,47,99,251
Total Reserves and Surplus	50,40,29,310	48,16,86,784
NOTE # 2.03		
Other Long Term Liabilities		
Unearned Income	7,03,887	6,44,371
	7,03,887	6,44,371
NOTE # 2.04		
Trade Payables		
Sundry Creditors (Refer Note 2.20)	11,44,64,414	15,72,02,091
Other contractual obligations	4,26,60,045	1,40,92,206
	15,71,24,459	17,12,94,297
NOTE # 2.05		
Other Current Liabilities		
Unearned Income	19,067	8,26,688
Employee payable	3,43,07,085	6,79,46,782
Statutory dues payable	2,55,79,653	1,39,92,615
Payable to Related Parties (Refer Note 2.20)	12,44,61,232	15,82,21,960
	18,43,67,037	24,09,88,045

Reliance Globalcom (UK) Limited

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

NOTE # 2.06 Fixed Assets

Particulars	Gross Block			Depreciation			Net Block			
	As at April 1, 2015	Additions during the year	Deduction/ Adjustments	Forex adjustment	As at March 31, 2016	For the year	Deduction/ Adjustments	Forex adjustment	As at March 31, 2016	As at March 31, 2015
Tangible Assets										
Leasehold Improvement	16,40,80,339	-	(15,37,18,479)	79,82,031	1,83,43,891	-	(15,37,18,479)	79,82,031	-	-
Computer & Equipment	33,45,79,453	-	(30,74,36,957)	1,63,49,702	4,34,92,113	-	(30,74,36,957)	1,63,49,617	85	-
Furniture and Fixtures	5,37,43,114	-	(5,12,39,493)	26,03,581	51,07,202	-	(5,12,39,493)	26,03,581	51,07,202	-
Vehicle	73,63,324	-	-	4,42,388	78,05,712	-	-	4,42,388	78,05,712	-
Network Assets	15,67,286	-	-	91,624	16,58,910	70,932	-	13,687	2,98,030	13,53,875
Total	56,13,33,516	-	(51,23,94,929)	2,74,69,326	7,64,07,913	70,932	(51,23,94,929)	2,73,91,304	13,60,965	13,53,875
Previous Year	53,81,14,471	-	-	2,32,19,046	56,13,33,516	1,02,029	-	2,31,58,783	13,53,875	-

Reliance Globalcom (UK) Limited

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

	As at March 31, 2016	Amount in ₹ As at March 31, 2015
NOTE # 2.07		
Trade Receivables		
(Unsecured)		
Due for More than Six months		
Considered Good	7,91,286	-
Considered Doubtful	-	-
	<u>7,91,286</u>	<u>-</u>
Others:		
Considered Good	10,67,869	-
Considered Doubtful	-	-
	<u>10,67,869</u>	<u>-</u>
	<u>18,59,155</u>	<u>-</u>
NOTE # 2.08		
Cash and Bank Balances		
Balance with Banks		
- Current Accounts	96,10,704	5,20,210
	<u>96,10,704</u>	<u>5,20,210</u>
NOTE # 2.09		
Short-Term Loans and Advances		
Receivables from Related Parties (Refer Note 2.20)	77,21,70,159	67,21,24,461
Loan and Advances to Related Parties	-	2,92,61,118
Deposits	11,57,701	10,92,089
Advance to Vendors	4,97,68,070	18,33,57,229
Balances with Government Authorities	66,23,614	61,43,304
Prepaid Expenses	36,74,517	7,61,399
	<u>83,33,94,061</u>	<u>89,27,39,600</u>
NOTE # 2.10		
Service Income		
Lease Capacity Services	61,46,673	52,17,604
Network Service Income	43,81,62,343	44,96,66,693
	<u>44,43,09,016</u>	<u>45,48,84,297</u>
NOTE # 2.11		
Other Income		
Gain on Foreign Exchange Fluctuation (Net)	3,81,83,201	-
Reversal of provision for Doubtful Debts (Net)	-	915
Miscellaneous Income	1,62,64,246	-
	<u>5,44,47,447</u>	<u>915</u>

Reliance Globalcom (UK) Limited

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

	Amount in ₹	
	For the year ended	For the year ended
	March 31, 2016	March 31, 2015
NOTE # 2.12		
Network Operation Expenses		
Marine Cable Operations	57,11,595	46,35,046
Landing Stations and Point of Presence costs	68,70,035	-
Terrestrial Cable, Inland Amplifier and Regenerator Sites	89,31,815	-
Internet Protocol	43,31,657	33,05,381
	<u>2,58,45,102</u>	<u>79,40,427</u>
NOTE # 2.13		
Employee Benefits Expenses		
Salaries, Wages and Bonus	34,43,15,064	32,18,02,453
Contribution to Provident and Other Funds	1,83,01,461	1,64,75,403
Staff Welfare	1,87,31,829	71,88,577
	<u>38,13,48,354</u>	<u>34,54,66,433</u>
NOTE # 2.14		
Depreciation and Amortization expenses		
Depreciation on Tangible assets	70,932	1,02,029
Amortisation of Intangible assets	-	-
	<u>70,932</u>	<u>1,02,029</u>
NOTE # 2.15		
Sales and General Administration Expenses		
Rent	5,05,99,204	3,39,25,340
Insurance	1,76,444	66,25,087
Rates and Taxes	1,19,09,490	89,80,998
Legal Fees	9,30,501	83,60,998
Professional Charges	6,34,469	50,66,536
Licensing and Regulatory Fees	33,790	-
Travel and Entertainment	1,94,95,443	2,04,12,497
Loss on Foreign Exchange Fluctuation (Net)	-	56,68,971
Communication	69,37,992	83,47,734
Information Technology Support	14,58,159	34,63,439
Bank charges	7,58,734	5,34,863
Sales and Marketing Expenses	90,292	1,35,963
Facility Usage charges	35,06,956	69,01,849
Miscellaneous Expense	7,11,895	1,28,27,941
	<u>9,72,43,369</u>	<u>12,12,52,216</u>
Payment to auditors	7,66,381	13,91,877
	<u>9,80,09,750</u>	<u>12,26,44,093</u>
NOTE # 2.16		
BACKGROUND AND ORGANISATION		
The principal activities of Reliance Globalcom (UK) Limited (the "Company") are providing various services to Reliance Globalcom Limited Group Companies in relation to Telecommunication activities.		

Reliance Globalcom (UK) Limited

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

NOTE # 2.17

Earnings Per Share

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

Amount in ₹ except number of shares

Earnings per Share	Year ended March 31, 2016	Year ended March 31, 2015
A Profit/ (Loss) after Tax	(65,17,675)	(2,12,67,770)
B Weighted average number of share of GBP 1 each used as denominator for calculating Basic and Diluted EPS	2	2
C Basic and Diluted Earnings per Share (A/B)	(32,58,838)	(1,06,33,885)

NOTE # 2.18

Segment Reporting

In accordance with Accounting Standard 17 "Segmental Reporting" issued by the Institute of Chartered Accountants of India, the Company has determined its business segment as telecommunication network through fiber-optic cable systems and interfaces are owned by, leased to, or otherwise available to the company. Since 100% of the Company's business is from telecommunication activities, there are no other reportable segments. Hence no Segment Reporting is required.

Substantial network assets are located across geographic territories and therefore not identifiable to any particular geographical segment.

NOTE # 2.19

Prior Period comparatives have been classified & regrouped to confirm with the current year's presentation, where applicable.

NOTE # 2.20

Related Party Disclosure

In accordance with Accounting Standard 18 "Related Party Disclosures" issued by the Institute of Chartered Accountants of India, the company's related parties and transactions are disclosed below:

A. Parties where control exist :

- i) Reliance Communications Limited
- ii) Reliance Globalcom Limited

B. Enterprises as affiliated companies are :

- i) Flag Telecom Asia Limited
- ii) Flag Telecom Network Services Limited
- iii) Reliance Flag Telecom Ireland Limited
- iv) FLAG Telecom Ireland Network Limited
- v) Flag Atlantic UK Limited
- vi) Reliance Flag Atlantic France SAS
- vii) Flag Telecom Nederland BV
- viii) Flag Telecom Hellas AE
- ix) Flag Telecom Network USA Limited
- x) Flag Telecom Espana Network SAU
- xi) Vanco UK Limited

Reliance Globalcom (UK) Limited

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

C. Summarized below are the transactions entered into and closing balances with related parties:

Amount in ₹

Name of the Entity	Service Income		Short-Term Loans and Advances		Other Current Liabilities		Trade Payables	
	For the year ended March 31, 2016	For the year ended March 31, 2015	As at March 31, 2016	As at March 31, 2015	As at March 31, 2016	As at March 31, 2015	As at March 31, 2016	As at March 31, 2015
FLAG Telecom Asia Limited	-	-	54,75,719	51,65,383	-	-	-	-
FLAG Telecom Ireland Network Limited	-	-	-	-	4,32,900	4,59,914	-	-
Flag Telecom Network Services Limited	-	-	-	-	15,099	14,243	-	-
Reliance Flag Telecom Ireland Limited	43,81,62,343	44,96,66,693	76,26,93,314	38,62,59,176	-	-	-	-
Flag Atlantic UK Limited	-	-	-	-	1,48,73,002	4,58,63,758	-	-
Reliance Flag Atlantic France SAS	-	-	4,89,297	4,61,566	-	-	-	-
Flag Telecom Nederland BV	-	-	1,23,046	-	-	1,91,863	-	-
Flag Telecom Hellas AE	-	-	11,51,307	16,84,144	-	-	-	-
Flag Telecom Network USA Limited	-	-	5,31,287	5,01,176	-	-	-	-
Reliance Globalcom Limited	-	-	-	34,75,50,749	10,91,40,230	-	-	-
Flag Telecom Espana Network SAU	-	-	17,06,189	15,81,663	-	-	-	-
Vanco UK Limited	-	-	-	-	-	18,27,71,576	11,05,52,769	-

NOTE # 2.21

The amounts relating to Balance Sheet items appearing in Amount in ₹ have been translated at Closing Rate of 1 USD = ₹ 66.255 (Previous year 1 USD = ₹ 62.50) and items relating to profit and loss have been translated at average rate of 1 USD = ₹ 65.4562 (Previous year 1 USD = ₹ 61.153).

The amounts have been converted in INR to comply with the financial reporting requirement in India.

As per our report attached

For and on behalf of the Board

For Shridhar & Associates
Chartered Accountants
Firm Regn. No. 134427W

Andrew Goldie
B K Sinha

} Directors

Jitendra Sawjany
Partner

Membership No : 050980

Place : Mumbai

Date : May 27, 2016

Reliance Communications Tamil Nadu Limited

Independent Auditor's Report

To The Members of Reliance Communications Tamil Nadu Limited

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

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and the matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

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

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

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

Opinion

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

affairs of the Company as at March 31, 2016; its Loss and its Cash Flows for the year ended on that date.

Emphasis of Matter

We draw attention to Note 2.14 in the financial statements regarding accumulated losses exceeding the net worth of the Company and the financial statements being prepared on going concern basis. Our opinion is not modified in this respect.

Report on Other Legal and Regulatory Requirements

1. 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 give in the Annexure A, a statement on the matters specified in paragraph 3 and 4 of the Order, to the extent applicable.
2. As required by section 143(3) of the Act, we report that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b. In our opinion, proper books of account as required by law have been kept by the Company, so far as it appears from our examination of those books;
 - c. The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d. In our opinion, the aforesaid financial statements comply materially with the applicable accounting standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e. On the basis of written representations received from the Directors and taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2016 from being appointed as Director in terms of section 164(2) of the Act;
 - f. With respect to the adequacy of 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) There are no ongoing litigations as at the reporting date that would have a material impact on its financial position;
 - ii) Based upon the assessment made by the Company, there are no material foreseeable losses on its long-term contracts that may require any provisioning;
 - iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For SMA & Co.

Chartered Accountants
Regn.No.018452C

Vimmy Doshi

Partner

Membership No. 144376

Place: Mumbai
Dated: May 5, 2016

Reliance Communications Tamil Nadu Limited

Annexure A to the Auditors' Report

Referred to in our Report of even date on the Accounts of Reliance Communications Tamil Nadu Limited for the year ended March 31, 2016

- i) The Company has no fixed assets therefore paragraph 3(i) of the Order is not applicable.
- ii) The Company has no inventory therefore paragraph 3(ii) of the Order is not applicable.
- iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained pursuant to section 189 of the Act. Hence the reporting requirements under sub-clause (a), (b), (c) of paragraph 3(iii) of the Order are not applicable.
- iv) According to the information and explanations given to us, the Company has complied with section 185 and 186 of the Act, in respect of investments made.
- v) The Company has not accepted any deposits from the public.
- vi) As informed to us, no Cost Records have been prescribed by Central Government under section 148(1) of the Act.
- vii) (a) According to the information and explanations given to us, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Custom Duty, Excise Duty, Cess or/and any other statutory dues, wherever applicable, with the appropriate authorities during the year and there were no such outstanding dues as at March 31, 2016 for a period of more than six months from the date they became payable.
(b) As per the information and explanations given to us, there are no disputed statutory dues pending to be deposited with the respective authorities by the Company.
- viii) The Company has not raised any funds from financial institutions or banks or by issue of debentures during the year, hence, question of repayment of dues to them does not arise.
- ix) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Hence, paragraph 3(ix) of the Order is not applicable.
- 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) The Company has not paid any managerial remuneration. Hence paragraph 3(xi) of the Order is not applicable.
- xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- 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 and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv) The Company has not made any preferential allotment or private placement of shares or debentures during the year.
- xv) According to the information and explanations given to us, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For SMA & Co.
Chartered Accountants
Regn.No.018452C

Vimmy Doshi
Partner
Membership No. 144376

Place: Mumbai
Dated: May 5, 2016

Reliance Communications Tamil Nadu Limited

Annexure B to the Auditors' Report

Report on the Internal Financial Controls under Section 143(3)(i) of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting ('Financial Controls') of Reliance Communications Tamil Nadu Limited ("the Company") in conjunction with our audit of the Company for the year ended March 31, 2016.

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 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.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's Financial Controls 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 Financial Controls are 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 Financial Controls includes obtaining an understanding of Financial Controls, 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 Financial Controls 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 Financial Controls includes those policies and procedures that (1) pertain to 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 Financial Controls, 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 Financial Controls to future periods are subject to the risk that the Financial Controls 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 Financial Controls system and such Financial Controls are operating effectively as at March 31, 2016, based on the Financial Controls 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 ICAI.

For SMA & Co.
Chartered Accountants
Regn.No.018452C

Vimmy Doshi
Partner
Membership No. 144376

Place: Mumbai
Dated: May 5, 2016

Reliance Communications Tamil Nadu Limited

Balance Sheet as at March 31, 2016

Amount in ₹

	Notes	As at March 31, 2016		As at March 31, 2015
EQUITY AND LIABILITIES				
Shareholders' Funds				
(a) Share Capital	2.01	5 00 000		5 00 000
(b) Reserves and Surplus	2.02	<u>(1 64 68 302)</u>	<u>(1 59 68 302)</u>	<u>(1 62 78 659)</u>
Current Liabilities				
(a) Short Term Borrowings	2.03	261 66 45 339		261 65 52 314
(b) Other Current Liabilities	2.04	<u>36 023</u>	<u>261 66 81 362</u>	<u>18 783</u>
TOTAL			<u><u>260 07 13 060</u></u>	<u><u>260 07 92 438</u></u>
ASSETS				
Non Current Assets				
(a) Non Current Investments	2.05		260 00 00 000	260 00 00 000
Current Assets				
(a) Cash and Bank Balances	2.06	6 88 420		7 90 124
(b) Short Term Loans and Advances	2.07	<u>24 640</u>	<u>7 13 060</u>	<u>2 314</u>
TOTAL			<u><u>260 07 13 060</u></u>	<u><u>260 07 92 438</u></u>
Significant Accounting Policies	1			
Notes on Accounts	2			

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

As per our Report of even date

For SMA & Co.

Chartered Accountants
Regn.No.018452C

Vimmy Doshi

Partner
Membership No.144376

Mumbai

Dated : May 5, 2016

For and on Behalf of the Board

Gaurang Shah
DIN:00004408

Hitesh Chawda
DIN:00373540

} **Directors**

Reliance Communications Tamil Nadu Limited

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

	Notes	For the year ended March 31, 2016	Amount in ₹ For the year ended March 31, 2015
INCOME			
Revenue from Operations	2.08	-	20 000
TOTAL REVENUE		<u>-</u>	<u>20 000</u>
EXPENDITURE			
Other Expenses	2.09	1 81 149	32 302
TOTAL EXPENSES		<u>1 81 149</u>	<u>32 302</u>
Profit/(Loss) before Tax		(1 81 149)	(12 302)
Tax Expense:			
Current Tax		-	-
Income Tax for Earlier Years		8 494	65
Profit/(Loss) after tax		<u>(1 89 643)</u>	<u>(12 237)</u>
Earning Per Share of face value ₹ 10 each fully paid up			
Basic ₹	2.11	(3.79)	(0.46)
Diluted ₹		(3.79)	(0.46)
Significant Accounting Policies	1		
Notes on Accounts	2		

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

As per our Report of even date

For SMA & Co.

Chartered Accountants
Regn.No.018452C

Vimmy Doshi

Partner
Membership No.144376

Mumbai

Dated : May 5, 2016

For and on Behalf of the Board

Gaurang Shah
DIN:00004408

Hitesh Chawda
DIN:00373540

} Directors

Reliance Communications Tamil Nadu Limited

Cash Flow Statement for the year ended March 31, 2016

	For the year ended March 31, 2016	Amount in ₹ For the year ended March 31, 2015
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/(Loss) before tax as per Statement of Profit and Loss	(1 81 149)	(12 302)
Operating Profit/(Loss) before Working Capital Changes	<u>(1 81 149)</u>	<u>(12 302)</u>
Working Capital Changes:		
Current assets	(30 820)	25 000
Current Liabilities	<u>17 240</u>	<u>4 035</u>
Cash Generated from Operations	<u>(1 94 729)</u>	<u>29 035</u>
Tax Adjustment	<u>-</u>	<u>65</u>
Net Cash from Operating Activities	<u>(1 94 729)</u>	<u>16 798</u>
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Investments	-	-
Net Cash Used in Investing Activities	<u>-</u>	<u>-</u>
C CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from / (Repayment of) Short Term Borrowings (net)	93 025	(339 96 50 000)
Right Share Issue	-	4 00 000
Short term Loans and Advances (Given) / Taken	-	340 00 00 000
Net Cash from Financing Activities	<u>93 025</u>	<u>7 50 000</u>
Net Increase/ (Decrease) in Cash and Cash Equivalents	<u>(1 01 704)</u>	<u>7 66 798</u>
Opening Balance of Cash and Cash Equivalents	<u>7 90 124</u>	<u>23 326</u>
Closing Balance of Cash and Cash Equivalents	<u><u>6 88 420</u></u>	<u><u>7 90 124</u></u>

As per our Report of even date

For SMA & Co.

Chartered Accountants
Regn.No.018452C

Vimmy Doshi

Partner
Membership No.144376

Mumbai

Dated : May 5, 2016

For and on Behalf of the Board

Gaurang Shah
DIN:00004408

Hitesh Chawda
DIN:00373540

} **Directors**

Reliance Communications Tamil Nadu Limited

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

1.1 Basis of Preparation of Financial Statements

The Financial Statements are prepared under historical cost convention, in accordance with the generally accepted accounting principles (GAAP) in India and to comply with Accounting Standard specified under Section 133 of the Companies Act, 2013 ("the Act") read with Rule 7 of the Companies (Accounts) Rules, 2014 and other provisions of the Act to the extent notified and applicable, as well as applicable guidance note and pronouncements of the Institute of Chartered Accountants of India (ICAI).

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

1.2 Use of Estimates

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

1.3 Revenue Recognition

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

1.4 Investments

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

1.5 Taxes on Income

Provision for Income Tax is made on the basis of taxable income for the year at current rates. Tax expense comprises of Current Tax and Deferred Tax at the applicable enacted or substantively enacted rates. Current Tax represents the amount of Income Tax payable/ recoverable in respect of the taxable income/ loss for the reporting period.

Deferred Tax represents the effect of timing difference between taxable income and accounting income for the reporting period that originate in one period and are capable of reversal in one or more subsequent periods. The Deferred Tax Asset is recognised and carried forward only to the extent that there is a reasonable certainty that the assets will be realised in future. However, where there is unabsorbed depreciation or carried forward loss under taxation laws, Deferred Tax Assets are recognised only if there is virtual certainty of realisation of assets.

1.6 Earnings per Share

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

1.7 Provisions, Contingent Liabilities and Contingent Assets

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

Reliance Communications Tamil Nadu Limited

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

	As at March 31, 2016	Amount in ₹ As at March 31, 2015
Note 2.01		
Share Capital		
Authorised		
50 000 (50 000) Equity Shares of ₹ 10 each	<u>5 00 000</u>	<u>5 00 000</u>
	<u>5 00 000</u>	<u>5 00 000</u>
Issued, Subscribed and Paid up		
50 000 (50 000) Equity Shares of ₹ 10 each fully paid up	5 00 000	1 00 000
Held by Reliance Webstore Limited, the holding Company	<u>5 00 000</u>	<u>1 00 000</u>

a) Shares held by Holding Company

	No. of Shares	%	No. of Shares	%
Reliance Webstore Limited	50 000	100%	50 000	100%

b) Details of Shareholders holding more than 5% shares in the company

	No. of Shares	%	No. of Shares	%
Reliance Webstore Limited	50 000	100%	50 000	100%

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

	March 31, 2016		March 31, 2015	
	No. of Shares	₹	No. of Shares	₹
Equity Shares				
At the beginning of the year	50 000	5 00 000	10 000	1 00 000
Add : Issued during the year	-	-	40 000	4 00 000
At the end of the year	<u>50 000</u>	<u>5 00 000</u>	<u>50 000</u>	<u>5 00 000</u>

c) Terms/rights attached to equity shares

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

	As at March 31, 2016	Amount in ₹ As at March 31, 2015
Note 2.02		
Reserves and Surplus		
Surplus/(Deficit) in the Statement of Profit and Loss		
As per last Balance Sheet	(1 62 78 659)	(1 62 66 422)
Add: Profit/(Loss) for the year	<u>(1 89 643)</u>	<u>(12 237)</u>
Balance Carried Forward	<u>(1 64 68 302)</u>	(1 62 78 659)
	<u>(1 64 68 302)</u>	<u>(1 62 78 659)</u>

Reliance Communications Tamil Nadu Limited

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

	For the year ended March 31, 2016	Amount in ₹ For the year ended March 31, 2015
Note 2.08		
Revenue from Operations		
Other Income		
Consultancy Fees	-	20 000
	<u>-</u>	<u>20 000</u>
	<u>-</u>	<u>20 000</u>
Note 2.09		
Other Expenses		
Bank Charges	674	-
Filing Fees	1 800	4 100
Professional Fees	14 000	11 236
Director Sitting Fees	1 50 000	-
Interest Paid	2 345	3 483
Payment to Auditors - Audit Fees	12 000	13 483
Miscellaneous Expenses	330	-
	<u>1 81 149</u>	<u>32 302</u>
	<u>1 81 149</u>	<u>32 302</u>

Note 2.10

Previous year

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

	For the year ended March 31, 2015	Amount in ₹ For the year ended March 31, 2014
Note 2.11		
Earning per share :		
Numerator - Profit /(Loss) after tax (`)	(1 89 643)	(12 237)
Denominator - Weighted number of equity shares	50 000	26 877
Basic as well as Diluted, earning per equity share (`)	(3.79)	(0.46)

Note 2.12

In accordance with Accounting Standard 22-"Accounting for Taxes of Income" as prescribed under the Accounting Standard Rules, the Company has no Deferred Tax Liability as at March 31, 2016. However, the Company has Deferred Tax Assets consisting of carried forward loss. As a matter of prudence, the Deferred Tax Asset has not been recognised in the financial statements.

Note 2.13

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

Note 2.14

As the accumulated losses of the Company as at March 31, 2016 exceeds 50% of its paid up Capital resulting in an erosion of its networth, the accounts have been prepared on the 'Going Concern' basis on the understanding that the other Body Corporate hereby undertakes directly or indirectly to provide the Company with such financial support, as may require to continue the business activities.

Note 2.15

In the opinion of the management there are no other reportable segments as per Accounting Standard - 17 "Segment Reporting"

Reliance Communications Tamil Nadu Limited

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

Note 2.16

Related Parties :

As per Accounting Standard (AS) 18, 'Related Party Disclosures, prescribed under the Accounting Standard Rules, the names of the related parties where control exists and / or with whom transactions have taken place during the year and description of relationships, as identified and certified by management are as follows :

A. List of related parties and relationships :

a) Ultimate Holding Company

1. Reliance Communications Limited (RCOM)

b) Holding Company

1. Reliance Webstore Limited (RWSL)

c) Fellow Subsidiary Company

1. Reliance Communications Infrastructure Limited (RCIL)
2. Reliance Infratel Limited (RITL)

B. Transactions with Related Parties during the year and closing balances.

Sr.	Nature of Transactions	Holding Co. (RCOM)	Holding Co. (RWSL)	Fellow Subsidiary (RITL)	Fellow Subsidiary (RCIL)	Amount in ₹ Total
A	Allotment of Shares Equity Shares					
	Balance as at April 1, 2015	-	5 00 000	-	-	5 00 000
	Shares issued during the year	(-)	(-)	(1 00 000)	(-)	(1 00 000)
	Shares transferred during the year	(-)	(-)	(4 00 000)	(-)	(4 00 000)
	Balance as at March 31, 2016	(-)	5 00 000	(5 00 000)	(-)	5 00 000
		(-)	(5 00 000)	(-)	(-)	(5 00 000)
B	Short Term Borrowings					
	Balance as at April 1, 2015	-	-	1 65 50 000	-	1 65 50 000
	Unsecured Loan taken during the year	(600 00 00 000)	(-)	(1 62 00 000)	(-)	(601 62 00 000)
	Repayment/Adjustment of Loan	21 200	-	-	71 825	93 025
		(-)	(-)	(3 50 000)	(260 00 02 314)	(260 03 52 314)
	Balance as at March 31, 2016	(600 00 00 000)	(-)	(-)	(-)	(600 00 00 000)
		21 200	-	1 65 50 000	260 00 74 139	261 66 45 339
		(-)	(-)	(1 65 50 000)	(260 00 02 314)	(261 65 52 314)
C	Investment					
	Balance as at March 31, 2016	-	-	-	260 00 00 000	260 00 00 000
		(-)	(-)	(-)	(260 00 00 000)	(260 00 00 000)

As per our Report of even date

For SMA & Co.

Chartered Accountants
Regn.No.018452C

Vimmy Doshi

Partner
Membership No.144376

Mumbai

Dated : May 5, 2016

For and on Behalf of the Board

Gaurang Shah
DIN:00004408

Hitesh Chawda
DIN:00373540

Directors

FLAG TELECOM DEUTSCHLAND GMBH

Independent Auditor's Report

To
The Board of Directors of Flag Telecom Deutschland GMBH

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Flag Telecom Deutschland GMBH ("the Company"), which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India including Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion whether the Company has in place an adequate Internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements read together with the notes thereon give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016 and its profit and its cash flows for the year ended on that date.

Other Reporting Requirements

We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account.

Other Matters

This report is issued for the information and use of the Board of Directors of the Company and of Reliance Communications Limited, the holding company in India to comply with the financial reporting requirements in India and should not be used for any other purposes without our prior written consent.

For Shridhar & Associates
Chartered Accountants
Firm Registration No.: 134427W

Jitendra Sawjany
Partner
Membership No. 050980

Place: Mumbai
Dated: May 27, 2016

FLAG TELECOM DEUTSCHLAND GMBH

Balance Sheet as at March 31, 2016

		Amount in ₹	
	Note	As at March 31, 2016	As at March 31, 2015
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2.01	15,12,933	14,27,188
Reserves and Surplus	2.02	<u>(1,69,24,344)</u>	<u>(1,61,63,023)</u>
		(1,54,11,411)	(1,47,35,835)
Current Liabilities			
Trade Payable	2.03	1,04,38,864	64,72,937
Other Current Liabilities	2.04	3,52,56,169	3,62,25,526
Short Term Provisions	2.05	<u>-</u>	<u>71,098</u>
		4,56,95,033	4,27,69,561
TOTAL		<u>3,02,83,622</u>	<u>2,80,33,726</u>
ASSETS			
Non Current Assets			
Fixed Assets			
Tangible assets	2.06	<u>2,56,652</u>	<u>2,53,615</u>
		2,56,652	2,53,615
Current Assets:			
Current Investment			
Cash and Cash Equivalent	2.07	3,59,399	3,36,890
Short-term Loans and Advances	2.08	<u>2,96,67,571</u>	<u>2,74,43,221</u>
		3,00,26,970	2,77,80,111
TOTAL		<u>3,02,83,622</u>	<u>2,80,33,726</u>
Significant Accounting Policies	1		
Notes forming part of the Financial Statements	2		

As per our report attached

For Shridhar & Associates
Chartered Accountants
Firm Regn. No. 134427W

Jitendra Sawjany
Partner
Membership No : 050980

Place : Mumbai
Date : May 27, 2016

For and on behalf of the Board

Andrew Goldie **Director**

FLAG TELECOM DEUTSCHLAND GMBH

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

		Amount in ₹	
	Note	For the year ended March 31, 2016	For the year ended March 31, 2015
Income			
Service Income	2.09	31,07,858	34,03,226
Other Income	2.10	4,11,928	-
Total Revenue		<u>35,19,786</u>	<u>34,03,226</u>
Expenditure			
Network Operation Expenses	2.11	23,83,750	25,59,535
Depreciation and Amortization Expense	2.12	12,052	20,613
Sales and General Administration Expenses	2.13	10,91,679	7,98,470
Total Expenditure		<u>34,87,481</u>	<u>33,78,619</u>
Profit/(Loss) Before Tax		<u>32,305</u>	<u>24,607</u>
Provision for taxation			
- Current Tax		(1,74,923)	64,218
		<u>(1,74,923)</u>	<u>64,218</u>
Profit/(Loss) After Tax		<u>2,07,228</u>	<u>(39,611)</u>
Earnings per Share	2.15	1,03,614	(19,805)
(Basic and Diluted)			

As per our report attached

For and on behalf of the Board

For Shridhar & Associates
Chartered Accountants
Firm Regn. No. 134427W

Andrew Goldie

Director

Jitendra Sawjany
Partner
Membership No : 050980

Place : Mumbai
Date : May 27, 2016

FLAG TELECOM DEUTSCHLAND GMBH

Cash Flow Statement for the year ended March 31, 2016

Particulars	For the year ended March 31, 2016	Amount in ₹ For the year ended March 31, 2015
A) CASH FLOW FROM OPERATING ACTIVITIES:		
Profit/(Loss) before tax as per Statement of Profit and Loss	32,305	24,607
Adjustments for:		
Depreciation and Amortisation	12,052	20,613
Effects of exchange difference on translation of asset & Liabilities	(8,97,893)	(6,19,578)
	(8,85,841)	(5,98,965)
Operating Profit/(Loss) before Working Capital Changes	(8,53,536)	(5,74,357)
Adjustments for:		
(Increase)/ Decrease in Trade and other Receivables	(22,24,350)	26,21,508
Increase/ (Decrease) in Liabilities and Provisions	29,25,472	(17,78,138)
	7,01,122	8,43,370
	(1,52,414)	2,69,013
Income Taxes Paid	1,74,923	(64,219)
Net Cash from/(used in) Operating Activities (A)	22,509	2,04,794
B) CASH FLOW FROM INVESTING ACTIVITIES:		
Net Cash from/(used in) Investing Activities (B)	-	-
C) CASH FLOW FROM FINANCING ACTIVITIES:		
Net Cash from/(used in) Financing Activities (C)	-	-
Net Increase/ (Decrease) in Cash and Cash Equivalents (A+B+C)	22,509	2,04,794
Cash and Cash Equivalents at the Beginning of the year	3,36,890	1,32,096
Cash and Cash Equivalents at the End of the year	3,59,399	3,36,890

As per our report attached

For Shridhar & Associates
Chartered Accountants
Firm Regn. No. 134427W

Jitendra Sawjany
Partner
Membership No : 050980

Place : Mumbai
Date : May 27, 2016

For and on behalf of the Board

Andrew Goldie **Director**

NOTE 1

SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation of Financial Statements

The financial statements are prepared under historical cost convention, in accordance with the generally accepted accounting principles (GAAP) in India and Comply with Accounting Standard specified under Section 133 of the Companies Act, 2013 ("the Act") read with Rule 7 of the Companies (Accounts) Rules, 2014 and other provisions of the Act, to the extent notified and applicable as well as applicable guidance note and pronouncements of the Institute of Chartered Accountants of India (the ICAI).

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

Financial Statements have been prepared on a going concern basis and financial support as may be required shall be extended by associates and/or parent company.

b) Revenue Recognition

Indefeasible Right of Use

The Company sells Right of Use (ROU) that provide customers with network capacity, typically over a 10 to 15 year period without transferring the legal title or giving an option to purchase the network capacity. Revenue from cancellable ROU arrangements are accounted as operating lease and recognised over the life of the contract.

Revenue from non cancellable ROU arrangements is recognised upfront as licensing income on activation of services.

Bills raised on customers/ payments received from customers for long term contracts and for which revenue is not recognised are included in deferred revenue.

Operations And Maintenance

The Company provides operation and maintenance services over the life of the capacity contract, for which the Company receives Operation and Maintenance charges. Operation and maintenance charges are invoiced separately from capacity sales. Revenues relating to maintenance are recognized over the period in which the service is provided.

Network Revenue

Network services include Capacity Lease Services, IP Transit, IPLC (private lines leased to customers), backup service for other network operators and all other services. The customer typically pays the charges for network services periodically over the life of the contract, which may be up to three years. Network revenue is recognized in the Company's income statement over the term of the contract.

Ethernet Services

Ethernet revenue is recognized in the Company's income statement over the term of the contract.

Unearned Income

Unearned income represents income billed in accordance with the contract but not recognised in Statement of Profit and Loss as at the Balance Sheet date. Unearned income net of the amount recognisable within one year is disclosed as unearned income in non-current liabilities and the amount recognisable within one year is disclosed as unearned income in current liabilities.

Unbilled Revenue

Where the services are performed prior to billing, an accrued income is recognised in unbilled revenue

c) Employee Benefits

Eligible employees of the Company are covered by a defined contribution pension plan/provident fund scheme. Contribution to the plan/fund is made to the insurance companies/local regulatory authorities, where the Company has no further obligations. Such benefits are classified as defined contribution schemes, as the Company does not carry any further obligations apart from the contributions made on a monthly basis.

The Company does not have any material defined benefits plans.

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

d) Use of Estimates

The presentation of financial statements in conformity with accounting standards issued by ICAI requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the group reporting package and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known / materialized.

e) Current and Deferred Tax

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

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

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

f) Fixed Assets

i) Accounting of Tangible Fixed Assets

Fixed Assets are stated at cost of acquisition or construction (except revalued assets) including financing cost till commencement of commercial operations, net charges of foreign exchange contracts and adjustments arising from exchange rate variations, directly attributable to fixed assets. Indefeasible Right of Use is stated at cost of acquisition less accumulated amortization.

Costs incurred prior to the capital project's completion are reflected as construction in progress, which is reclassified to fixed assets on the date of completion of project and which is placed in service. Construction in progress is stated at cost. Capitalized costs include costs incurred under the construction contract, engineering and consulting fees, legal fees related to obtaining landing right licenses, interest costs related to program management, costs for the route surveys, indirect costs associated with cable systems and points of presence ("PoPs"), and other costs incurred in the development of the Company's global network.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the Statement of Profit and Loss during the financial period in which they are incurred

ii. Depreciation / Amortization

Depreciation on fixed assets is provided on straight-line method on prorated basis based on the useful life of the fixed asset as follows:

Computer equipment.....3-6 years.

Fixtures and fittings.....3-7 years.

Leasehold improvements.....Over the useful life.

Network assets.....the shorter of 15-25 years or remaining useful lives.

The estimated useful life of Network assets are determined based on the estimated period over which they will generate revenue.

iii) Intangible Assets

Intangible Assets are stated at acquisition cost, net of accumulated amortisation and accumulated impairment losses, if any. Gains or losses arising from the retirement or disposal of an intangible asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognised as income or expense in the Statement of Profit and Loss.

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

iv) Impairment of Fixed Assets

Assessment is done at each Balance Sheet date as to whether there is any indication that an asset (tangible and intangible) may be impaired. For the purpose of assessing impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets, is considered as a cash generating unit. If any such indication exists, an estimate of the recoverable amount of the asset/cash generating unit is made. Assets whose carrying value exceeds their recoverable amount are written down to the recoverable amount. Recoverable amount is higher of an asset's or cash generating unit's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Assessment is also done at each Balance Sheet date as to whether there is any indication that an impairment loss recognised for an asset in prior accounting periods may no longer exist or may have decreased.

g) Foreign Currency Translation

Initial Recognition

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

Subsequent Recognition

As at the reporting date, non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. All non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined. All monetary assets and liabilities in foreign currency are restated at the end of accounting period.

g) Cash and Cash Equivalents

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

h) Provisions, Contingent Liabilities and Contingent Assets

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

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

Contingent Assets: Contingent assets are neither recognised nor disclosed in the financial statements.

i) Earnings Per Share

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

FLAG TELECOM DEUTSCHLAND GMBH

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

	As at March 31, 2016		Amount in ₹ As at March 31, 2015	
NOTE # 2.01				
Share Capital				
Authorised				
2 (2) Equity Shares of Euro 12,500 each		15,12,933		14,27,188
		<u>15,12,933</u>		<u>14,27,188</u>
Issued Subscribed and Paid up:				
2 (2) Equity Shares of Euro 12,500 each, fully paid-up		15,12,933		14,27,188
		<u>15,12,933</u>		<u>14,27,188</u>
a) Shares held by Holding company				
		No. of Shares		No. of Shares
Held by Reliance Globalcom limited		2		2
		<u>2</u>		<u>2</u>
b) Details of Shareholders holding more than 5% of the aggregate shares in the Company				
Particulars	% of Holding	No. of Shares	% of Holding	No. of Shares
Reliance Globalcom Limited	100	2	100	2
c) Terms/Rights attached to shares				
The Company has shares having a par value of Euro 12,500 per share. Each holder of shares is entitled to one vote per share. In the event of liquidation of the Company, the holder of shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of shares held by the shareholder.				
d) Reconciliation of number of shares		As at March 31, 2016		As at March 31, 2015
	No. of Shares	Amount in ₹	No. of Shares	Amount in ₹
Balance as at the beginning of the year	2	15,12,933	2	14,27,188
Add: Movement for the year	-	-	-	-
Balance as at the end of the year	<u>2</u>	<u>15,12,933</u>	<u>2</u>	<u>14,27,188</u>

FLAG TELECOM DEUTSCHLAND GMBH

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

	As at March 31, 2016	Amount in ₹ As at March 31, 2015
NOTE # 2.02		
Reserves and Surplus		
Foreign Currency Translation Reserve	(30,93,483)	(21,24,934)
Surplus/(Deficit) as per the Statement of Profit and Loss		
Balance as per Last Balance Sheet	(1,40,38,089)	(1,39,98,479)
Add: Profit/(Loss) for the year	2,07,228	(39,611)
Balance as at the end of the year	(1,38,30,861)	(1,40,38,089)
	(1,69,24,344)	(1,61,63,023)
NOTE # 2.03		
Trade Payables		
Sundry Creditors	17,261	8,94,692
Other contractual obligations (Refer note 2.17)	1,04,21,603	55,78,245
	1,04,38,864	64,72,937
NOTE # 2.04		
Other Current Liabilities		
Employee payable	1,02,500	96,692
Group Company Payables (Refer Note 2.17)	3,51,53,669	3,61,28,834
	3,52,56,169	3,62,25,526
NOTE # 2.05		
Short Term Provisions		
Income Tax (net of advance tax)	-	71,098
	-	71,098

FLAG TELECOM DEUTSCHLAND GMBH

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

NOTE # 2.06 Fixed Assets

Particulars	Gross Block			Depreciation			Net Block		
	As at April 1, 2015	Deduction	Forex adjustment	As at March 31, 2016	For the year	Deduction	Forex adjustment	As at March 31, 2016	As at March 31, 2015
Tangible Assets									
Leasehold Improvement	11,04,521	(12,06,672)	1,02,151	-	-	(12,06,672)	1,02,151	-	-
Computers	11,04,521	(12,06,672)	1,02,151	-	-	(12,06,672)	1,02,151	-	-
Network Assets	4,11,317	-	(76,322)	3,34,995	12,052	-	(91,411)	2,56,652	2,53,615
Total Assets	26,20,359	(24,13,344)	1,27,980	3,34,995	12,052	(24,13,344)	1,12,890	2,56,652	2,53,615
Previous year	25,11,981		1,08,378	26,20,359	20,613		97,471	2,53,615	

Amount in ₹

FLAG TELECOM DEUTSCHLAND GMBH

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

	As at March 31, 2016	Amount in ₹ As at March 31, 2015
NOTE # 2.07		
Cash and Cash Equivalent		
Balance with Banks		
– Current Accounts	3,59,399	3,36,890
	<u>3,59,399</u>	<u>3,36,890</u>
NOTE # 2.08		
Short-term Loans and Advances		
(Unsecured considered good)		
Advances to Group Companies (Refer Note 2.17)	2,95,40,894	2,72,76,263
Deposits	1,26,677	1,19,498
Advance to vendors	-	47,460
	<u>2,96,67,571</u>	<u>2,74,43,221</u>
NOTE # 2.09		
Service Income		
Network Service Revenue	31,07,858	34,03,226
	<u>31,07,858</u>	<u>34,03,226</u>
NOTE # 2.10		
Other Income		
Gain on Foreign Exchange Fluctuation (Net)	4,11,928	-
	<u>4,11,928</u>	<u>-</u>
NOTE # 2.11		
Network Operation Expenses		
Landing Stations and Point of Presence costs	23,13,144	24,93,568
Internet Protocol	70,606	65,967
	<u>23,83,750</u>	<u>25,59,535</u>
NOTE # 2.12		
Depreciation and Amortization Expense		
Depreciation on Tangible assets	12,052	20,613
	<u>12,052</u>	<u>20,613</u>

FLAG TELECOM DEUTSCHLAND GMBH

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

Amount in ₹

	For the year ended March 31, 2016	For the year ended March 31, 2015
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NOTE # 2.13

Sales and General Administration Expenses

Rent	1,43,058	68,232
Legal Fees	3,65,935	-
Professional Charges	3,80,967	1,04,803
Licensing and Regulatory Fees	1,91,887	-
Loss on Foreign Exchange Fluctuation (Net)	-	6,25,435
Bank charges	9,832	-
	<u>10,91,679</u>	<u>7,98,470</u>

NOTE 2.14

BACKGROUND AND ORGANISATION

The Principal activities of Flag Telecom Deutschland Limited (the "Company") are the Provision of Telecommunication Services, Sales and Marketing Support Services to its fellow Subsidiaries and an Intermediate Holding company, and the Operation of a Fibre Optic Telecommunications network in Germany.

NOTE 2.15

Earnings Per Share

Amount in ₹ except number of shares

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
A Profit/(Loss) after Tax	2,07,228	(39,611)
B Weighted average number of share of Euro 12,500 each used as denominator for calculating Basic and Diluted EPS	2	2
C Basic and Diluted Earnings per Share (A/B)	1,03,614	(19,805)

NOTE 2.16

Prior Period Comparatives have been classified and regrouped to confirm with the current year's presentations, where applicable.

NOTE 2.17

Related Party Transactions

In accordance with Accounting Standard 18 "Related Party Disclosures" issued by the Institute of Chartered Accountants of India, the company's related parties and transactions are disclosed below:

a) Parties where control exist:

Reliance Communications Limited
Reliance Globalcom Limited

b) Enterprises as affiliated companies are:

Reliance FLAG Telecom Ireland Limited
FLAG Telecom Ireland Network Limited
Reliance FLAG Atlantic France SAS

FLAG TELECOM DEUTSCHLAND GMBH

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

c) Summarized below are the transactions entered into and closing balances with related parties:

Amount in ₹

Name of the Entity	Service Income		Short Term Loans and Advances		Trade Payable		Other Current Liabilities	
	For the year ended March 31,2016	For the year ended March 31,2015	Closing Balance as at March 31,2016	Closing Balance as at March 31,2015	Closing Balance as at March 31,2016	Closing Balance as at March 31,2015	Closing Balance as at March 31,2016	Closing Balance as at March 31,2015
Reliance Globalcom Limited	-	-	2,47,87,819	2,28,55,695	-	21,98,055	-	-
Reliance FLAG Telecom Ireland Limited	31,07,858	34,03,226	-	-	-	-	35,153,669	36,128,834
FLAG Telecom Ireland Network Limited	-	-	38,45,638	35,64,568	-	-	-	-
Reliance FLAG Atlantic France SAS	-	-	9,07,436	8,56,000	-	-	-	-

NOTE 2.18

Foreign Currency Exchange Rates

The amounts relating to Balance Sheet items appearing in Amount in ₹ have been translated at Closing Rate of 1 USD = ₹ 66.255 (Previous year 1 USD = ₹ 62.50) and items relating to profit and loss have been translated at average rate of 1 USD = ₹ 65.4562 (Previous year 1 USD = ₹ 61.153).

The amounts have been converted in INR to comply with the financial reporting requirement in India.

As per our report attached

For and on behalf of the Board

For Shridhar & Associates

Chartered Accountants
Firm Regn. No. 134427W

Andrew Goldie

Director

Jitendra Sawjany

Partner
Membership No : 050980

Place : Mumbai

Date : May 27, 2016

FLAG TELECOM NETWORK SERVICES LIMITED

Independent Auditor's Report

To
The Board of Directors of Flag Telecom Network Services Limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Flag Telecom Network Services Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India including Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion whether the Company has in place an adequate Internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements read together with the notes thereon give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016 and its loss and its cash flows for the year ended on that date.

Other Reporting Requirements

We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account.

Other Matters

This report is issued for the information and use of the Board of Directors of the Company and of Reliance Communications Limited, the holding company in India to comply with the financial reporting requirements in India and should not be used for any other purposes without our prior written consent.

For Shridhar & Associates
Chartered Accountants
Firm Registration No.: 134427W

Jitendra Sawjany
Partner
Membership No. 050980

Place: Mumbai
Dated: May 27, 2016

FLAG TELECOM NETWORK SERVICES LIMITED

Balance Sheet as at March 31, 2016

	Note	As at March 31, 2016	Amount in ₹ As at March 31, 2015
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2.01	1,170	1,125
Reserves and Surplus	2.02	(6,17,25,099)	(5,82,26,806)
		<u>(6,17,23,929)</u>	<u>(5,82,25,681)</u>
Current Liabilities			
Trade Payable	2.03	32,58,604	30,10,828
Other Current Liabilities	2.04	5,85,47,537	5,52,60,228
		<u>6,18,06,141</u>	<u>5,82,71,056</u>
TOTAL		<u>82,212</u>	<u>45,375</u>
ASSETS			
Non Current Assets			
Non Current Investments	2.05	1,193	1,126
		<u>1,193</u>	<u>1,126</u>
Current Assets:			
Short-Term Loans and Advances	2.06	81,019	44,249
		<u>81,019</u>	<u>44,249</u>
TOTAL		<u>82,212</u>	<u>45,375</u>
Significant Accounting Policies	1		
Notes forming part of Financial Statements	2		

As per our report attached

For Shridhar & Associates
Chartered Accountants
Firm Regn. No. 134427W

Jitendra Sawjany
Partner
Membership No : 050980

Place : Mumbai
Date : May 27, 2016

For and on behalf of the Board

Dermot Lucey
Andrew Goldie } **Directors**

FLAG TELECOM NETWORK SERVICES LIMITED

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

		Amount in ₹	
	Note	For the year ended March 31, 2016	For the year ended March 31, 2015
Income			
Service Income	2.07	2,12,929	1,30,745
Other Income	2.08	488	-
Total Revenue		2,13,417	1,30,745
Expenditure			
Sales and General Administration Expenses	2.09	2,13,444	1,30,745
Total Expenditure		2,13,444	1,30,745
Profit/(Loss) Before Tax		(27)	-
Provision for Taxation			
- Current Tax		-	-
Profit/(Loss) After Tax		(27)	-
Earning Per Share (Basic and Diluted)	2.11	(1.35)	-
Significant Accounting Policies	1		
Notes forming part of Financial Statements	2		

As per our report attached

For Shridhar & Associates
Chartered Accountants
Firm Regn. No. 134427W

Jitendra Sawjany
Partner
Membership No : 050980

Place : Mumbai
Date : May 27, 2016

For and on behalf of the Board

Dermot Lucey
Andrew Goldie } **Directors**

FLAG TELECOM NETWORK SERVICES LIMITED

Cash Flow Statement for the year ended March 31, 2016

Particulars	Amount in ₹	
	For the year ended March 31, 2016	For the year ended March 31, 2015
A) CASH FLOW FROM OPERATING ACTIVITIES:		
Profit/(Loss) before tax as per Statement of Profit and Loss	(27)	-
Adjustments for:		
Effects of exchange difference on translation of asset & Liabilities	(34,98,288)	(24,08,256)
Operating Profit/(Loss) before Working Capital Changes	(34,98,315)	(24,08,256)
Adjustments for:		
(Increase)/ Decrease in Loan & Advances and Other Asset	(36,770)	(30,588)
Increase/ (Decrease) in Liabilities and Provisions	35,35,085	24,38,844
	34,98,315	24,08,256
	-	-
Income Taxes Paid	-	-
Net Cash from/(used in) Operating Activities (A)	-	-
B) CASH FLOW FROM INVESTING ACTIVITIES:		
Net Cash from/(Used in) Investing Activities (B)	-	-
C) CASH FLOW FROM FINANCING ACTIVITIES:		
Net Cash from/(Used in) Financing Activities (C)	-	-
Net Increase/ (Decrease) in Cash and Cash Equivalents (A+B+C)	-	-
Cash and Cash Equivalents at the Beginning of the year	-	-
Cash and Cash Equivalents at the End of the year	-	-

As per our report attached

For Shridhar & Associates
Chartered Accountants
Firm Regn. No. 134427W

Jitendra Sawjany
Partner
Membership No : 050980

Place : Mumbai
Date : May 27, 2016

For and on behalf of the Board

Dermot Lucey

Andrew Goldie

} **Directors**

FLAG TELECOM NETWORK SERVICES LIMITED

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

NOTE 1

SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation of Financial Statements

The financial statements are prepared under historical cost convention, in accordance with the generally accepted accounting principles (GAAP) in India and Comply with Accounting Standard specified under Section 133 of the Companies Act, 2013 ("the Act") read with Rule 7 of the Companies (Accounts) Rules, 2014 and other provisions of the Act, to the extent notified and applicable as well as applicable guidance note and pronouncements of the Institute of Chartered Accountants of India (the ICAI).

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

Financial Statements have been prepared on a going concern basis and financial support as may be required, shall be extended by associates and / or parent company.

b) Use of Estimates

The presentation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of group reporting package and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known / materialized

c) Current and Deferred Tax

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

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

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

d) Foreign Currency Translation

Initial Recognition

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

Subsequent Recognition

As at the reporting date, non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. All non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined. All monetary assets and liabilities in foreign currency are restated at the end of accounting period

e) Investments

Investments that are readily realisable and are intended to be held for not more than one year from the date, on which such investments are made, are classified as current investments. All other investments are classified as long term investments. Current investments are carried at cost or fair value, whichever is lower. Long-term investments are carried at cost. However, provision for diminution is made to recognise a decline, other than temporary, in the value of the investments, such reduction being determined and made for each investment individually.

FLAG TELECOM NETWORK SERVICES LIMITED

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

f) Provisions, Contingent Liabilities and Contingent Assets

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

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

Contingent Assets: Contingent assets are neither recognised nor disclosed in the financial statements

g) Earnings Per Share

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

	As at	Amount in ₹
	March 31, 2016	As at
		March 31, 2015

NOTE 2.01

Share Capital

Authorised

1,000,000 (1,000,000) Ordinary shares of Euro 1 each	<u>7,18,87,338</u>	6,78,13,125
	<u>7,18,87,338</u>	<u>6,78,13,125</u>

Issued Subscribed and Paid up:

20(20) Ordinary shares of Euro 1 each fully paid up	<u>1,170</u>	<u>1,125</u>
	<u>1,170</u>	<u>1,125</u>

a) Shares held by Holding company

Particulars	No. of Shares	Amount in ₹	No. of Shares	Amount in ₹
FLAG TELECOM DEVELOPMENT LIMITED	<u>20</u>	<u>1,170</u>	<u>20</u>	<u>1,125</u>
	<u>20</u>	<u>1,170</u>	<u>20</u>	<u>1,125</u>

b) Details of shareholders holding more than 5% of the aggregate shares in the Company

Particulars	As at March 31, 2016		As at March 31, 2015	
	% of holding	No. of Shares	% of holding	No. of shares
FLAG TELECOM DEVELOPMENT LIMITED	100	20	100	20

c) Terms/Rights attached to shares

The Company has Ordinary shares having a par value of Euro 1 each. Each holder of shares is entitled to one vote per share. In the event of liquidation of the Company, the holder of shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of shares held by the shareholder.

d) Reconciliation of number of Shares

	As at March 31, 2016		As at March 31, 2015	
	No. of Shares	Amount in ₹	No. of Shares	Amount in ₹
Balance as at the beginning of the year	20	1,170	20	1,125
Add: Common share issued during the year	-	-	-	-
Less: Common shares cancelled on buy back	-	-	-	-
Balance as at the end of the year	<u>20</u>	<u>1,170</u>	<u>20</u>	<u>1,125</u>

FLAG TELECOM NETWORK SERVICES LIMITED

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

	As at March 31, 2016	Amount in ₹ As at March 31, 2015
NOTE 2.02		
Reserves and Surplus		
Foreign Currency Translation Reserve	(1,11,03,509)	(76,05,243)
Surplus / (Deficit) as per the Statement of Profit and Loss		
Balance as at the beginning of the year	(5,06,21,563)	(5,06,21,563)
Add: Profit/(Loss) during the year	(27)	-
Balance as at the end of the year	<u>(5,06,21,590)</u>	<u>(5,06,21,563)</u>
Total Reserves & Surplus	<u>(6,17,25,099)</u>	<u>(5,82,26,806)</u>
NOTE 2.03		
Trade Payables		
Other Contractual Obligations	32,58,604	30,10,828
	<u>32,58,604</u>	<u>30,10,828</u>
NOTE 2.04		
Other Current Liabilities		
Group Company Payables (Refer Note 2.13)	5,85,47,537	5,52,60,228
	<u>5,85,47,537</u>	<u>5,52,60,228</u>
NOTE 2.05		
Non Current Investments		
Investment in Subsidiary Company:		
(Unquoted, Non Trade, at Cost)		
20 (20) Ordinary Shares of Reliance Flag Telecom Ireland Limited of Euro 1 each fully paid up	1,193	1,126
	<u>1,193</u>	<u>1,126</u>
NOTE 2.06		
Short-Term Loans and Advances		
(Unsecured considered good)		
Advances to Group Companies (Refer Note 2.13)	15,275	14,250
Balance with Government Authorities	65,744	29,999
	<u>81,019</u>	<u>44,249</u>

FLAG TELECOM NETWORK SERVICES LIMITED

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

Amount in ₹

	For the year ended	For the year ended
	March 31, 2016	March 31, 2015

NOTE 2.07

Service Income

Operating Revenue – Group Companies	<u>2,12,929</u>	1,30,745
	<u>2,12,929</u>	<u>1,30,745</u>

NOTE 2.08

Other Income

Gain on Foreign Exchange Fluctuation (Net)	<u>488</u>	-
	<u>488</u>	<u>-</u>

NOTE 2.09

Sales and General Administration Expenses

Licensing and Regulatory Fees	<u>1,46,875</u>	1,29,353
	<u>1,46,875</u>	<u>1,29,353</u>
Payment to auditors	<u>66,569</u>	1,392
	<u>2,13,444</u>	<u>1,30,745</u>

NOTE 2.10

BACKGROUND AND ORGANISATION

The principal activities of FLAG Telecom Network Services Limited (the "Company") are Non-trading activities.

NOTE 2.11

Earnings Per Share

	Amount in ₹ except number of shares	
Particulars	For the year ended	For the year ended
	March 31, 2016	March 31, 2015
A Profit after Tax	(27)	-
B Weighted average number of share of Euro 4 each used as denominator for calculating Basic and Diluted EPS	20	20
C Basic and Diluted Earnings per Share (A/B)	(1.35)	(0)

NOTE 2.12

Segment Reporting

The Company has determined its business segment as telecommunication network unit taking into account the nature of services provided, class of customers for the services provided, the differing risks and returns and the internal business reporting systems. Since 100% of the business of Company is from telecommunication network unit, there are no other reportable segments.

The segment revenue, segment result, total carrying amount of segment assets, total amount of segment liabilities, total cost incurred during the year to acquire segments assets, segment depreciation and amortisation for the year are reflected within the consolidated financial statements of the Company as at and for the year ended March 31, 2016.

Substantial network assets are located across geographic territories and therefore not identifiable to any particular geographical segment

FLAG TELECOM NETWORK SERVICES LIMITED

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

NOTE 2.13

Related Party Disclosures

In accordance with Accounting Standard 18 "Related Party Disclosures" issued by the Institute of Chartered Accountants of India, the company's related parties and transactions are disclosed below:

- A. Parties where control exist :
- Reliance Communications Limited
 - Reliance Globalcom Limited
 - Flag Telecom Development Limited
- B. Enterprises as affiliated companies are :
- Reliance Globalcom (UK) Limited
 - Reliance Flag Telecom Ireland Limited
 - Flag Telecom Ireland Network Limited
- c) Summarized below are the transactions entered into and closing balances with related parties:

Amount in ₹

Name of the Entity	Service Income		Short term loans and advances		Other current liabilities	
	For the year ended 31.03.2016	For the year ended 31.03.2015	Closing Balance as at 31.03.2016	Closing Balance as at 31.03.2015	Closing Balance as at 31.03.2016	Closing Balance as at 31.03.2015
Reliance Globalcom (UK) Limited	-	-	15,099	14,250	-	-
Reliance FLAG Telecom Ireland Limited	2,12,928	1,30,745	-	-	3,04,15,185	2,88,93,780
FLAG Telecom Ireland Network Limited	-	-	-	-	6,242	5,888
Reliance Globalcom Limited	-	-	-	-	2,81,26,110	2,63,59,781
FLAG Telecom Development Limited	-	-	176	-	-	779

NOTE 2.14

Prior Period comparatives have been classified to conform with the current year's presentation, where applicable.

NOTE 2.15

The amounts relating to Balance Sheet items appearing in amount in ₹ have been translated at Closing Rate of 1 USD = ₹ 66.255 (Previous year 1 USD = ₹ 62.50) and items relating to profit and loss have been translated at average rate of 1 USD = ₹ 65.4562 (Previous year 1 USD = ₹ 61.153).

The amounts have been converted in INR to comply with the financial reporting requirement in India.

As per our report attached

For and on behalf of the Board

For Shridhar & Associates

Chartered Accountants
Firm Regn. No. 134427W

Dermot Lucey

Andrew Goldie

} **Directors**

Jitendra Sawjany

Partner
Membership No : 050980

Place : Mumbai
Date : May 27, 2016

RELIANCE FLAG TELECOM IRELAND LIMITED

Independent Auditor's Report

To
The Board of Directors of Reliance Flag Telecom Ireland Limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Reliance Flag Telecom Ireland Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India including Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion whether the Company has in place an adequate Internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements read together with the notes thereon give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016 and its loss and its cash flows for the year ended on that date.

Other Reporting Requirements

We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account.

Other Matters

This report is issued for the information and use of the Board of Directors of the Company and of Reliance Communications Limited, the holding company in India to comply with the financial reporting requirements in India and should not be used for any other purposes without our prior written consent.

For Shridhar & Associates
Chartered Accountants
Firm Registration No.: 134427W

Jitendra Sawjany
Partner
Membership No. 050980

Place: Mumbai
Dated: May 27, 2016

RELIANCE FLAG TELECOM IRELAND LIMITED

Balance Sheet as at March 31, 2016

	Note	As at March 31, 2016	Amount in ₹ As at March 31, 2015
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2.01	1,170	1,125
Reserves and Surplus	2.02	<u>2,85,80,56,889</u>	<u>7,81,14,26,893</u>
		2,85,80,58,059	7,81,14,28,018
Non Current Liabilities			
Other Long Term Liabilities	2.03	<u>4,51,71,65,762</u>	<u>5,12,36,65,859</u>
		4,51,71,65,762	5,12,36,65,859
Current Liabilities			
Trade Payable	2.04	35,61,27,727	35,23,78,707
Other Current Liabilities	2.05	<u>20,43,70,04,088</u>	<u>16,79,15,94,701</u>
		20,79,31,31,815	17,14,39,73,408
TOTAL		<u>28,16,83,55,636</u>	<u>30,07,90,67,285</u>
ASSETS			
Non Current Assets			
Fixed Assets			
Tangible assets	2.06	<u>36,05,924</u>	<u>60,76,126</u>
		36,05,924	60,76,126
Non Current Investments	2.07	60,57,209	57,13,938
Long-Term Loans and Advances	2.08	<u>13,66,623</u>	<u>-</u>
		74,23,832	57,13,938
		<u>1,10,29,756</u>	<u>1,17,90,064</u>
Current Assets:			
Trade Receivables	2.09	3,48,93,22,054	1,88,16,19,314
Cash and Cash Equivalent	2.10	21,73,30,707	23,00,32,954
Short-Term Loans and Advances	2.11	<u>24,45,06,73,119</u>	<u>27,95,56,24,953</u>
		28,15,73,25,880	30,06,72,77,221
TOTAL		<u>28,16,83,55,636</u>	<u>30,07,90,67,285</u>
Significant Accounting Policies	1		
Notes forming part of Financial Statements	2		

As per our report attached

For Shridhar & Associates
Chartered Accountants
Firm Regn. No. 134427W

Jitendra Sawjany
Partner
Membership No : 050980

Place : Mumbai
Date : May 27, 2016

For and on behalf of the Board

Dermot Lucey
Andrew Goldie } **Directors**

RELIANCE FLAG TELECOM IRELAND LIMITED

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

		Amount in ₹	
	Note	For the year ended March 31, 2016	For the year ended March 31, 2015
Income			
Service Income	2.12	5,97,25,49,750	4,86,25,89,050
Other Income	2.13	35,556	1,651
Total Revenue		5,97,25,85,306	4,86,25,90,701
Expenditure			
Network Operation Expenses	2.14	11,26,66,10,717	4,64,05,54,554
Employee Benefits Expense	2.15	58,13,367	67,87,708
Depreciation and Amortization Expense	2.16	28,00,932	26,13,946
Sales and General Administration Expenses	2.17	9,59,56,077	5,46,02,552
Total Expenditure		11,37,11,81,093	4,70,45,58,760
Profit/(Loss) Before Tax		(5,39,85,95,787)	15,80,31,941
Provision for Taxation			
- Current Tax		(4,12,93,535)	(18,23,73,299)
Profit/(Loss) After Tax		(5,35,73,02,252)	34,04,05,240

Earning Per Share (Basic and Diluted)	2.20	(26,78,65,113)	1,70,20,262
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Significant Accounting Policies

1

Notes forming part of Financial Statements

2

As per our report attached

For and on behalf of the Board

For Shridhar & Associates

Chartered Accountants
Firm Regn. No. 134427W

Dermot Lucey

Andrew Goldie

} **Directors**

Jitendra Sawjany

Partner
Membership No : 050980

Place : Mumbai

Date : May 27, 2016

RELIANCE FLAG TELECOM IRELAND LIMITED

Cash Flow Statement for the year ended March 31, 2016

Particulars	Amount in ₹	
	For the year ended March 31, 2016	For the year ended March 31, 2015
A) CASH FLOW FROM OPERATING ACTIVITIES:		
Profit/(Loss) before tax as per Statement of Profit and Loss	(5,39,85,95,787)	15,80,31,941
Adjustments for:		
Effects of exchange difference on translation of asset & Liabilities	40,32,58,292	31,58,85,156
Depreciation and Amortisation	28,00,932	26,13,946
	40,60,59,224	31,84,99,102
Operating Profit/(Loss) before Working Capital Changes	(4,99,25,36,563)	47,65,31,042
Adjustments for:		
(Increase)/ Decrease in Loan & Advances and Other Asset	1,89,58,82,471	(2,70,05,00,845)
Increase/ (Decrease) in Liabilities and Provisions	3,04,26,58,310	2,24,94,39,634
	4,93,85,40,781	(45,10,61,211)
	(5,39,95,782)	2,54,69,831
Income Taxes Paid	4,12,93,535	18,23,73,299
Net Cash from/(used in) Operating Activities (A)	(1,27,02,247)	20,78,43,130
B) CASH FLOW FROM INVESTING ACTIVITIES:		
Net Cash from/(Used in) Investing Activities (B)	-	-
C) CASH FLOW FROM FINANCING ACTIVITIES:		
Net Cash from/(Used in) Financing Activities (C)	-	-
Net Increase/ (Decrease) in Cash and Cash Equivalents (A+B+C)	(1,27,02,247)	20,78,43,130
Cash and Cash Equivalents at the Beginning of the year	23,00,32,954	2,21,89,823
Cash and Cash Equivalents at the End of the year	21,73,30,707	23,00,32,954

As per our report attached

For Shridhar & Associates
Chartered Accountants
Firm Regn. No. 134427W

Jitendra Sawjany
Partner
Membership No : 050980

Place : Mumbai
Date : May 27, 2016

For and on behalf of the Board

Dermot Lucey
Andrew Goldie } **Directors**

RELIANCE FLAG TELECOM IRELAND LIMITED

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

1. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation of Financial Statements

The financial statements are prepared under historical cost convention, in accordance with the generally accepted accounting principles (GAAP) in India and Comply with Accounting Standard specified under Section 133 of the Companies Act, 2013 ("the Act") read with Rule 7 of the Companies (Accounts) Rules, 2014 and other provisions of the Act, to the extent notified and applicable as well as applicable guidance note and pronouncements of the Institute of Chartered Accountants of India (the ICAI).

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

b) Revenue Recognition

Indefeasible Right of Use

The Company sells Right of Use (ROU) that provide customers with network capacity, typically over a 10 to 15 year period without transferring the legal title or giving an option to purchase the network capacity. Revenue from cancellable ROU arrangements are accounted as operating lease and recognized over the life of the contract.

Revenue from non cancellable ROU arrangements is recognized upfront as licensing income on activation of services.

Operations and Maintenance

The Company provides operation and maintenance services over the life of the capacity contract, for which the Company receives Operation and Maintenance charges. Operation and maintenance charges are invoiced separately from capacity sales. Revenues relating to maintenance are recognized over the period in which the service is provided.

Network Revenue

Network services include Capacity lease services, IP transit, IPLC (private lines leased to customers), backup service for other network operators and all other services. The customer typically pays the charges for network services periodically over the life of the contract, which may be up to three years. Network Services revenue is recognized in the Company's income statement over the term of the contract.

Ethernet/Internet Protocol Services

Ethernet revenue is recognized in the Company's income statement over the term of the contract.

Unearned Income

Unearned income represents income billed in accordance with the contract but not recognized in Statement of Profit and Loss as at the Balance Sheet date. Unearned income net of the amount recognizable within one year is disclosed as unearned income in non-current liabilities and the amount recognizable within one year is disclosed as unearned income in current liabilities.

Unbilled Revenue

Where the Services are performed prior to billing, an accrued income is recognized in unbilled revenue

c) Employee Benefits

Eligible employees of the Company are covered by defined contribution pension plan/provident fund scheme. Contribution to the plan/fund is made to the insurance companies/local regulatory authorities, where the Company has no further obligations. Such benefits are classified as defined contribution schemes, as the Company does not carry any further obligations apart from the contributions made on a monthly basis.

d) Use of Estimates

The presentation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of group reporting package and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known / materialized.

e) Current and Deferred Tax

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

RELIANCE FLAG TELECOM IRELAND LIMITED

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

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

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

f) Fixed Assets

i) Accounting of Tangible Fixed Assets

Fixed Assets are stated at cost of acquisition or construction (except revalued assets) including financing cost till commencement of commercial operations, net charges of foreign exchange contracts and adjustments arising from exchange rate variations, directly attributable to fixed assets. Indefeasible Right of Use is stated at cost of acquisition less accumulated amortization.

Costs incurred prior to the capital project's completion are reflected as construction in progress, which is reclassified to fixed assets on the date of completion of project and which is placed in service. Construction in progress is stated at cost. Capitalized costs include costs incurred under the construction contract, engineering and consulting fees, legal fees related to obtaining landing right licenses, interest costs related to program management, costs for the route surveys, indirect costs associated with cable systems and points of presence ("PoPs"), and other costs incurred in the development of the Company's global network.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the Statement of Profit and Loss during the financial period in which they are incurred.

ii) Depreciation / Amortization

Depreciation is provided on a pro-rata basis on the straight-line method over the estimated useful lives of the assets as follows:

Assets	Estimated Useful Lives
Network assets	the shorter of 15 to 25 years or remaining useful lives
Computers	3 to 6 years
Furniture and Fixtures.....	3 to 7 years
Leasehold improvements.....	Over the life of the lease.
Vehicles.....	5 years

The estimated useful life of network assets is determined based on the estimated period over which they will generate revenue.

iii) Intangible Assets

Intangible Assets are stated at acquisition cost, net of accumulated amortization and accumulated impairment losses, if any. Gains or losses arising from the retirement or disposal of an intangible asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognized as income or expense in the Statement of Profit and Loss.

Amortisation of Intangible Assets

Indefeasible Right of Use..... Fully amortized in the year of purchase.

iv) Impairment of Fixed Assets

Assessment is done at each Balance Sheet date as to whether there is any indication that an asset (tangible and intangible) may be impaired. For the purpose of assessing impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets, is considered as a cash generating unit. If any such indication exists, an estimate of the recoverable amount of the asset/cash generating unit is made. Assets whose carrying value exceeds their recoverable amount are written down

RELIANCE FLAG TELECOM IRELAND LIMITED

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

to the recoverable amount. Recoverable amount is higher of an asset's or cash generating unit's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Assessment is also done at each Balance Sheet date as to whether there is any indication that an impairment loss recognised for an asset in prior accounting periods may no longer exist or may have decreased.

g) Foreign Currency Translation

Initial Recognition

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

Subsequent Recognition

As at the reporting date, non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. All non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined. All monetary assets and liabilities in foreign currency are restated at the end of accounting period.

h) Investments

Investments that are readily realisable and are intended to be held for not more than one year from the date, on which such investments are made, are classified as current investments. All other investments are classified as long term investments. Current investments are carried at cost or fair value, whichever is lower. Long-term investments are carried at cost. However, provision for diminution is made to recognise a decline, other than temporary, in the value of the investments, such reduction being determined and made for each investment individually.

i) Cash and Cash Equivalents

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

j) Provisions, Contingent Liabilities and Contingent Assets

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

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

Contingent Assets: Contingent assets are neither recognised nor disclosed in the financial statements.

k. Earnings Per Share

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

RELIANCE FLAG TELECOM IRELAND LIMITED

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

	As at March 31, 2016	Amount in ₹ As at March 31, 2015
NOTE 2.01		
Share Capital		
Authorised		
1,000,000 (1,000,000) Ordinary shares of Euro 1 each	<u>5,96,29,500</u>	<u>5,62,50,000</u>
	<u>5,96,29,500</u>	<u>5,62,50,000</u>

Issued Subscribed and Paid up:

20 Ordinary shares of Euro 1 each fully paid up	<u>1,170</u>	<u>1,125</u>
	<u>1,170</u>	<u>1,125</u>

a) Shares held by Holding company

Particulars	No. of Shares	Amount in ₹	No. of Shares	Amount in ₹
Flag Telecom Network Services Limited	20	1,170	20	1,125
	<u>20</u>	<u>1,170</u>	<u>20</u>	<u>1,125</u>

b) Details of shareholders holding more than 5% of the aggregate shares in the Company

Particulars	As at March 31, 2016		As at March 31, 2015	
	% of holding	No. of Shares	% of holding	No. of shares
Flag Telecom Network Services Limited	100	20	100	20

c) Terms/Rights attached to shares

The Company has Ordinary shares having a par value of Euro 1 each. Each holder of shares is entitled to one vote per share. In the event of liquidation of the Company, the holder of shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of shares held by the shareholder.

d) Reconciliation of number of Shares

	As at March 31, 2016		As at March 31, 2015	
	No. of Shares	Amount in ₹	No. of Shares	Amount in ₹
Balance as at the beginning of the year	20	1,170	20	1,125
Add: Common share issued during the year	-	-	-	-
Less: Common shares cancelled on buy back	-	-	-	-
Balance as at the end of the year	<u>20</u>	<u>1,170</u>	<u>20</u>	<u>1,125</u>

RELIANCE FLAG TELECOM IRELAND LIMITED

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

	As at March 31, 2016	Amount in ₹ As at March 31, 2015
NOTE 2.02		
Reserves and Surplus		
Foreign Currency Translation Reserve	1,00,77,87,782	60,38,55,534
Surplus / (Deficit) as per the Statement of Profit and Loss		
Balance as at the beginning of the year	7,20,75,71,359	6,86,71,66,119
Add: Profit/(Loss) during the year	<u>(5,35,73,02,252)</u>	<u>34,04,05,240</u>
Balance as at the end of the year	<u>1,85,02,69,107</u>	<u>7,20,75,71,359</u>
 Total Reserves & Surplus	 <u>2,85,80,56,889</u>	 <u>7,81,14,26,893</u>
 NOTE 2.03		
Other Long Term Liabilities		
Unearned Income	4,51,71,65,762	5,12,36,65,859
	<u>4,51,71,65,762</u>	<u>5,12,36,65,859</u>
 NOTE 2.04		
Trade Payables		
Sundry Creditors (Refer Note No. 2.22)	19,83,92,483	14,71,38,414
Other Contractual Obligations	15,77,35,244	20,52,40,293
	<u>35,61,27,727</u>	<u>35,23,78,707</u>
 NOTE 2.05		
Other Current Liabilities		
Unearned Income-current	87,72,66,350	90,54,25,000
Employee payable	3,25,953	8,69,683
Statutory dues payable	39,75,229	41,78,338
Group Company Payables (Refer Note No. 2.22)	19,55,54,36,556	15,88,11,21,680
	<u>20,43,70,04,088</u>	<u>16,79,15,94,701</u>

RELIANCE FLAG TELECOM IRELAND LIMITED

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

NOTE 2.06 Fixed Assets

Particulars	Gross Block				Depreciation				Net Block			
	As at April 1, 2015	Addition on acquisition	Deduction/Retirement	Forex adjustment	As at March 31, 2016	As at April 1, 2015	Addition on acquisition	For the year	Deduction/Retirement	Forex adjustment	As at March 31, 2016	As at March 31, 2015
Tangible Assets												
Computer & Equipment	9,40,49,736		9,84,18,684	44,49,448	80,500	9,40,49,736		-	9,84,18,684	44,49,448	80,500	-
Furniture and Fixture	2,35,94,575		2,46,04,671	1,17,297	1,07,201	2,35,94,575		-	2,46,04,671	1,17,297	1,07,201	-
Network	9,34,36,831		-	56,13,607	9,90,50,430	8,73,60,706	28,00,932	28,00,932	-	80,83,858	9,54,44,564	60,76,126
Tangible Assets (A)	21,10,81,142	-	12,30,23,355	1,11,80,352	9,92,38,131	20,50,05,017	28,00,932	12,30,23,355	1,36,50,603	84,26,165	36,05,858	60,76,126
Previous period	20,23,50,750			87,30,392	21,10,81,142	19,39,64,905	26,13,946				20,50,05,016	60,76,126
Intangible Assets												
Indefeasible Right of Connectivity	40,73,31,226		-	2,44,72,486	43,18,03,712	40,73,31,226				2,44,72,419	43,18,03,645	-
Intangible Assets (B)	40,73,31,226	-	-	2,44,72,486	43,18,03,712	40,73,31,226	-	-	-	2,44,72,419	43,18,03,645	-
Previous period	39,04,84,007			1,68,47,219	40,73,31,226	39,04,84,007				1,68,47,219	40,73,31,226	
Total (A + B)	61,84,12,368	-	12,30,23,355	3,56,52,838	53,10,41,843	61,23,36,243	28,00,932	12,30,23,355	3,81,23,022	52,74,35,910	36,05,924	60,76,126
Previous period	59,28,34,757			2,55,77,611	61,84,12,368	58,44,48,912	26,13,946			2,52,73,384	61,23,36,242	

RELIANCE FLAG TELECOM IRELAND LIMITED

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

	As at March 31, 2016	Amount in ₹ As at March 31, 2015
NOTE 2.07		
Non Current Investments		
Investment in Subsidiaries:		
(Unquoted, Non Trade, at Cost)		
20 (20) of Equity Shares of Flag Telecom Ireland Network Limited of Euro 1 each fully paid up	1,170	1,125
200 (200) of Equity Shares of Flag Telecom Japan Limited of JPY 50000 each fully paid up	<u>60,56,039</u>	<u>57,12,813</u>
	<u>60,57,209</u>	<u>57,13,938</u>
NOTE 2.08		
Long-Term Loans and Advances		
Advances income tax	40	-
Prepaid Expenses	<u>13,66,583</u>	-
	<u>13,66,623</u>	-
NOTE 2.09		
Trade Receivable		
(Unsecured)		
Due for More than Six months		
Considered Good	1,90,55,05,925	-
Considered Doubtful	<u>96,76,54,142</u>	-
	<u>2,87,31,60,067</u>	-
Less: Provision for doubtful debts	<u>96,76,54,142</u>	-
	<u>1,90,55,05,925</u>	-
Others:		
Considered Good	1,58,38,16,129	1,88,16,19,314
Considered Doubtful	<u>11,52,861</u>	-
	<u>1,58,49,68,990</u>	1,88,16,19,314
Less: Provision for Doubtful Debts	<u>11,52,861</u>	-
	<u>1,58,38,16,129</u>	1,88,16,19,314
	<u>3,48,93,22,054</u>	<u>1,88,16,19,314</u>
NOTE 2.10		
Cash and Cash Equivalent		
Balance with Banks		
- Current Accounts	21,73,30,707	23,00,32,954
	<u>21,73,30,707</u>	<u>23,00,32,954</u>

RELIANCE FLAG TELECOM IRELAND LIMITED

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

	As at March 31, 2016	Amount in ₹ As at March 31, 2015
NOTE 2.11		
Short-Term Loans and Advances		
(Unsecured considered good)		
Advances to Group Companies (Refer Note No. 2.22)	24,44,99,26,000	27,93,64,58,094
Advance to Vendors	7,47,119	5,21,856
Balances with Government Authorities	-	18,36,190
Advance Income Tax	-	1,68,08,813
	<u>24,45,06,73,119</u>	<u>27,95,56,24,953</u>

	For the year ended March 31, 2016	Amount in ₹ For the year ended March 31, 2015
NOTE 2.12		
Service Income		
Indefeasible Right of Use	1,38,77,61,393	79,83,23,431
Lease Capacity Services	2,90,12,48,118	2,49,50,50,144
Operation and Maintenance Charges	36,38,50,162	43,65,31,525
Internet Protocol	1,30,82,58,333	1,12,04,53,105
Network Service Revenue	1,14,31,744	1,22,30,845
	<u>5,97,25,49,750</u>	<u>4,86,25,89,050</u>

NOTE 2.13		
Other Income		
Reversal of provision no longer required	35,556	-
Miscellaneous Income	-	1,651
	<u>35,556</u>	<u>1,651</u>

NOTE 2.14		
Network Operation Expenses		
Terrestrial Cable, Inland Amplifier and Regenerator Sites	2,64,56,457	2,89,22,617
Local Tails	8,08,85,372	20,17,07,544
Internet Protocol	1,53,65,046	1,49,030
Network Service Expenses	11,14,39,03,842	4,40,97,75,363
	<u>11,26,66,10,717</u>	<u>4,64,05,54,554</u>

NOTE 2.15		
Employee Benefits Expense		
Salaries, Wages and Bonus	54,96,646	67,87,708
Contribution to Provident and Other Funds	2,33,930	-
Staff Welfare	82,791	-
	<u>58,13,367</u>	<u>67,87,708</u>

NOTE 2.16		
Depreciation and Amortization Expense		
Depreciation on Tangible assets	28,00,932	26,13,946
	<u>28,00,932</u>	<u>26,13,946</u>

RELIANCE FLAG TELECOM IRELAND LIMITED

Amount in ₹

	For the year ended March 31, 2016	For the year ended March 31, 2015
--	--------------------------------------	--------------------------------------

NOTE 2.17

Sales and General Administration Expenses

Insurance	15,171	-
Rates and Taxes	11,012	-
Legal Fees	79,72,178	3,92,207
Professional Charges	16,43,151	10,91,662
Licensing and Regulatory Fees	2,10,007	2,30,656
Travel and Entertainment	1,73,714	7,99,471
Loss on Foreign Exchange Fluctuation (Net)	62,57,812	4,65,94,053
Communication	17,11,695	19,18,194
Bank charges	4,56,533	1,85,162
Provision for Doubtful Debts	7,40,40,783	-
Sales and Marketing Expenses	1,81,484	11,85,315
Miscellaneous Expense	1,50,683	-
	9,28,24,223	5,23,96,720
Payment to auditors	31,31,854	22,05,832
	9,59,56,077	5,46,02,552

2.18 BACKGROUND AND ORGANISATION

The principal activities of Reliance FLAG Telecom Ireland Limited (the "Company") are Global Network Services Provider & Independent Carrier's Carrier.

2.19 Segment Reporting

The Company has determined its business segment as telecommunication network unit taking into account the nature of services provided, class of customers for the services provided, the differing risks and returns and the internal business reporting systems. Since 100% of the business of Company is from telecommunication network unit, there are no other reportable segments.

The segment revenue, segment result, total carrying amount of segment assets, total amount of segment liabilities, total cost incurred during the year to acquire segments assets, segment depreciation and amortisation for the year are reflected within the consolidated financial statements of the Company as of and for the year ended March 31, 2016.

Substantial network assets are located across geographic territories and therefore not identifiable to any particular geographical segment.

2.20 Earnings Per Share

	Year ended March 31, 2016	Year ended March 31, 2015
A Profit after Tax	(5,35,73,02,252)	34,04,05,240
B Weighted average number of share of Euro 1 each used as denominator for calculating Basic and Diluted EPS	20	20
C Basic and Diluted Earnings per Share (A/B)	(26,78,65,113)	1,70,20,262

2.21 Notes to Foreign Currency Translation Reserve

The amounts relating to Balance Sheet items appearing in amount in ₹ have been translated at Closing Rate of 1 USD = ₹ 66.255 (Previous year 1 USD = ₹ 62.50) and items relating to profit and loss have been translated at average rate of 1 USD = ₹ 65.4562 and (Previous year 1 USD = ₹ 61.153).

The amounts have been converted in INR to comply with the financial reporting requirement in India.

RELIANCE FLAG TELECOM IRELAND LIMITED

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

2.22 Related Party Transactions

In accordance with Accounting Standard 18 "Related Party Disclosures" issued by the Institute of Chartered Accountants of India, the company's related parties and transactions are disclosed below:

- a) Parties where control exist:
 - i) Reliance Communications Limited
 - ii) Reliance Globalcom Limited
 - iii) Flag Telecom Network Services Limited
- b) Enterprises as affiliated companies are:
 - iv) FLAG Telecom Asia Limited
 - v) FLAG Telecom Japan Limited
 - vi) FLAG Telecom Singapore Pte Limited
 - vii) Seoul Telenet Inc.
 - viii) FLAG Telecom Taiwan Limited
 - ix) Reliance Globalcom (U.K.) Limited
 - x) FLAG Telecom Deutschland GmbH
 - xi) FLAG Holdings (Taiwan) Limited
 - xii) FLAG Telecom Ireland Network Limited
 - xiii) FLAG Atlantic UK Limited
 - xiv) Reliance FLAG Atlantic France SAS
 - xv) FLAG Telecom Nederland BV
 - xvi) FLAG Telecom Hellas AE
 - xvii) FLAG Telecom Development Services Company LLC
 - xviii) FLAG Telecom Network USA Limited
 - xix) FLAG Telecom Espana Network SAU
 - xx) FLAG Telecom Development Limited
 - xxi) Reliance Communication Inc
 - xxii) Reliance Communication Infrastructure Limited
 - xxiii) Reliance Globalcom Services Inc
 - xxiv) Vanco UK Limited
 - xxv) Vanco SRL
 - xxvi) Vanco (Asia Pacific) Pte. Ltd.
 - xxvii) Vanco BV (Holland)

RELIANCE FLAG TELECOM IRELAND LIMITED

c) Summarized below are the transactions entered into and closing balances with related parties:

Name of the Entity	Service Income	Network Operating Expenses	Short Term	Loans & Advances	Other Current Liabilities	Trade Payables
	For the year ended 31.03.2016	For the year ended 31.03.2016	Closing Balance as at 31.03.2016	Closing Balance as at 31.03.2015	Closing Balance as at 31.03.2016	Closing Balance as at 31.03.2016
FLAG Telecom Ireland Network Limited	-	1,08,50,55,822	-	-	10,56,54,16,167	-
Reliance FLAG Atlantic France Sas	-	1,23,99,20,983	6,20,66,54,573	6,93,41,23,011	-	-
FLAG Telecom Network USA Limited	-	-	-	-	3,04,47,31,562	-
FLAG Telecom Espana Network SAU	-	3,17,87,055	-	-	2,87,21,71,455	-
Reliance Globalcom (UK) Limited	-	43,81,62,316	-	-	19,86,58,543	-
FLAG Telecom Deutschland GmbH	-	31,07,828	3,51,53,669	3,61,28,834	76,26,93,314	-
FLAG Telecom Network Services Limited	-	2,12,955	3,04,15,185	2,88,93,780	-	-
FLAG Atlantic UK Limited	-	44,87,25,846	-	-	57,13,50,018	-
FLAG Telecom Nederland BV	-	7,16,550	4,14,93,231	3,98,25,769	-	-
FLAG Telecom Hellas AE	-	12,87,025	32,83,400	43,26,232	-	-
FLAG Telecom Development Services Company LLC	-	3,84,28,324	-	2,19,81,138	1,55,95,495	-
FLAG Telecom Development Limited	-	-	2,31,23,41,827	2,18,12,90,887	-	-
FLAG Telecom Singapore Pte. Limited	1,14,31,744	5,69,13,422	-	-	32,96,56,574	-
Seoul Teletel Inc	-	-	-	6,59,23,356	15,90,267	-
FLAG Telecom Taiwan Limited	-	7,06,12,571	-	-	9,92,00,312	-
Reliance Globalcom Limited	5,25,32,075	2,82,54,368	-	-	6,65,99,822	-
Reliance Globalcom Services Inc	-	7,80,52,44,309	15,59,91,24,854	16,50,69,72,265	-	-
FLAG Telecom Asia Limited	-	77,85,63,049	-	-	3,96,30,94,615	-
FLAG Holdings (Taiwan) Limited	-	17,63,409	-	-	34,49,689	-
FLAG Telecom Japan Limited	-	41,19,82,415	21,84,17,740	59,94,14,981	-	-
Reliance Communications Ltd	9,14,058	19,30,42,390	10,16,99,205	29,52,94,542	-	-
Reliance Communication Infrastructure Limited	-	-	-	-	(27,22,074)	-
Reliance Communication Inc	4,36,46,205	-	17,67,15,384	12,50,25,030	-	-
Reliance Globalcom Services Inc	15,02,08,135	22,30,00,061	57,47,95,688	39,75,93,700	-	-
Vanco UK Limited	16,28,70,924	-	36,35,83,923	18,52,45,253	-	-
Vanco (Asia Pacific) Pre. Ltd	27,88,434	-	77,61,773	46,59,375	-	-
Vanco BV (Holland)	-	-	54,82,300	-	-	-
Vanco SRL	5,27,10,634	7,28,82,937	57,27,63,248	50,97,59,941	-	4,46,03,539

2.23 Prior Period Comparatives have been classified and regrouped to confirm with the current year's presentations, where applicable.

As per our report attached

For and on behalf of the Board

For Shridhar & Associates
Chartered Accountants
Firm Regn. No. 134427W

Dermot Lucey
Andrew Goldie
Directors

Jitendra Sawjany
Partner
Membership No : 050980

Place : Mumbai
Date : May 27, 2016

FLAG TELECOM IRELAND NETWORK LIMITED

Independent Auditor's Report

To
The Board of Directors of Flag Telecom Ireland Network Limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Flag Telecom Ireland Network Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India including Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion whether the Company has in place an adequate Internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements read together with the notes thereon give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016 and its profit and its cash flows for the year ended on that date.

Other Reporting Requirements

We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account.

Other Matters

This report is issued for the information and use of the Board of Directors of the Company and of Reliance Communications Limited, the holding company in India to comply with the financial reporting requirements in India and should not be used for any other purposes without our prior written consent.

For Shridhar & Associates
Chartered Accountants
Firm Registration No.: 134427W

Jitendra Sawjany
Partner
Membership No. 050980

Place: Mumbai
Dated: May 27, 2016

FLAG TELECOM IRELAND NETWORK LIMITED

Balance Sheet as at March 31, 2016

		Amount in ₹
		As at
	Note	As at March 31, 2016
		March 31, 2015
EQUITY AND LIABILITIES		
Shareholders' Funds		
Share Capital	2.01	1,170
Reserves and Surplus	2.02	(65,04,16,211)
		<u>(61,59,71,055)</u>
		(61,59,69,930)
Non Current Liabilities		
Other Long Term Liabilities	2.03	16,26,73,186
		<u>15,34,53,563</u>
		15,34,53,563
Current Liabilities		
Trade Payable	2.04	69,36,07,603
Other Current Liabilities	2.05	15,33,31,35,283
		<u>12,32,49,80,249</u>
		13,44,85,55,707
TOTAL		<u>15,53,90,01,031</u>
		<u>12,98,60,39,340</u>
ASSETS		
Non Current Assets		
Fixed Assets		
Tangible assets	2.06	2,36,32,768
		<u>3,78,52,096</u>
		3,78,52,096
Non Current Investments	2.07	35,37,354
Long-Term Loans and Advances	2.08	-
		<u>10,67,19,875</u>
		11,00,56,737
		<u>2,71,70,122</u>
		14,79,08,833
Current Assets:		
Cash and Cash Equivalent	2.09	1,08,748
Short-Term Loans and Advances	2.10	15,51,17,22,161
		<u>12,83,65,71,358</u>
		15,51,18,30,909
TOTAL		<u>15,53,90,01,031</u>
		<u>12,98,60,39,340</u>
Significant Accounting Policies	1	
Notes forming part of Financial Statements	2	

As per our report attached

For Shridhar & Associates
Chartered Accountants
Firm Regn. No. 134427W

Jitendra Sawjany
Partner
Membership No : 050980

Place : Mumbai
Date : May 27, 2016

For and on behalf of the Board

Dermot Lucey

Andrew Goldie

} **Directors**

FLAG TELECOM IRELAND NETWORK LIMITED

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

		Amount in ₹	
	Note	For the year ended March 31, 2016	For the year ended March 31, 2015
Income			
Service Income	2.11	1,08,50,55,782	65,10,76,728
Other Income	2.12	50,79,901	4,59,83,142
Total Revenue		1,09,01,35,683	69,70,59,870
Expenditure			
Network Operation Expenses	2.13	1,06,89,49,285	62,26,11,878
Depreciation and Amortization Expense	2.14	1,62,95,074	2,06,16,093
Sales and General Administration Expenses	2.15	23,60,273	33,23,404
Total Expenditure		1,08,76,04,632	64,65,51,375
Profit/(Loss) Before Tax		25,31,051	5,05,08,495
Provision for Taxation			
- Current Tax		-	(19,814)
Profit/(Loss) After Tax		25,31,051	5,05,28,309
Earning Per Share (Basic and Diluted)	2.18	1,26,553	25,26,415

Significant Accountintg Policies

1

Notes to the Financial Statements

2

As per our report attached

For and on behalf of the Board

For Shridhar & Associates

Chartered Accountants
Firm Regn. No. 134427W

Dermot Lucey

Andrew Goldie

} **Directors**

Jitendra Sawjany

Partner
Membership No : 050980

Place : Mumbai

Date : May 27, 2016

FLAG TELECOM IRELAND NETWORK LIMITED

Cash Flow Statement for the year ended March 31, 2016

Particulars	Amount in ₹	
	For the year ended March 31, 2016	For the year ended March 31, 2015
A) CASH FLOW FROM OPERATING ACTIVITIES:		
Profit/(Loss) before tax as per Statement of Profit and Loss	25,31,051	5,05,08,495
Adjustments for:		
Effects of exchange difference on translation of asset & Liabilities	(3,90,51,908)	(3,05,39,641)
Depreciation and Amortisation	1,62,95,074	2,06,16,093
	(2,27,56,834)	(99,23,548)
Operating Profit/(Loss) before Working Capital Changes	(2,02,25,783)	4,05,84,947
Adjustments for:		
(Increase)/Decrease in Trade and Other Receivables	(2,56,86,31,420)	(1,09,87,95,150)
Increase/ (Decrease) in Trade Payables	2,58,74,06,802	1,05,93,38,162
	1,87,75,382	(3,94,56,988)
	(14,50,401)	11,27,959
Income Taxes Paid	-	19,814
Net Cash from/(used in) Operating Activities (A)	(14,50,401)	11,47,773
B) CASH FLOW FROM INVESTING ACTIVITIES:		
Net Cash from/(Used in) Investing Activities (B)	-	-
C) CASH FLOW FROM FINANCING ACTIVITIES:		
Net Cash from/(Used in) Financing Activities (C)	-	-
Net Increase/ (Decrease) in Cash and Cash Equivalents (A+B+C)	(14,50,401)	11,47,773
Cash and Cash Equivalents at the Beginning of the year	15,59,149	4,11,376
Cash and Cash Equivalents at the End of the year	1,08,748	15,59,149

As per our report attached

For Shridhar & Associates
Chartered Accountants
Firm Regn. No. 134427W

Jitendra Sawjany
Partner
Membership No : 050980

Place : Mumbai
Date : May 27, 2016

For and on behalf of the Board

Dermot Lucey
Andrew Goldie } **Directors**

FLAG TELECOM IRELAND NETWORK LIMITED

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

1. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation of Financial Statements

The financial statements are prepared under historical cost convention, in accordance with the generally accepted accounting principles (GAAP) in India and Comply with Accounting Standard specified under Section 133 of the Companies Act, 2013 ("the Act") read with Rule 7 of the Companies (Accounts) Rules, 2014 and other provisions of the Act, to the extent notified and applicable as well as applicable guidance note and pronouncements of the Institute of Chartered Accountants of India (the ICAI).

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

b) Revenue Recognition

Indefeasible Right of Use

The Company sells Right of Use (ROU) that provide customers with network capacity, typically over a 10 to 15 year period without transferring the legal title or giving an option to purchase the network capacity. Revenue from cancellable ROU arrangements are accounted as operating lease and recognized over the life of the contract.

Revenue from non cancellable ROU arrangements is recognized upfront as licensing income on activation of services.

Operations and Maintenance

The Company provides operation and maintenance services over the life of the capacity contract, for which the Company receives Operation and Maintenance charges. Operation and maintenance charges are invoiced separately from capacity sales. Revenues relating to maintenance are recognized over the period in which the service is provided.

Network Revenue

Network services include Capacity lease services, IP transit, IPLC (private lines leased to customers), backup service for other network operators and all other services. The customer typically pays the charges for network services periodically over the life of the contract, which may be up to three years. Network Services revenue is recognized in the Company's income statement over the term of the contract.

Ethernet/Internet Protocol Services

Ethernet revenue is recognized in the Company's income statement over the term of the contract.

Unearned Income

Unearned income represents income billed in accordance with the contract but not recognized in Statement of Profit and Loss as at the Balance Sheet date. Unearned income net of the amount recognizable within one year is disclosed as unearned income in non-current liabilities and the amount recognizable within one year is disclosed as unearned income in current liabilities.

Unbilled Revenue

Where the Services are performed prior to billing, an accrued income is recognized in unbilled revenue

c) Employee Benefits

Eligible employees of the Company are covered by defined contribution pension plan/provident fund scheme. Contribution to the plan/fund is made to the insurance companies/local regulatory authorities, where the Company has no further obligations. Such benefits are classified as defined contribution schemes, as the Company does not carry any further obligations apart from the contributions made on a monthly basis.

d) Use of Estimates

The presentation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of group reporting package and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known / materialized.

e) Current and Deferred Tax

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

FLAG TELECOM IRELAND NETWORK LIMITED

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

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

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

f) Fixed Assets

i) Accounting of Tangible Fixed Assets

Fixed Assets are stated at cost of acquisition or construction (except revalued assets) including financing cost till commencement of commercial operations, net charges of foreign exchange contracts and adjustments arising from exchange rate variations, directly attributable to fixed assets. Indefeasible Right of Use is stated at cost of acquisition less accumulated amortization.

Costs incurred prior to the capital project's completion are reflected as construction in progress, which is reclassified to fixed assets on the date of completion of project and which is placed in service. Construction in progress is stated at cost. Capitalized costs include costs incurred under the construction contract, engineering and consulting fees, legal fees related to obtaining landing right licenses, interest costs related to program management, costs for the route surveys, indirect costs associated with cable systems and points of presence ("PoPs"), and other costs incurred in the development of the Company's global network.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the Statement of Profit and Loss during the financial period in which they are incurred.

ii) Depreciation / Amortization

Depreciation is provided on a pro-rata basis on the straight-line method over the estimated useful lives of the assets as follows:

Assets	Estimated Useful Lives
Network assets	the shorter of 15 to 25 years or remaining useful lives
Computers	3 to 6 years
Furniture and Fixtures.....	3 to 7 years
Leasehold improvements.....	Over the life of the lease.
Vehicles.....	5 years

The estimated useful life of network assets is determined based on the estimated period over which they will generate revenue.

iii) Intangible Assets

Intangible Assets are stated at acquisition cost, net of accumulated amortization and accumulated impairment losses, if any. Gains or losses arising from the retirement or disposal of an intangible asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognized as income or expense in the Statement of Profit and Loss.

Amortisation of Intangible Assets

Indefeasible Right of Use.....Fully amortized in the year of purchase.

iv) Impairment of Fixed Assets

Assessment is done at each Balance Sheet date as to whether there is any indication that an asset (tangible and intangible) may be impaired. For the purpose of assessing impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets, is considered as a cash generating unit. If any such indication exists, an estimate of the recoverable amount of

FLAG TELECOM IRELAND NETWORK LIMITED

the asset/cash generating unit is made. Assets whose carrying value exceeds their recoverable amount are written down to the recoverable amount. Recoverable amount is higher of an asset's or cash generating unit's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Assessment is also done at each Balance Sheet date as to whether there is any indication that an impairment loss recognised for an asset in prior accounting periods may no longer exist or may have decreased.

g) Foreign Currency Translation

Initial Recognition

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

Subsequent Recognition

As at the reporting date, non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. All non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined. All monetary assets and liabilities in foreign currency are restated at the end of accounting period.

h) Investments

Investments that are readily realisable and are intended to be held for not more than one year from the date, on which such investments are made, are classified as current investments. All other investments are classified as long term investments. Current investments are carried at cost or fair value, whichever is lower. Long-term investments are carried at cost. However, provision for diminution is made to recognise a decline, other than temporary, in the value of the investments, such reduction being determined and made for each investment individually.

i) Cash and Cash Equivalents

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

j) Provisions, Contingent Liabilities and Contingent Assets

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

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

Contingent Assets: Contingent assets are neither recognised nor disclosed in the financial statements.

k. Earnings Per Share

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

FLAG TELECOM IRELAND NETWORK LIMITED

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

	As at March 31, 2016	Amount in ₹ As at March 31, 2015
NOTE 2.01		
Share Capital		
Authorised		
1,000,000 (1,000,000) Ordinary shares of Euro 1 each	7,18,87,338	6,78,13,125
	<u>7,18,87,338</u>	<u>6,78,13,125</u>
Issued Subscribed and Paid up:		
20(20) Ordinary shares of Euro 1 each fully paid up	1,170	1,125
	<u>1,170</u>	<u>1,125</u>

a) Shares held by Holding company

Particulars	No. of Shares	Amount in ₹	No. of Shares	Amount in ₹
Reliance Flag Telecom Ireland Limited	20	1,170	20	1,125
	<u>20</u>	<u>1,170</u>	<u>20</u>	<u>1,125</u>

b) Details of shareholders holding more than 5% of the aggregate shares in the Company

Particulars	As at March 31, 2016		As at March 31, 2015	
	% of holding	No. of Shares	% of holding	No. of shares
Reliance Flag Telecom Ireland Limited	100	20	100	20

c) Terms/Rights attached to shares

The Company has Ordinary shares having a par value of Euro 1 each. Each holder of shares is entitled to one vote per share. In the event of liquidation of the Company, the holder of shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of shares held by the shareholder.

d) Reconciliation of number of Shares

	As at March 31, 2016		As at March 31, 2015	
	No. of Shares	Amount in ₹	No. of Shares	Amount in ₹
Balance as at the beginning of the year	20	1,170	20	1,125
Add: Common share issued during the year	-	-	-	-
Less: Common shares cancelled on buy back	-	-	-	-
Balance as at the end of the year	<u>20</u>	<u>1,170</u>	<u>20</u>	<u>1,125</u>

FLAG TELECOM IRELAND NETWORK LIMITED

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

	As at March 31, 2016	Amount in ₹ As at March 31, 2015
NOTE 2.02		
Reserves and Surplus		
Foreign Currency Translation Reserve	(12,59,60,205)	(8,89,83,998)
Surplus / (Deficit) as per the Statement of Profit and Loss		
Balance as at the beginning of the year	(52,69,87,057)	(57,75,15,366)
Add: Profit/(Loss) during the year	25,31,051	5,05,28,309
Balance as at the end of the year	(52,44,56,006)	(52,69,87,057)
Total Reserves and Surplus	(65,04,16,211)	(61,59,71,055)
NOTE 2.03		
Other Long Term Liabilities		
Unearned Income	16,26,73,186	15,34,53,563
	16,26,73,186	15,34,53,563
NOTE 2.04		
Trade Payables		
Sundry Creditors (Refer Note No. 2.20)	9,11,56,710	55,14,94,649
Other Contractual Obligations	60,24,50,893	57,20,80,809
	69,36,07,603	1,12,35,75,458
NOTE 2.05		
Other Current Liabilities		
Capital creditors	-	5,718
Group Company Payables (Refer Note No. 2.20)	15,33,31,35,283	12,32,49,74,531
	15,33,31,35,283	12,32,49,80,249

FLAG TELECOM IRELAND NETWORK LIMITED

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

NOTE 2.06 Fixed Assets

Particulars	Amount, in ₹									
	Gross Block					Depreciation			Net Block	
	As at April 1, 2015	Addition on acquisition	Forex adjustment	As at March 31, 2016	As at April 1, 2015	For the year	Forex adjustment	As at March 31, 2016	As at March 31, 2016	As at March 31, 2015
Tangible Assets										
Network Assets	71,64,93,589		4,30,46,907	75,95,40,496	67,86,41,493	1,62,95,074	4,09,71,161	73,59,07,728	2,36,32,768	3,78,52,096
Tangible Assets (A)	71,64,93,589	-	4,30,46,907	75,95,40,496	67,86,41,493	1,62,95,074	4,09,71,161	73,59,07,728	2,36,32,768	3,78,52,096
Previous period	68,48,01,886	20,99,719	2,95,91,984	71,64,93,589	63,03,73,783	2,06,16,093	2,76,51,616	67,86,41,492	3,78,52,096	
Intangible Assets										
Indefeasible Right of Connectivity	1,05,24,39,983		6,32,30,612	1,11,56,70,595	1,05,24,39,982	-	6,32,30,613	1,11,56,70,595	-	-
Intangible Assets (B)	1,05,24,39,983	-	6,32,30,612	1,11,56,70,595	1,05,24,39,982	-	6,32,30,613	1,11,56,70,595	-	-
Previous period	1,00,89,11,082	-	4,35,28,901	1,05,24,39,983	1,00,89,11,082	-	4,35,28,901	1,05,24,39,983	-	-
Total (A + B)	1,76,89,33,572	-	10,62,77,519	1,87,52,11,091	1,73,10,81,475	1,62,95,074	10,42,01,774	1,85,15,78,323	2,36,32,768	3,78,52,096
Previous period	1,69,37,12,968	20,99,719	7,31,20,885	1,76,89,33,572	1,63,92,84,865	2,06,16,093	7,11,80,517	1,73,10,81,475	3,78,52,096	

FLAG TELECOM IRELAND NETWORK LIMITED

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

	As at March 31, 2016	Amount in ₹ As at March 31, 2015
NOTE 2.07		
Non Current Investments		
Investment in Subsidiaries:		
(Unquoted, Non Trade, at cost)		
100 (100) shares of Flag Telecom Espana Network SAU of Euro 60.102 each fully paid up	35,37,288	33,36,800
1 (1) shares of Flag Telecom Network USA Limited of USD 1 each fully paid up	66	62
	<u>35,37,354</u>	<u>33,36,862</u>
NOTE 2.08		
Long-Term Loans and Advances		
Prepaid Expenses	-	10,67,19,875
	<u>-</u>	<u>10,67,19,875</u>
NOTE 2.09		
Cash and Cash Equivalent		
Balance with Banks		
- Current Accounts	1,08,748	15,59,149
	<u>1,08,748</u>	<u>15,59,149</u>
NOTE 2.10		
Short-Term Loans and Advances		
(Unsecured considered good)		
Advances to Group Companies (Refer Note No. 2.20)	14,70,85,43,670	12,83,41,39,131
Deposits	6,12,013	5,77,327
Advance to Vendors	80,15,30,089	3,59,199
Balances with Government Authorities	10,36,389	4,99,128
Prepaid Expenses	-	9,96,573
	<u>15,51,17,22,161</u>	<u>12,83,65,71,358</u>
	For the year ended March 31, 2016	Amount in ₹ For the year ended March 31, 2015
NOTE 2.11		
Service Income		
Network Service Revenue	1,08,50,55,782	65,10,76,728
	<u>1,08,50,55,782</u>	<u>65,10,76,728</u>
NOTE 2.12		
Other Income		
Gain on Foreign Exchange Fluctuation (Net)	50,79,901	-
Reversal of provision no longer required	-	4,59,83,142
	<u>50,79,901</u>	<u>4,59,83,142</u>

FLAG TELECOM IRELAND NETWORK LIMITED

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

Amount in ₹

	For the year ended March 31, 2016	For the year ended March 31, 2015
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NOTE 2.13

Network Operation Expenses

Equipment Maintenance and Support	1,48,41,300	23,73,645
Landing Stations and Point of Presence costs	42,43,16,512	3,90,76,217
Terrestrial Cable, Inland Amplifier and Regenerator Sites	13,33,85,918	6,42,51,684
Local Tails	44,35,27,696	44,48,04,960
Restoration	-	3,10,61,070
Internet Protocol	5,28,77,859	4,10,44,302
	1,06,89,49,285	62,26,11,878

NOTE 2.14

Depreciation and Amortization Expense

Depreciation on Tangible assets	1,62,95,074	2,06,16,076
Less:recoupment from revaluation reserve	-	-
Net Depreciation on tangible assets	1,62,95,074	2,06,16,076
Amortisation of Intangible assets	-	17
	1,62,95,074	2,06,16,093

NOTE 2.15

Sales and General Administration Expenses

Licensing and Regulatory Fees	1,63,300	85,476
Loss on Foreign Exchange Fluctuation (Net)	-	15,18,446
Bank charges	2,26,094	95,031
Miscellaneous Expense	2,03,562	-
	5,92,956	16,98,953
Payment to auditors	17,67,317	16,24,451
	23,60,273	33,23,404

2.16 BACKGROUND AND ORGANISATION

The principal activities of FLAG Telecom Ireland Network Limited (the "Company") are Service Provider to Reliance FLAG Telecom Ireland Limited.

2.17 Segment Reporting

The Company has determined its business segment as telecommunication network unit taking into account the nature of services provided, class of customers for the services provided, the differing risks and returns and the internal business reporting systems. Since 100% of the business of Company is from telecommunication network unit, there are no other reportable segments.

The segment revenue, segment result, total carrying amount of segment assets, total amount of segment liabilities, total cost incurred during the period to acquire segments assets, segment depreciation and amortisation for the year are reflected within the consolidated financial statements of the Company as of and for the year ended March 31,2016.

Substantial network assets are located across geographic territories and therefore not identifiable to any particular geographical segment.

FLAG TELECOM IRELAND NETWORK LIMITED

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

2.18 Earnings Per Share

Amount in ₹ except number of shares

Particulars	Year ended March	Year ended March
	31, 2016	31, 2015
A Profit after Tax	2,531,051	50,528,309
B 20 Ordinary shares of Euro 1 each used as denominator for calculating Basic and Diluted EPS	20	20
C Basic and Diluted Earnings per Share (A/B)	126,553	2,526,415

2.19 Notes to Foreign Currency Translation Reserve

The amounts relating to Balance Sheet items appearing in amount in ₹ have been translated at Closing Rate of 1 USD = ₹ 66.255 (Previous year 1 USD = ₹ 62.50) and items relating to profit and loss have been translated at average rate of 1 USD = ₹ 65.4562 (Previous year 1 USD = ₹ 61.153).

The amounts have been converted in ₹ to comply with the financial reporting requirement in India.

2.20 Related Party Transactions

In accordance with Accounting Standard 18 "Related Party Disclosures" issued by the Institute of Chartered Accountants of India, the company's related parties and transactions are disclosed below:

a) Parties where control exist:

- i Reliance Communications Ltd.
- ii Reliance Globalcom Ltd
- iii Reliance FLAG Telecom Ireland Limited

b) Enterprises as affiliated companies are:

- iv FLAG Telecom Asia Limited
- v FLAG Telecom Japan Limited
- vi FLAG Telecom Singapore Pte. Limited
- vii FLAG Atlantic UK Limited
- viii Reliance FLAG Atlantic France SAS
- ix FLAG Telecom Hellas AE
- x FLAG Telecom Espana Network SAU
- xi FLAG Telecom Development Services Company LLC
- xii FLAG Telecom Development Ltd
- xiii FLAG Telecom Nederland BV
- xiv Reliance Globalcom UK Limited
- xv FLAG Telecom Network USA Limited
- xvi FLAG Telecom Deutschland GmbH
- xvii FLAG Telecom Network Services Limited
- xviii Reliance Globalcom Services Inc.

FLAG TELECOM IRELAND NETWORK LIMITED

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

Name of the Entity	Service Income		Network Operating Expenses		Short Term Loans & Advances		Other Current Liabilities		Trade Payables	
	For the year ended 31.03.2016	For the year ended 31.03.2015	For the year ended 31.03.2016	For the year ended 31.03.2015	Closing Balance as at 31.03.2016	Closing Balance as at 31.03.2015	Closing Balance as at 31.03.2016	Closing Balance as at 31.03.2015	Closing Balance as at 31.03.2016	Closing Balance as at 31.03.2015
FLAG Telecom Asia Limited	-	-	-	-	40,55,288	38,25,431	-	-	-	-
FLAG Telecom Japan Limited	-	-	-	-	5,73,68,497	5,41,17,125	-	-	-	-
FLAG Telecom Singapore Pte. Limited	-	-	-	-	1,08,80,234	1,02,63,563	-	-	-	-
Reliance FLAG Telecom Ireland Limited	1,08,50,55,782	65,10,76,728	-	-	10,56,54,16,167	8,93,21,54,895	-	-	-	-
FLAG Atlantic UK Limited	-	-	-	-	-	41,82,508	25,10,550	-	-	-
Reliance FLAG Atlantic France SAS	-	-	-	-	1,04,96,64,031	97,96,08,774	-	-	-	-
FLAG Telecom Hellas AE	-	-	-	-	2,00,619	1,89,249	-	-	-	-
FLAG Telecom Espana Network SAU	-	-	-	-	66,07,15,357	62,32,69,335	-	-	-	-
FLAG Telecom Development Services Company LLC	-	-	-	-	11,26,335	10,62,500	-	-	-	-
FLAG Telecom Development Ltd	-	-	-	-	2,35,86,78,000	2,22,50,00,000	-	-	-	-
Reliance Globalcom UK Ltd	-	-	-	-	4,32,900	4,59,864	-	-	-	-
FLAG Telecom Nederland BV	-	-	-	-	-	-	45,60,288	43,01,834	-	-
Reliance Globalcom Limited	-	-	-	-	-	-	15,10,72,88,379	11,54,35,60,543	-	-
FLAG Telecom Network USA Limited	-	-	-	-	-	-	21,49,30,428	20,23,60,311	-	-
FLAG Telecom Deutschland GmbH	-	-	-	-	-	-	38,45,638	35,64,563	-	-
FLAG Telecom Network Services Limited	-	-	-	-	6,242	5,888	-	-	-	-
Reliance Globalcom Services Inc.	-	-	-	-	-	-	-	-	34,36,212	-
Reliance Communications Ltd.	-	-	23,49,93,560	23,38,00,734	80,42,89,984	-	-	57,11,87,282	-	-

2.21 Prior Period Comparatives have been classified and regrouped to confirm with the current year's presentations, where applicable.

As per our report attached

For and on behalf of the Board

For Shridhar & Associates
Chartered Accountants
Firm Regn. No. 134427W

Dermot Lucey
Andrew Goldie

} Directors

Jitendra Sawjani
Partner
Membership No : 050980

Place : Mumbai
Date : May 27, 2016

FLAG Atlantic UK Limited

Independent Auditor's Report

To
The Board of Directors of Flag Atlantic UK Limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Flag Atlantic UK Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India including Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion whether the Company has in place an adequate Internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements read together with the notes thereon give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016 and its profit and its cash flows for the year ended on that date.

Other Reporting Requirements

We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account.

Other Matters

This report is issued for the information and use of the Board of Directors of the Company and of Reliance Communications Limited, the holding company in India to comply with the financial reporting requirements in India and should not be used for any other purposes without our prior written consent.

For Shridhar & Associates
Chartered Accountants
Firm Registration No.: 134427W

Jitendra Sawjany
Partner
Membership No. 050980

Place: Mumbai
Dated: May 27, 2016

FLAG Atlantic UK Limited

Balance Sheet as at March 31, 2016

		As at	Amount in ₹
	Note	March 31, 2016	As at March 31, 2015
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2.01	101	125
Reserves and Surplus	2.02	(7,95,69,06,448)	(7,55,45,20,811)
		(7,95,69,06,347)	(7,55,45,20,686)
Non Current Liabilities			
Other Long Term Liabilities	2.03	77,40,45,982	70,42,31,952
		77,40,45,982	70,42,31,952
Current Liabilities			
Trade Payables	2.04	26,67,59,761	17,63,05,275
Other Current Liabilities	2.05	8,76,09,89,171	8,00,00,16,256
Short Term Provisions	2.06	331	-
		9,02,77,49,263	8,17,63,21,531
TOTAL		1,84,48,88,898	1,32,60,32,797
ASSETS			
Non Current Assets			
Fixed Assets			
Tangible Assets	2.07	61,91,92,011	52,38,20,538
Intangible Assets	2.07	117	-
Capital Work-in-Progress	2.07	4,62,129	-
		61,96,54,257	52,38,20,538
Long-Term Loans and Advances	2.08	9,01,034	22,36,328
		9,01,034	22,36,328
Current Assets			
Trade Receivables	2.09	10,73,331	5,06,250
Cash and Bank Balances	2.10	1,03,84,266	-
Short-Term Loans and Advances	2.11	1,21,28,76,010	79,94,69,681
		1,22,43,33,607	79,99,75,931
TOTAL		1,84,48,88,898	1,32,60,32,797
Significant Accounting Policies	1		
Notes forming part of Financial Statements	2		

As per our report attached

For and on behalf of the Board

For Shridhar & Associates

Chartered Accountants
Firm Regn. No. 134427W

Andrew Goldie

B K Sinha

} **Directors**

Jitendra Sawjany

Partner
Membership No : 050980

Place : Mumbai
Date : May 27, 2016

FLAG Atlantic UK Limited

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

		Amount in ₹	
	Note	For the year ended March 31, 2016	For the year ended March 31, 2015
Income			
Service Income	2.12	45,04,93,163	47,05,20,110
Other Income	2.13	1,09,83,166	9,21,787
		<u>46,14,76,329</u>	<u>47,14,41,897</u>
Expenditure			
Network Operation Expenses	2.14	36,25,07,293	34,40,71,989
Depreciation and Amortization Expenses	2.15	4,67,80,261	6,11,56,264
Sales and General Administration Expenses	2.16	13,19,589	1,76,60,067
		<u>41,06,07,143</u>	<u>42,28,88,320</u>
Profit/(Loss) Before Tax		<u>5,08,69,186</u>	<u>4,85,53,577</u>
Provision for taxation - Current Tax		-	
Profit /(Loss) After Tax		<u>5,08,69,186</u>	<u>4,85,53,577</u>
Earning per Share (Basic and Diluted)	2.18	2,54,34,593	2,42,76,788
Significant Accounting Policies	1		
Notes forming part of Financial Statements	2		

As per our report attached

For Shridhar & Associates
Chartered Accountants
Firm Regn. No. 134427W

Jitendra Sawjany
Partner
Membership No : 050980

Place : Mumbai
Date : May 27, 2016

For and on behalf of the Board

Andrew Goldie
B K Sinha } **Directors**

FLAG Atlantic UK Limited

Cash Flow Statement for the year ended March 31, 2016

	For the Year ended March 31, 2016	Amount in ₹ For the Year ended March 31, 2015
A) CASH FLOW FROM OPERATING ACTIVITIES:		
Profit/(Loss) Before Tax	5,08,69,186	4,85,53,577
Adjustments for:		
Depreciation and Amortisation	4,67,80,261	6,11,56,264
Effects of exchange difference on translation of Assets & Liabilities	(48,55,04,353)	(33,53,46,704)
Operating Profit/ (Loss) before Working Capital Changes	(38,78,54,906)	(22,56,36,863)
Adjustments for:		
(Increase)/ Decrease in Trade & other Receivables	(41,26,38,116)	79,29,528
Increase/ (Decrease) in Liabilities and Provisions	92,12,41,762	26,67,30,593
	50,86,03,646	27,46,60,121
Cash Generated from Operations	12,07,48,740	4,90,23,258
Income Taxes (Paid)/Refund	-	-
Net Cash from/ (used in) Operating Activities (A)	12,07,48,740	4,90,23,258
B) CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets (Including Capital Work in Progress)	(11,03,64,474)	(4,90,23,258)
Net Cash from/ (used in) Investing Activities (B)	(11,03,64,474)	(4,90,23,258)
C) CASH FLOW FROM FINANCING ACTIVITIES:		
Net Cash from/ (used in) Financing Activities (C)	-	-
Net Increase/ (Decrease) in Cash and Cash Equivalents (A+B+C)	1,03,84,266	-
Cash and Cash Equivalents at the Beginning of the year	-	-
Cash and Cash Equivalents at the End of the year	1,03,84,266	-

As per our report attached

For Shridhar & Associates
Chartered Accountants
Firm Regn. No. 134427W

Jitendra Sawjany
Partner
Membership No : 050980

Place : Mumbai
Date : May 27, 2016

For and on behalf of the Board

Andrew Goldie
B K Sinha } **Directors**

NOTE #1

Significant Accounting Policies

a) Basis of Preparation of Financial Statements

The financial statements are prepared under historical cost convention, in accordance with the generally accepted accounting principles (GAAP) in India and Comply with Accounting Standard specified under Section 133 of the Companies Act, 2013 ("the Act") read with Rule 7 of the Companies (Accounts) Rules, 2014 and other provisions of the Act, to the extent notified and applicable as well as applicable guidance note and pronouncements of the Institute of Chartered Accountants of India (the ICAI).

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

Financial Statements have been prepared on a going concern basis and financial support as may be required, shall be extended by associates and / or parent company.

b) Revenue Recognition

Indefeasible Rights of Use

The Company sells Right of Use (ROU) that provide customers with network capacity, typically over a 10 to 15 year period without transferring the legal title or giving an option to purchase the network capacity. Revenue from cancellable ROU arrangements are accounted as operating lease and recognized over the life of the contract.

Revenue from non cancellable ROU arrangements is recognized upfront as licensing income on activation of services.

Bills raised on customers/ payments received from customers for long term contracts and for which revenue is not recognized are included in deferred revenue.

Operations and Maintenance Charges

The Company provides operation and maintenance services over the life of the capacity contract, for which the Company receives Operation and Maintenance charges. Operation and maintenance charges are invoiced separately from capacity sales. Revenues relating to maintenance are recognized over the period in which the service is provided.

Network Services

Network services include Capacity lease services, IP transit, IPLC (private lines leased to customers), backup service for other network operators and all other services. The customer typically pays the charges for network services periodically over the life of the contract, which may be up to three years. Network Services revenue is recognized in the Company's income statement over the term of the contract.

Ethernet \Internet Protocol Services

Ethernet revenue is recognized in the Company's income statement over the term of the contract

Unearned Income

Unearned income represents income billed in accordance with the contract but not recognised in Statement of Profit and Loss as at the Balance Sheet date. Unearned income net of the amount recognisable within one year is disclosed as unearned income in non-current liabilities and the amount recognisable within one year is disclosed as unearned income in current liabilities.

c) Employee Benefits

Eligible employees of the Company are covered by defined contribution pension plan/provident fund scheme. Contribution to the plan/fund is made to the insurance companies/local regulatory authorities, where the Company has no further obligations. Such benefits are classified as defined contribution schemes, as the Company does not carry any further obligations apart from the contributions made on a monthly basis.

The Company does not have any material defined benefits plans.

d) Use of Estimates

The presentation of financial statements in conformity with accounting standards issued by ICAI requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the group reporting package and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known / materialised.

e) Current and Deferred tax

Tax expense for the period, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the period. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the taxation laws prevailing in the respective jurisdictions.

Deferred tax is recognised for all the timing differences, subject to the consideration of prudence in respect of deferred tax assets. Deferred tax assets are recognised and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. However, where there is unabsorbed depreciation or carry forward loss, the deferred tax asset is recognised and carried forward only to the extent that there is a virtual certainty that the assets will be realised in future. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. At each Balance Sheet date, the Company re-assesses unrecognised deferred tax asset if any.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing current tax and where the deferred tax assets and the deferred tax liabilities relate to taxes on income levied by the same governing taxation laws.

f) Fixed Assets

i) Tangible Assets

Fixed Assets are stated at cost of acquisition or construction (except revalued assets) including financing cost till commencement of commercial operations, net charges of foreign exchange contracts and adjustments arising from exchange rate variations, directly attributable to fixed assets. Indefeasible Right of Use is stated at cost of acquisition less accumulated amortization.

Costs incurred prior to the capital project's completion are reflected as construction in progress, which is reclassified to fixed assets on the date of completion of project and which is placed in service. Construction in progress is stated at cost. Capitalized costs include costs incurred under the construction contract, engineering and consulting fees, legal fees related to obtaining landing right licenses, interest costs related to program management, costs for the route surveys, indirect costs associated with cable systems and points of presence ("PoPs"), and other costs incurred in the development of the Company's global network.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the Statement of Profit and Loss during the financial period in which they are incurred.

ii) Depreciation on Tangible Assets

Depreciation on fixed assets is provided on straight-line method on prorated basis based on the useful life of the fixed asset as follows:

Computer3 to 6 years.

Leasehold improvements.....Over the Life of the lease

Network Assets.....the shorter of 15 to 25 years Remaining useful lives.

The estimated useful life of network asset is determined based on the estimated period over which they will generate revenue.

Depreciation on any capitalization due to modifications, improvements of the assets is restricted to the useful life of the fixed asset.

iii) Intangible Assets

Intangible Assets are stated at acquisition cost, net of accumulated amortization and accumulated impairment losses, if any. Gains or losses arising from the retirement or disposal of an intangible asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognized as income or expense in the Statement of Profit and Loss.

Indefeasible Right of Use are fully amortized in the year of purchase

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

iv) Impairment of Fixed Assets

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the Profit and Loss Account in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is increased / reversed where there has been change in the estimate of recoverable amount. The recoverable amount is higher of net selling price and value in use.

g) Effects of Changes in Foreign Currency Rates

Initial Recognition

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Subsequent Recognition

As at the reporting date, non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. All non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined. All monetary assets and liabilities in foreign currency are restated at the end of accounting period.

h) Cash and Cash Equivalents

In the cash flow statement, cash and cash equivalents include cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

i) Provisions, Contingent Liabilities and Contingent Assets

Provisions: Provisions are recognised when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance Sheet date and are not discounted to its present value.

Contingent Liabilities: Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

Contingent Assets: Contingent assets are neither recognised nor disclosed in the financial statements.

FLAG Atlantic UK Limited

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

	As at March 31, 2016	Amount in ₹ As at March 31, 2015		
NOTE # 2.01				
Share Capital				
Authorised:				
1000 (1000) Ordinary Shares of GBP 1 each	<u>98,257</u>	<u>92,688</u>		
	<u>98,257</u>	<u>92,688</u>		
Issued Subscribed and Paid up:				
2 (2) Shares of GBP 1 each, Fully paid up held by Reliance Globalcom Limited	<u>101</u>	<u>125</u>		
	<u>101</u>	<u>125</u>		
a) Shares held by Holding Company				
	No. of Shares	No. of Shares		
Reliance Globalcom Limited	<u>2</u>	<u>2</u>		
	<u>2</u>	<u>2</u>		
b) Details of Shareholders holding more than 5% of the aggregate shares in the Company				
Particulars	% of Holding	No. of Shares	% of Holding	No. of Shares
Reliance Globalcom Limited	100	2	100	2
c) Terms/ Rights attached to the shares				
The Company has ordinary shares having a par value of GBP 1 each . Each holder of shares is entitled to one vote per share. In the event of liquidation of the Company, the holder of shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of shares held by the shareholder.				
d) Reconciliation of shares outstanding at the beginning and at the end of the year				
	No of Shares	Amount ₹	No of Shares	Amount ₹
Ordinary Shares				
Balance as at the beginning of the year	<u>2</u>	<u>101</u>	<u>2</u>	<u>125</u>
Add: Movement for the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At the end of the year	<u>2</u>	<u>101</u>	<u>2</u>	<u>125</u>

FLAG Atlantic UK Limited

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

	As at March 31, 2016	Amount in ₹ As at March 31, 2015
NOTE # 2.02		
Reserves and Surplus		
Foreign Currency Translation Reserve	(1,44,58,01,449)	(99,25,46,626)
Surplus/ (Deficit) in Statement of Profit and Loss		
As per Last Balance Sheet	(6,56,19,74,185)	(6,61,05,27,762)
Add: Profit/ (Loss) for the year	5,08,69,186	4,85,53,577
Balance as the end of the year	<u>(6,51,11,04,999)</u>	<u>(6,56,19,74,185)</u>
Total Reserves and Surplus	<u>(7,95,69,06,448)</u>	<u>(7,55,45,20,811)</u>
NOTE # 2.03		
Other Long Term Liabilities		
Unearned Income	<u>77,40,45,982</u>	70,42,31,952
	<u>77,40,45,982</u>	<u>70,42,31,952</u>
NOTE # 2.04		
Trade Payables		
Sundry Creditors	29,07,414	1,77,92,177
Other contractual obligations	<u>26,38,52,347</u>	15,85,13,098
	<u>26,67,59,761</u>	<u>17,63,05,275</u>
NOTE # 2.05		
Other Current Liabilities		
Unearned Income	4,47,221	2,63,67,170
Statutory dues payable	1,07,761	14,34,374
Capital creditors	4,15,81,381	4,00,791
Payable to Related Parties (Refer Note 2.21)	<u>8,71,88,52,808</u>	7,97,18,13,921
	<u>8,76,09,89,171</u>	<u>8,00,00,16,256</u>
NOTE # 2.06		
Short Term Provisions		
Income Tax (net of advance tax)	<u>331</u>	-
	<u>331</u>	<u>-</u>

FLAG Atlantic UK Limited

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

NOTE # 2.07 Fixed Assets

Particulars	Gross Block				Depreciation				Net Block		
	As at April 1, 2015	Additions during the year	Deduction/ Adjustments	Forex adjustment	As at March 31, 2016	As at April 1, 2015	For the year	Deduction/ Adjustments	Forex adjustment	As at March 31, 2016	As at March 31, 2015
Tangible Assets											
Leasehold Improvement	3,87,07,924	-	(3,03,53,681)	19,55,148	1,03,09,391	3,87,07,924	-	(3,03,53,681)	19,55,148	-	-
Computers	41,16,155	-	-	2,47,299	43,63,454	37,08,824	3,09,220	-	2,26,600	1,18,810	4,07,331
Network Assets	1,85,07,95,219	10,99,07,934	-	11,25,37,047	2,07,32,40,200	1,32,73,79,863	4,64,71,041	-	8,03,16,095	61,90,73,201	52,34,13,207
Tangible Assets (A)	1,89,36,19,298	10,99,07,934	(3,03,53,681)	11,47,39,494	2,08,79,13,045	1,36,97,96,611	4,67,80,261	(3,03,53,681)	8,24,97,843	61,91,92,011	52,38,20,538
Previous year	1,76,88,69,347	4,90,23,259	-	7,57,26,692	1,89,36,19,298	1,25,48,24,445	6,11,56,265	-	5,38,15,902	52,38,20,538	-
Intangible Assets											
Indefeasible Right of Connectivity	6,70,03,391	-	-	40,27,960	7,10,31,351	6,70,03,391	-	-	40,27,843	117	-
Intangible Assets (B)	6,70,03,391	-	-	40,27,960	7,10,31,351	6,70,03,391	-	-	40,27,843	117	-
Previous year	6,42,31,502	-	-	27,71,890	6,70,03,391	6,42,31,501	-	-	27,71,890	-	-
Total (A + B)	1,96,06,22,689	10,99,07,934	(3,03,53,681)	11,87,67,454	2,15,89,44,396	1,43,68,00,002	4,67,80,261	(3,03,53,681)	8,65,25,686	61,91,92,128	52,38,20,538
Previous year	1,83,31,00,849	4,90,23,259	-	7,84,98,582	1,96,06,22,689	1,31,90,55,946	6,11,56,264	-	5,65,87,791	52,38,20,538	-
Capital Work in Progress	-	-	-	-	-	-	-	-	-	4,62,129	-

FLAG Atlantic UK Limited

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

	As at March 31, 2016	Amount in ₹ As at March 31, 2015
NOTE # 2.08		
Long-Term Loans and Advances		
Capital Advance	-	19,17,078
Prepaid Expenses	9,01,034	3,19,250
	9,01,034	22,36,328
NOTE # 2.09		
Trade Receivable		
(Unsecured)		
Due for More than Six months		
Considered Good	-	-
Considered Doubtful	-	-
	-	-
Others:		
Considered Good	10,73,331	5,06,250
Considered Doubtful	-	-
	10,73,331	5,06,250
	10,73,331	5,06,250
NOTE # 2.10		
Cash and Bank Balances		
Balance with Banks		
- Current Accounts	1,03,84,266	-
	1,03,84,266	-
NOTE # 2.11		
Short-Term Loans and Advances		
Receivables from Related Parties (Refer Note 2.21)	1,20,19,76,904	73,24,05,321
Advance to Vendors	-	2,30,05,634
Balances with Government Authorities	1,05,60,681	4,33,50,593
Prepaid Expenses	3,38,425	7,08,133
	1,21,28,76,010	79,94,69,681

FLAG Atlantic UK Limited

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

	Amount in ₹	
	For the year ended March 31, 2016	For the year ended March 31, 2015
NOTE # 2.12		
Service Income		
Lease Capacity Services	17,67,317	16,51,131
Network Service Income	44,87,25,846	46,88,68,979
	45,04,93,163	47,05,20,110
NOTE # 2.13		
Other Income		
Gain on Foreign Exchange Fluctuation (Net)	22,64,414	-
Reversal of provision for Doubtful Debts (Net)	-	2,018
Reversal of provision no longer required	87,12,615	9,19,769
Miscellaneous Income	6,137	-
	1,09,83,166	9,21,787
NOTE # 2.14		
Network Operation Expenses		
Equipment Maintenance and Support	7,41,02,143	5,74,31,536
Landing Stations and Point of Presence costs	17,24,52,224	18,72,04,921
Terrestrial Cable, Inland Amplifier and Regenerator Sites	11,35,44,061	9,90,84,065
Local Tails	24,08,865	3,51,467
	36,25,07,293	34,40,71,989
NOTE # 2.15		
Depreciation and Amortization expenses		
Depreciation on Tangible assets	4,67,80,261	6,11,56,264
Amortisation of Intangible assets	-	-
	4,67,80,261	6,11,56,264
NOTE # 2.16		
Sales and General Administration Expenses		
Professional Charges	1,04,730	-
Licensing and Regulatory Fees	-	1,02,737
Loss on Foreign Exchange Fluctuation (Net)	-	1,58,33,520
Bank charges	1,36,436	58,664
Miscellaneous Expense	1,09,835	-
	3,51,001	1,59,94,921
Payment to auditors	9,68,588	16,65,146
	13,19,589	1,76,60,067

FLAG Atlantic UK Limited

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

NOTE #2.17

Background and Organisation

The principal activities of FLAG Atlantic UK Limited (the "Company") are providing Fiber Optic Cable Infrastructure in UK which forms part of Fiber Optic Link connecting in New York, London & Paris.

NOTE #2.18

Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to Common shareholders by the weighted average number of Common Shares outstanding during the period. Earnings considered in ascertaining the Company's earnings per share is the net profit for the period after deducting preference dividend and any attributable tax thereto for the period. The weighted average number of Common Shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares that have changed the number of Common Shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to Common shareholders and the weighted average number of Common Shares outstanding during the period is adjusted for the effects of all dilutive potential common shares.

		Amount in ₹
Earnings per Share	Year ended March 31, 2016	Year ended March 31, 2015
A Profit/ (Loss) after Tax	5,08,69,186	4,85,53,577
B Weighted average number of share (class A Common shares) of GBP 1 each used as denominator for calculating Basic and Diluted EPS	2	2
C Basic and Diluted Earnings per Share (A/B)	2,54,34,593	2,42,76,788

NOTE # 2.19

Segment Reporting

In accordance with Accounting Standard 17 "Segmental Reporting" issued by The Institute of Chartered Accountants of India, the Company has determined its business segment as telecommunication network through fiber-optic cable systems and interfaces are owned by, leased to, or otherwise available to the company. Since 100% of the Company's business is from telecommunication activities, there are no other reportable segments. Thus, the segment revenue, total carrying amount of segment assets, total carrying amount of segment liabilities, total cost incurred to acquire segment assets, total amount of charge of depreciation and amortization during the year are all as is reflected in the financial statements as of and for the year ended March 31, 2016

NOTE # 2.20

Prior Period comparatives have been classified & regrouped to confirm with the current year's presentation, where applicable.

NOTE # 2.21

Related Party Disclosure

A. Parties where control exist :

- i. Reliance Communications Limited
- ii. Reliance Globalcom Limited

B. Enterprises as affiliated companies are :

- i. Reliance Globalcom (UK) Limited
- ii. Reliance Flag Telecom Ireland Limited
- iii. Flag Telecom Ireland Network Limited
- iv. Flag Telecom Japan Limited
- v. Reliance Flag Atlantic France SAS
- vi. Flag Telecom Network USA Limited
- vii. Flag Telecom Development Limited
- viii. Seoul Telenet Inc

FLAG Atlantic UK Limited

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

C. Summarized below are the transactions entered into and closing balances with related parties:

Name of the Entity	Service Income		Short Term Loans & Advances		Current Liabilities	
	For the year ended March 31, 2016	For the year ended March 31, 2015	As at March 31, 2016	As at March 31, 2015	As at March 31, 2016	As at March 31, 2015
Reliance Globalcom (UK) Limited	-	-	1,48,73,001	4,58,63,776	-	-
Reliance Flag Telecom Ireland Limited	44,87,25,846	46,88,68,979	57,13,50,018	10,89,90,015	-	-
Seoul Telenet Inc	-	-	24	-	-	-
Flag Telecom Ireland Network Limited	-	-	25,10,550	-	-	41,82,505
Flag Telecom Japan Limited	-	-	-	-	81,05,570	76,46,188
Reliance Flag Atlantic France SAS	-	-	61,32,43,311	574,627, 833	-	-
Flag Telecom Network USA Limited	-	-	-	29,23,697	29,40,759	-
Reliance Globalcom Limited	-	-	-	-	5,24,98,48,841	4,69,80,07,228
Flag Telecom Development Limited	-	-	-	-	3,45,79,57,638	3,26,19,78,000

NOTE # 2.22

The amounts relating to Balance Sheet items appearing in Amount in ₹ have been translated at Closing Rate of 1 USD = ₹ 66.255 (Previous year 1 USD = ₹ 62.50) and items relating to profit and loss have been translated at average rate of 1 USD = ₹ 65.4562 (Previous year 1 USD = ₹ 61.153).

The amounts have been converted in INR to comply with the financial reporting requirement in India.

As per our report attached

For Shridhar & Associates

Chartered Accountants
Firm Regn. No. 134427W

Jitendra Sawjany

Partner
Membership No : 050980

Place : Mumbai

Date : May 27, 2016

For and on behalf of the Board

Andrew Goldie

B K Sinha

} Directors

Reliance FLAG Atlantic France SAS

Independent Auditor's Report

To
The Board of Directors of Reliance Flag Atlantic France SAS

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Reliance Flag Atlantic France SAS ("the Company"), which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India including Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion whether the Company has in place an adequate Internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements read together with the notes thereon give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016 and its profit and its cash flows for the year ended on that date.

Other Reporting Requirements

We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account.

Other Matters

This report is issued for the information and use of the Board of Directors of the Company and of Reliance Communications Limited, the holding company in India to comply with the financial reporting requirements in India and should not be used for any other purposes without our prior written consent.

For Shridhar & Associates
Chartered Accountants
Firm Registration No.: 134427W

Jitendra Sawjany
Partner
Membership No. 050980

Place: Mumbai
Dated: May 27, 2016

Reliance FLAG Atlantic France SAS

Balance Sheet as at March 31, 2016

	Note	As at March 31, 2016	Amount in ₹ As at March 31, 2015
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2.01	24,56,733	23,17,500
Reserves and Surplus	2.02	(10,32,27,15,220)	(10,03,65,58,599)
		<u>(10,32,02,58,486)</u>	<u>(10,03,42,41,099)</u>
Non Current Liabilities			
Other Long Term Liabilities	2.03	61,87,62,499	58,39,57,612
Long Term Provisions	2.04	-	61,11,20,250
		<u>61,87,62,499</u>	<u>1,19,50,77,862</u>
Current Liabilities			
Trade Payables	2.05	29,41,08,550	16,50,03,834
Other Current Liabilities	2.06	14,21,20,87,072	13,68,04,86,410
Short Term Provisions	2.07	8,15,12,192	-
		<u>14,58,77,07,814</u>	<u>13,84,54,90,244</u>
TOTAL		<u>4,88,62,11,827</u>	<u>5,00,63,27,007</u>
ASSETS			
Non Current Assets			
Fixed Assets			
Tangible assets	2.08	1,10,56,28,978	1,00,07,12,574
		<u>1,10,56,28,978</u>	<u>1,00,07,12,574</u>
Long-Term Loans and Advances	2.09	75,20,340	1,71,02,663
		<u>75,20,340</u>	<u>1,71,02,663</u>
Current Assets:			
Trade Receivables	2.10	3,65,05,30,253	3,30,54,40,592
Cash and Bank Balances	2.11	6,79,121	1,41,49,573
Short-Term Loans and Advances	2.12	11,88,75,102	66,61,12,352
Other Current Assets	2.13	29,78,033	28,09,253
		<u>3,77,30,62,509</u>	<u>3,98,85,11,770</u>
TOTAL		<u>4,88,62,11,827</u>	<u>5,00,63,27,007</u>
Significant Accounting Policies	1		
Notes forming part of Financial Statements	2		

As per our report attached

For and on behalf of the Board

For Shridhar & Associates
Chartered Accountants
Firm Regn. No. 134427W

Janet Troxell President

Jitendra Sawjany
Partner
Membership No : 050980

Place : Mumbai
Date : May 27, 2016

Reliance FLAG Atlantic France SAS

Statement of Profit and Loss for the year ended March 31, 2016

		Amount in ₹	
	Note	For the year ended March 31, 2016	For the year ended March 31, 2015
Income			
Service Income	2.14	3,61,35,67,468	4,75,23,28,469
Other Income	2.15	<u>1,67,94,147</u>	<u>2,75,32,706</u>
		<u>3,63,03,61,615</u>	<u>4,77,98,61,175</u>
Expenditure			
Network Operation Expenses	2.16	3,08,42,04,508	4,36,32,13,975
Employee Benefits Expenses	2.17	4,35,74,787	6,19,16,773
Depreciation and Amortization Expenses	2.18	6,83,96,212	8,55,68,613
Sales and General Administration Expenses	2.19	<u>15,47,42,769</u>	<u>1,59,92,443</u>
		<u>3,35,09,18,276</u>	<u>4,52,66,91,803</u>
Profit/(Loss) Before Tax		<u>27,94,43,339</u>	<u>25,31,69,372</u>
Provision for taxation - Current Tax		(3,35,76,515)	12,40,99,324
Profit / (Loss) After Tax		<u>31,30,19,854</u>	<u>12,90,70,048</u>
Earning Per Share (Basic and Diluted)	2.21	1,25,208	51,628
Significant Accounting Policies	1		
Notes forming part of Financial Statements	2		

As per our report attached

For Shridhar & Associates
Chartered Accountants
Firm Regn. No. 134427W

Jitendra Sawjiyani
Partner
Membership No : 050980

Place : Mumbai
Date : May 27, 2016

For and on behalf of the Board

Janet Troxell President

Reliance FLAG Atlantic France SAS

Cash Flow Statement for the year ended March 31, 2016

	For the Year ended March 31, 2016	Amount in ₹ For the Year ended March 31, 2015
A) CASH FLOW FROM OPERATING ACTIVITIES:		
Profit/(Loss) Before Tax	27,94,43,339	25,31,69,372
Adjustments for:		
Depreciation and Amortisation	6,83,96,212	8,55,68,613
Effects of exchange difference on translation of Assets & Liabilities	(65,96,91,743)	(45,99,84,611)
Operating Profit/ (Loss) before Working Capital Changes	(31,18,52,192)	(12,12,46,627)
Adjustments for:		
(Increase)/ Decrease in Trade & other Receivables	21,15,61,131	1,36,83,87,392
Increase/ (Decrease) in Liabilities and Provisions	16,59,02,207	(1,08,14,82,922)
	37,74,63,338	28,69,04,470
Cash Generated from Operations	6,56,11,147	16,56,57,843
Income Taxes (Paid)/Refund	3,35,76,515	(12,40,99,324)
Net Cash from/ (used in) Operating Activities (A)	9,91,87,662	4,15,58,519
B) CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets (Including Capital Work in Progress)	(11,26,58,114)	(3,78,52,059)
Net Cash from/ (used in) Investing Activities (B)	(11,26,58,114)	(3,78,52,059)
C) CASH FLOW FROM FINANCING ACTIVITIES:		
Net Cash from/ (used in) Financing Activities (C)	-	-
Net Increase/ (Decrease) in Cash and Cash Equivalents (A+B+C)	(1,34,70,452)	37,06,460
Cash and Cash Equivalents at the Beginning of the year	1,41,49,573	1,04,43,113
Cash and Cash Equivalents at the End of the year	6,79,121	1,41,49,573

As per our report attached

For Shridhar & Associates
Chartered Accountants
Firm Regn. No. 134427W

Jitendra Sawjany
Partner
Membership No : 050980

Place : Mumbai
Date : May 27, 2016

For and on behalf of the Board

Janet Troxell President

Reliance FLAG Atlantic France SAS

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

NOTE # 1

Significant Accounting Policies

a) Basis of Preparation of Financial Statements

The financial statements are prepared under historical cost convention, in accordance with the generally accepted accounting principles (GAAP) in India and Comply with Accounting Standard specified under Section 133 of the Companies Act, 2013 ("the Act") read with Rule 7 of the Companies (Accounts) Rules, 2014 and other provisions of the Act, to the extent notified and applicable as well as applicable guidance note and pronouncements of the Institute of Chartered Accountants of India (the ICAI).

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Schedule III to the Companies Act, 2013. Based on the nature of the services and their realisation in cash & cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current or non-current classification of assets and liabilities.

Financial Statements have been prepared on a going concern basis and financial support as may be required, shall be extended by associates and / or parent company.

b) Revenue Recognition

Indefeasible Rights of Use

The Company sells Right of Use (ROU) that provide customers with network capacity, typically over a 10 to 15 year period without transferring the legal title or giving an option to purchase the network assets. Revenue from cancellable ROU arrangements are accounted as operating lease and recognized over the life of the contract.

Revenue from non cancellable ROU arrangements is recognised upfront as licensing income on activation of services.

Bills raised on customers/ payments received from customers for long term contracts and for which revenue is not recognised are included in deferred revenue.

Operations and Maintenance

The Company provides operation and maintenance services over the life of the capacity contract, for which the Company receives Operation and Maintenance charges. Operation and maintenance charges are invoiced separately from capacity sales. Revenues relating to maintenance are recognised over the period in which the service is provided.

Network Services

Network services include Capacity lease services, IP transit, IPLC (private lines leased to customers), backup service for other network operators and all other services. The customer typically pays the charges for network services periodically over the life of the contract, which may be up to three years. Network Services revenue is recognized in the Company's income statement over the term of the contract.

Unearned Income

Unearned income represents income billed in accordance with the contract but not recognised in Statement of Profit and Loss as at the Balance Sheet date. Unearned income net of the amount recognisable within one year is disclosed as unearned income in non-current liabilities and the amount recognisable within one year is disclosed as unearned income in current liabilities.

Unbilled Revenue

Where the services are performed prior to billing, an accrued income is recognised in unbilled revenue

c) Employee Benefits

Eligible employees of the Company are covered by defined contribution pension plan/provident fund scheme. Contribution to the plan/fund is made to the insurance companies/local regulatory authorities, where the Company has no further obligations. Such benefits are classified as defined contribution schemes, as the Company does not carry any further obligations apart from the contributions made on a monthly basis.

The Company does not have any material defined benefits plans.

d) Use of Estimates

The presentation of financial statements in conformity with accounting standards issued by ICAI requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the group reporting package and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known / materialized.

Reliance FLAG Atlantic France SAS

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

e) Current and Deferred Tax

Tax expense for the period, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the period. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the taxation laws prevailing in the respective jurisdictions.

Deferred tax is recognised for all the timing differences, subject to the consideration of prudence in respect of deferred tax assets. Deferred tax assets are recognised and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. However, where there is unabsorbed depreciation or carry forward loss, the deferred tax asset is recognised and carried forward only to the extent that there is a virtual certainty that the assets will be realised in future. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. At each Balance Sheet date, the Company re-assesses unrecognised deferred tax asset if any.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing current tax and where the deferred tax assets and the deferred tax liabilities relate to taxes on income levied by the same governing taxation laws.

f) Fixed Assets

i) Accounting of Tangible Fixed Assets

Tangible Assets are stated at cost of acquisition or construction (except revalued assets) including financing cost till commencement of commercial operations, net charges of foreign exchange contracts and adjustments arising from exchange rate variations, directly attributable to fixed assets.

Costs incurred prior to the capital project's completion are reflected as construction in progress, which is reclassified to fixed assets on the date of completion of project and which is placed in service. Construction in progress is stated at cost. Capitalized costs include costs incurred under the construction contract, engineering and consulting fees, legal fees related to obtaining landing right licenses, interest costs related to program management, costs for the route surveys, indirect costs associated with cable systems and points of presence ("PoPs"), and other costs incurred in the development of the Company's global network.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the Statement of Profit and Loss during the financial period in which they are incurred.

ii) Depreciation on Tangible Assets

Depreciation on fixed assets is provided on straight-line method on prorated basis based on the useful life of the fixed asset as follows:

Computers and Office Equipments	3 to 6 years
Furniture and Fixtures.....	3 to 7 years
Vehicles.....	5 years
Leasehold improvements.....	Over the useful life
Network Assets –	
– Sub-marine cable network asset.....	25 years i.e. estimated life of the network.
– Terrestrial network asset.....	Ranging from 15 to 25 years.
Network Assets – Other Cables.....	Shorter of 15 years or remaining useful lives.

Assets acquired under capital lease obligations are amortized over the shorter of the estimated useful lives of the assets or the life of the lease.

The estimated useful life of cable systems are determined based on the estimated period over which they will generate revenue, ranging from 10 to 25 years.

Depreciation on any capitalization due to modifications, improvements of the assets is restricted to the useful life of the fixed asset. Maintenance and repairs on property and equipment are expensed as incurred.

iii) Intangible Assets

Intangible Assets are stated at acquisition cost, net of accumulated amortisation and accumulated impairment losses, if any. Gains or losses arising from the retirement or disposal of an intangible asset are determined as the difference

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

between the net disposal proceeds and the carrying amount of the asset and recognised as income or expense in the Statement of Profit and Loss.

Amortisation of Intangible Assets

Indefeasible Right of Use.....Fully amortised in the year of purchase.

iv) Impairment of Assets

Assessment is done at each Balance Sheet date as to whether there is any indication that an asset (tangible and intangible) may be impaired. For the purpose of assessing impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets, is considered as a cash generating unit. If any such indication exists, an estimate of the recoverable amount of the asset/cash generating unit is made. Assets whose carrying value exceeds their recoverable amount are written down to the recoverable amount. Recoverable amount is higher of an asset's or cash generating unit's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Assessment is also done at each Balance Sheet date as to whether there is any indication that an impairment loss recognised for an asset in prior accounting periods may no longer exist or may have decreased.

g) Effects of Changes in Foreign Currency Rates

Initial Recognition

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Subsequent Recognition

As at the reporting date, non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. All non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined. All monetary assets and liabilities in foreign currency are restated at the end of accounting period.

h) Accounting for Investment

Long-term investments are valued at their acquisition cost which includes acquisition charges such as duties, legal and professional fees etc. Any decline in the value of said investments, other than a temporary decline, is recognised and charged to Statement of Profit and Loss.

Short-term investments are carried at cost or their market value, whichever is lower.

i) Cash and Cash Equivalents

In the cash flow statement, cash and cash equivalents include cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

j) Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised when the company has legal and constructive obligation as a result of past events which it is probable that a cash outflow will be required and a reliable estimate can be made of the amount of obligation.

Contingent Liabilities: Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

Contingent Assets: Contingent assets are neither recognised nor disclosed in the financial statements.

Reliance FLAG Atlantic France SAS

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

	As at March 31, 2016	Amount in ₹ As at March 31, 2015
NOTE 2.01		
Share Capital		
Authorised:		
2,500 (2,500) shares of Euro 16 each	<u>24,56,733</u>	<u>23,17,500</u>
	<u>24,56,733</u>	<u>23,17,500</u>
Issued Subscribed and Paid up:		
2,500 (2,500) shares at par value of Euro 16 each, fully paid up	<u>24,56,733</u>	<u>23,17,500</u>
	<u>24,56,733</u>	<u>23,17,500</u>

a) Shares held by Holding Company

	No. of Shares	No. of Shares
Reliance Globalcom Limited	<u>2,500</u>	<u>2,500</u>
	<u>2,500</u>	<u>2,500</u>

b) Details of Shareholders holding more than 5% of the aggregate shares in the Company

Particulars	% of Holding	No. of Shares	% of Holding	No of Shares
Reliance Globalcom Limited	100	2,500	100	2,500

c) Terms/ Rights attached to the shares

The Company has shares having a par value of Euro 16 each. Each holder of shares is entitled to one vote per share. In the event of liquidation of the Company, the holder of shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of shares held by the shareholder.

d) Reconciliation of shares outstanding at the beginning and at the end of the year

	No of Shares	Amount ₹	No of Shares	Amount ₹
Balance as at the beginning of the year	2,500	24,56,733	2,500	23,17,500
Add: Movement for the year	-	-	-	-
At the end of the year	<u>2,500</u>	<u>24,56,733</u>	<u>2,500</u>	<u>23,17,500</u>

Reliance FLAG Atlantic France SAS

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

	As at March 31, 2016	Amount in ₹ As at March 31, 2015
NOTE # 2.02		
Reserves and Surplus		
Foreign Currency Translation Reserve	(1,85,42,31,093)	(1,25,50,54,618)
Surplus/ (Deficit) in Statement of Profit and Loss		
As per Last Balance Sheet	(8,78,15,03,981)	(8,91,05,74,029)
Add: Profit/ (Loss) for the year	31,30,19,854	12,90,70,048
Balance as the end of the year	<u>(8,46,84,84,127)</u>	<u>(8,78,15,03,981)</u>
Total Reserves and Surplus	<u>(10,32,27,15,220)</u>	<u>(10,03,65,58,599)</u>
NOTE # 2.03		
Other Long Term Liabilities		
Unearned Income	61,87,62,499	58,39,57,612
	<u>61,87,62,499</u>	<u>58,39,57,612</u>
NOTE # 2.04		
Long Term Provisions		
Income Tax (net of advance tax)	-	61,11,20,250
	<u>-</u>	<u>61,11,20,250</u>
NOTE # 2.05		
Trade Payables		
Sundry Creditors	6,68,050	-
Other contractual obligations	29,34,40,500	16,50,03,834
	<u>29,41,08,550</u>	<u>16,50,03,834</u>
NOTE # 2.06		
Other Current Liabilities		
Unearned Income	41,84,76,848	35,99,21,600
Employee payable	26,62,990	1,31,65,578
Statutory dues payable	59,26,312	1,77,91,171
Capital creditors/provision	2,74,55,842	11,75,173
Payable to Related Parties (Refer Note 2.24)	13,75,75,65,080	13,28,84,32,888
	<u>14,21,20,87,072</u>	<u>13,68,04,86,410</u>
NOTE # 2.07		
Short Term Provisions		
Income Tax (net of advance tax)	8,15,12,192	-
	<u>8,15,12,192</u>	<u>-</u>

Reliance FLAG Atlantic France SAS

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

NOTE # 2.08 Fixed Assets

Particulars	Gross Block			Depreciation			Net Block	
	As at April 1, 2015	Additions during the year	As at March 31, 2016	As at April 1, 2015	For the year	As at March 31, 2016	As at March 31, 2016	As at March 31, 2015
Tangible Assets								
Leasehold Improvement	1,46,19,101	-	1,54,97,417	1,46,19,101	8,78,316	1,54,97,417	-	-
Network Assets	2,04,85,54,487	11,26,58,113	2,28,56,55,984	1,04,78,41,913	6,83,96,212	1,18,00,27,006	1,10,56,28,978	1,00,07,12,574
Total (A)	2,06,31,73,588	11,26,58,113	2,30,11,53,401	1,06,24,61,014	6,83,96,212	1,19,55,24,423	1,10,56,28,978	1,00,07,12,574
Previous Year	1,94,07,54,959	3,78,51,951	2,06,31,73,588	93,46,81,291	8,55,68,613	1,06,24,61,014	1,00,07,12,574	-
Intangible Assets								
Indefeasible Right of Connectivity	2,02,23,188	-	2,14,38,337	2,02,23,188	12,15,149	2,14,38,337	-	-
Total (B)	2,02,23,188	-	2,14,38,337	2,02,23,188	-	2,14,38,337	-	-
Previous Year	1,93,86,757	-	2,02,23,188	1,93,86,757	-	2,02,23,188	-	-
Grand Total (A+B)	2,08,33,96,776	11,26,58,113	2,32,25,91,738	1,08,26,84,202	6,83,96,212	1,21,69,62,760	1,10,56,28,978	1,00,07,12,574
Previous Year	1,96,01,41,715	3,78,51,951	2,08,33,96,776	95,40,68,048	8,55,68,613	1,08,26,84,202	1,00,07,12,574	-

Reliance FLAG Atlantic France SAS

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

	As at March 31, 2016	Amount in ₹ As at March 31, 2015
NOTE # 2.09		
Long-Term Loans and Advances		
Capital Advance	75,20,340	1,33,25,163
Prepaid Expenses	-	37,77,500
	<u>75,20,340</u>	<u>1,71,02,663</u>
NOTE # 2.10		
Trade Receivable (Unsecured) (Refer Note 2.24)		
Due for More than Six months		
Considered Good	1,39,02,83,572	1,17,80,37,904
Considered Doubtful	2,94,70,906	2,78,00,643
	<u>1,41,97,54,478</u>	<u>1,20,58,38,547</u>
Less: Provision for doubtful debts	2,94,70,906	2,78,00,643
	<u>1,39,02,83,572</u>	<u>1,17,80,37,904</u>
Others:		
Considered Good	2,26,02,46,681	2,12,74,02,688
Considered Doubtful	-	-
	<u>2,26,02,46,681</u>	<u>2,12,74,02,688</u>
Less: Provision for Doubtful Debts	-	-
	<u>2,26,02,46,681</u>	<u>2,12,74,02,688</u>
	<u>3,65,05,30,253</u>	<u>3,30,54,40,592</u>
NOTE # 2.11		
Cash and Bank Balances		
Balance with Banks		
- Current Accounts	6,79,121	1,41,49,573
	<u>6,79,121</u>	<u>1,41,49,573</u>
NOTE # 2.12		
Short-Term Loans and Advances		
Receivables from Related Parties (Refer Note 2.24)	97,51,541	22,16,19,972
Deposits	17,74,913	16,74,320
Advance to Vendors	58,64,617	7,60,87,962
Balances with Government Authorities	9,96,96,364	35,08,82,805
Advance Income Tax	-	1,58,47,293
Prepaid Expenses	17,87,667	-
	<u>11,88,75,102</u>	<u>66,61,12,352</u>
NOTE # 2.13		
Other Current Assets		
Unbilled Debtors	29,78,033	28,09,253
	<u>29,78,033</u>	<u>28,09,253</u>

Reliance FLAG Atlantic France SAS

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

	Amount in ₹	
	For the year ended March 31, 2016	For the year ended March 31, 2015
NOTE # 2.14		
Service Income		
Lease Capacity Services	32,03,27,751	32,86,58,731
Operation and Maintenance Charges	14,65,31,413	16,17,07,181
Internet Protocol	3,14,67,08,304	3,02,20,41,574
Network Service Income	-	1,23,99,20,983
	<u>3,61,35,67,468</u>	<u>4,75,23,28,469</u>
NOTE # 2.15		
Other Income		
Gain on Foreign Exchange Fluctuation (Net)	-	2,75,29,466
Reversal of provision no longer required	1,67,93,998	3,240
Miscellaneous Income	149	-
	<u>1,67,94,147</u>	<u>2,75,32,706</u>
NOTE # 2.16		
Network Operation Expenses		
Equipment Maintenance and Support	6,53,447	39,26,632
Landing Stations and Point of Presence costs	16,50,64,523	29,57,89,977
Terrestrial Cable, Inland Amplifier and Regenerator Sites	21,18,09,246	20,22,68,020
Local Tails	87,96,172	90,25,519
Internet Protocol	18,89,560	16,27,601
Network Service Expenses	2,69,59,91,560	3,85,05,76,226
	<u>3,08,42,04,508</u>	<u>4,36,32,13,975</u>
NOTE # 2.17		
Employee Benefits Expenses		
Salaries, Wages and Bonus	4,20,20,972	5,95,40,374
Contribution to Provident and Other Funds	24,819	-
Staff Welfare	15,28,996	23,76,399
	<u>4,35,74,787</u>	<u>6,19,16,773</u>
NOTE # 2.18		
Depreciation and Amortization Expenses		
Depreciation on Tangible assets	6,83,96,212	8,55,68,613
Amortisation of Intangible assets	-	-
	<u>6,83,96,212</u>	<u>8,55,68,613</u>

Reliance FLAG Atlantic France SAS

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

	Amount in ₹	
	For the year ended March 31, 2016	For the year ended March 31, 2015
NOTE # 2.19		
Sales and General Administration Expenses		
Legal Fees	22,75,233	80,60,660
Professional Charges	5,20,18,784	20,58,153
Licensing and Regulatory Fees	83,64,406	22,59,547
Travel and Entertainment	28,91,468	16,26,338
Loss on Foreign Exchange Fluctuation (Net)	8,59,37,971	-
Communication	8,42,098	-
Bank charges	5,25,542	5,21,804
Sales and Marketing Expenses	15,348	-
Miscellaneous Expense	35,873	-
	<u>15,29,06,723</u>	<u>1,45,26,501</u>
Payment to auditors	18,36,046	14,65,941
	<u>15,47,42,769</u>	<u>1,59,92,443</u>

NOTE # 2.20

Background and Organisation

The principal activities of Reliance Flag Atlantic France SAS (the "Company") are, both in France and abroad is licensing, developing and managing systems and telecommunication networks. The company operates a submarine cable comprised of advanced fiber-optic cable systems over a transatlantic telecommunication link between Europe and the United States.

NOTE # 2.21

Earnings Per Share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to Common shareholders by the weighted average number of Common Shares outstanding during the period. Earnings considered in ascertaining the Company's earnings per share is the net profit for the period after deducting preference dividend and any attributable tax thereto for the period. The weighted average number of Common Shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential Common Shares that have changed the number of Common Shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to Common shareholders and the weighted average number of Common Shares outstanding during the period is adjusted for the effects of all dilutive potential Common Shares.

Amount in ₹ except number of shares

	For the year ended March 31, 2016	For the year ended March 31, 2015
Earnings per Share		
A Profit/ (Loss) after Tax	31,30,19,854	12,90,70,048
B Weighted average number of share of Euro 16 each used as denominator for calculating Basic and Diluted EPS	2,500	2,500
C Basic and Diluted Earnings per Share (A/B)	1,25,208	51,628

NOTE # 2.22

Segment Reporting

In accordance with Accounting Standard 17 "Segmental Reporting" issued by The Institute of Chartered Accountants of India, the Company has determined its business segment as telecommunication network through fiber-optic cable systems and interfaces are owned by, leased to, or otherwise available to the company. Since 100% of the Company's business is from telecommunication activities, there are no other reportable segments. Thus, the segment revenue, total carrying amount of segment assets, total carrying amount of segment liabilities, total cost incurred to acquire segment assets, total amount of charge of depreciation and amortization during the year are all as is reflected in the Financial Statements as of and for the year ended March 31, 2016

Reliance FLAG Atlantic France SAS

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

NOTE # 2.23

Prior Period comparatives have been classified & regrouped to confirm with the current year's presentation, where ever applicable.

NOTE # 2.24

Related Party Transactions

In accordance with Accounting Standard 18 "Related Party Disclosures" issued by the Institute of Chartered Accountants of India, the company's related parties and transactions are disclosed below:

- a) Parties where control exist:
 - i) Reliance Globalcom Limited
 - ii) Reliance Communications Limited
- b) Enterprises as affiliated companies are:
 - i) Reliance Globalcom (U.K.) Limited
 - ii) Reliance Flag Telecom Ireland Limited
 - iii) Flag Telecom Ireland Network Limited
 - iv) Flag Telecom Development Limited
 - v) Flag Telecom Deutschland GmbH
 - vi) Flag Telecom Espana Network SAU
 - vii) Flag Telecom Network USA Limited
 - viii) Flag Telecom Japan Limited
 - ix) Flag Atlantic UK Limited
 - x) Reliance Communications Infrastructure Limited
 - xi) Reliance Communications Inc.
 - xii) Reliance Communications (UK) Limited
 - xiii) Reliance Communications (HK) Limited

Reliance FLAG Atlantic France SAS

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

c) Summarized below are the transactions entered into and closing balances with related parties:

Name of the Entity	Network Service Income		Network Operating Expenses		Trade Receivables		Short Term Loans and Advances		Other Current Liabilities	
	For the year ended March 31, 2016	For the year ended March 31, 2015	For the year ended March 31, 2016	For the year ended March 31, 2015	As at March 31, 2016	As at March 31, 2015	As at March 31, 2016	As at March 31, 2015	As at March 31, 2016	As at March 31, 2015
Reliance Communications Ltd.	3,43,42,45,252	2,39,01,46,059	-	-	2,93,12,29,205	2,58,98,59,280	-	-	-	-
Reliance Communication Infrastructure Limited	-	94,86,20,644	-	-	-	18,94,89,345	-	-	-	-
Reliance Communication Inc	15,90,45,442	15,31,08,739	-	-	67,13,60,999	48,20,99,155	-	-	-	-
Reliance Communication (HK) Limited	21,19,144	27,99,584	-	-	1,15,46,205	89,88,074	-	-	-	-
Reliance Communication (UK) Limited	20,18,866	26,52,817	-	-	1,05,47,266	81,33,750	-	-	-	-
Flag Telecom Japan Limited	-	-	-	-	-	-	-	-	5,49,055	5,17,937
Reliance Globalcom (U.K.) Limited	-	-	-	-	-	-	-	-	4,89,297	4,61,566
Flag Telecom Deutschland GMBH	-	-	-	-	-	-	-	-	9,07,436	8,56,008
Reliance Flag Telecom Ireland Limited	-	1,23,99,20,983	-	-	-	-	-	-	6,20,66,54,573	6,93,41,23,011
Flag Telecom Ireland Network Limited	-	-	-	-	-	-	-	-	1,04,96,64,031	97,96,08,774
Flag Atlantic UK Limited	-	-	-	-	-	-	-	-	61,32,43,311	57,46,27,833
Reliance Globalcom Limited	-	-	2,69,59,91,560	3,85,05,76,226	-	-	-	20,89,69,997	79,96,37,307	90,386
Flag Telecom Development Ltd	-	-	-	-	-	-	-	-	5,08,64,20,069	4,79,81,47,373
Flag Telecom Espana Network SAU	-	-	-	-	-	-	-	-	73,86,412	69,67,787
Flag Telecom Network USA Limited	-	-	-	-	-	-	-	-	23,65,129	56,82,188

NOTE # 2.25

The amounts relating to Balance Sheet items appearing in Indian Rupees have been translated at Closing Rate of 1 USD = ₹ 66.255 (Previous year 1 USD = ₹ 62.50) and items relating to profit and loss have been translated at average rate of 1 USD = ₹ 65.4562 (Previous year 1 USD = ₹ 61.153).

The amounts have been converted in INR to comply with the financial reporting requirement in India.

As per our report attached

For and on behalf of the Board

For Shridhar & Associates
Chartered Accountants
Firm Regn. No. 1 34427W

Janet Troxell
President

Jitendra Sawjani
Partner
Membership No : 050980

Place : Mumbai
Date : May 27, 2016

Reliance Bhutan Limited

Independent Auditor's Report

To the Members of Reliance Bhutan Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Reliance Bhutan Limited ('the Company'), which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2016, and its Profits for the year ended on that date.

Report on Other Legal and Regulatory Requirements

As required by Section 143 (3) of the Act, we report that:

- (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- (c) the Balance Sheet, the Statement of Profit and Loss and the Cash flow statement dealt with by this Report are in agreement with the books of account;
- (d) in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) on the basis of the written representations received from the directors as on March 31, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) 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 does not have any pending litigations as at March 31, 2016.
 - ii. The Company did not have any long-term contracts including derivative contracts as at 31st March, 2016 for which there were any material foreseeable losses; and
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2016.

For Chaturvedi & Shah
Chartered Accountants
(Firm's Registration No.101720W)

Lalit R. Mhalsekar
Partner
Membership No: 103418

Place: Mumbai
Dated: May 28, 2016

Reliance Bhutan Limited

Annexure A to Independent Auditor's Report – 31st March 2016

With reference to the 'Annexure A' referred to in the Independent Auditors' Report to the Members of Reliance Bhutan Limited ('the Company') on the financial statements for the year ended March 31, 2016, we report the following:

1. The company does not have any fixed assets therefore paragraph (a), (b) and (c) are not applicable to the company.
2. The Company does not have inventories at the end of Financial year . Accordingly paragraphs 2 of the orders are not applicable to the company.
3. 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 paragraphs 3(iii) (a), (b) and (c) of the Order are not applicable to the Company.
4. In our opinion and according to the information and explanations given to us, the company has not given loans, investments, guarantees, and any security under provisions of section 185 and 186 of the Companies Act, 2013. Accordingly, Paragraph 3(iv) of the Order is not applicable to the Company.
5. In our opinion, and information and explanations given to us, the Company has not accepted deposits as per directives issued by the Reserve Bank of India under the provisions of Section 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Accordingly, Paragraph 3(v) of the Order is not applicable to the Company.
6. The Central Government has not prescribed maintenance of cost records under Sub- Section (1) of section 148 of the Companies Act, 2013. Accordingly the clause 3(vi) is not applicable.
7. According to the information and explanation given to us and on the basis of our examination of the records of the company, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, sales tax, service tax, customs duty, excise duty, value added tax (VAT), income tax, wealth tax, cess, and other material statutory dues applicable to the Company. According to the information and explanations given to us, no undisputed amounts payable in respect of sales tax, service tax, customs duty, excise duty, value added tax, income tax, wealth tax, and cess were in arrears as at March 31, 2016 for a period of more than six months from the date they became payable.
8. The company has not raised loans from Financial Institutions or Banks or Government or debenture holders. Hence clause 3(viii) of the order requiring comment on repayment of the dues to them is not applicable.
9. In our opinion and according to the information and explanations given to us, the company has not raised money by way of Initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, the provision of Clause 3(ix) of the order is not applicable to the company.
10. According to the information and explanations given to us, no significant fraud on or by the company by its officers or employees, that causes a material misstatement to the financial statements, has been noticed or reported during the year.
11. According to the information and explanations given to us, the company has not paid or provided managerial remuneration during the year. Accordingly, the provision of Clause 3(xi) of the order is not applicable to the company.
12. As the company is not the Nidhi company, the provision of Clause 3(xii) of the order is not applicable to the company.
13. According to the information and explanations given to us, the company has made all the transactions with the related parties in compliance with sections 177 & 188 of Companies Act and the details have been disclosed in the Financial Statements as required by the applicable Accounting Standards.
14. According to the information and explanations given to us, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year as per section 42 of the Companies Act, 2013. Accordingly, the provision of Clause 3(xiv) of the order is not applicable to the company.
15. According to the information and explanations given to us, the company has not entered into any non cash transactions with the directors or persons connected with them as per section 192 of Companies Act, 2013.
16. The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the clause 3(xvi) is not applicable.

For Chaturvedi & Shah
Chartered Accountants
(Firm's Registration No.101720W)

Lalit R. Mhalsekar
Partner
Membership No. 103418

Place: Mumbai
Dated: May 28, 2016

Reliance Bhutan Limited

Annexure To Independent Auditor's Report

Annexure B to Independent Auditor's Report – 31st March 2016 on the Financial Statements of Reliance Bhutan Limited

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 Bhutan Limited ('the Company') as of March 31, 2016 in conjunction with our audit of the 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'. 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 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 Companies Act, 2013, 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 Institute of Chartered Accountants of India. 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 judgement, 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 Institute of Chartered Accountants of India".

For Chaturvedi & Shah
Chartered Accountants
(Firm's Registration No.101720W)

Lalit R. Mhalsekar
Partner
Membership No: 103418

Place: Mumbai
Dated: May 28, 2016

Reliance Bhutan Limited

Balance Sheet as at March 31, 2016

		As at March 31, 2016		(Amount in ₹) As at March 31, 2015	
EQUITY AND LIABILITIES					
Shareholders' Funds					
(a) Share Capital	2.01	5 00 000		5 00 000	
(b) Reserves and Surplus	2.02	<u>(4 67 173)</u>	32 827	<u>(4 65 158)</u>	34 842
Current Liabilities					
(a) Short Term borrowings	2.03	4 17 466		3 97 466	
(b) Other Current Liabilities	2.04	<u>64 906</u>		<u>37 366</u>	
			4 82 372		4 34 832
TOTAL			<u><u>5 15 199</u></u>		<u><u>4 69 674</u></u>
ASSETS					
Non Current Assets					
(a) Long Term Loans and Advances	2.05		41 529		35 744
Current Assets					
(a) Cash And Bank Balances	2.06	4 37 182		4 32 560	
(b) Other Current Assets	2.07	<u>36 488</u>	4 73 670	<u>1 370</u>	4 33 930
TOTAL			<u><u>5 15 199</u></u>		<u><u>4 69 674</u></u>
Significant Accounting Policies	1				
Notes to the Financial Statements	2				

Notes referred to above form an integral part of the Financial Statements.

As per our report of even date

For Chaturvedi & Shah

Chartered Accountants
Firm Regn. No : 101720W

Lalit R. Mhalsekar

Partner
Membership No : 103418

Place : Mumbai

Dated : May 28, 2016

For and on behalf of the Board

Anil C Shah

DIN-00004368

Parmeshwar Dayal Sharma

DIN-03595827

} Directors

Reliance Bhutan Limited

Statement of Profit and Loss for the year ended March 31, 2016

	Notes	For the year ended March 31, 2016	(Amount in ₹) For the year ended March 31, 2015
INCOME			
Interest Income	2.08	38 589	36 913
		<u>38 589</u>	<u>36 913</u>
EXPENDITURE			
General Administration Expenses	2.09	28 604	25 492
Profit Before Tax		<u>9 985</u>	<u>11 421</u>
Current Tax		12 000	3 900
Profit After tax		<u>(2 015)</u>	<u>7 521</u>
Basic & Diluted Earning per Share	2.10		
Basic of (₹) 10 each fully paid up		(0.04)	0.15
Significant Accounting Policies	1		
Notes to the Financial Statements	2		

Notes referred to above form an integral part of the Financial Statements.

As per our report of even date

For Chaturvedi & Shah

Chartered Accountants
Firm Regn. No : 101720W

Lalit R. Mhalsekar

Partner
Membership No : 103418

Place : Mumbai

Dated : May 28, 2016

For and on behalf of the Board

Anil C Shah

DIN-00004368

Parmeshwar Dayal Sharma

DIN-03595827

} Directors

Reliance Bhutan Limited

Cash Flow Statement for the year ended March 31, 2016

	For the year ended March 31, 2016		(Amount in ₹) For the year ended March 31, 2015	
A CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before tax as per Statement of Profit and Loss		9 985		11 421
Adjusted for:				
Interest on Fixed Deposit with Bank	(38 589)	(38 589)	(36 913)	(36 913)
Operating Profit before Working Capital Changes		(28 604)		(25 492)
Adjusted for:				
Receivables and other Advances	(25 533)		-	
Other Current Liabilities	15 540	(9 993)	18 783	18 783
Cash (used in) / Generated from Operations		(38 597)		(6 709)
Tax Paid	(5 785)	(5 785)	(3 483)	(3 483)
Net Cash used in Operating Activities		(44 382)		(10 192)
B CASH FLOW FROM INVESTING ACTIVITIES				
Interest on Fixed Deposit with Bank		29 004		36 818
Net Cash Generated from Investing Activities		29 004		36 818
C CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from Short Term Borrowings		20 000		-
Net Cash from Financing Activities		20 000		-
Net Increase/ (Decrease) in Cash and Cash Equivalents		4 621		26 626
Opening Balance of Cash and Cash Equivalents		4 32 560		4 05 934
Closing Balance of Cash and Cash Equivalents		4 37 181		4 32 560

Note:

- i Cash and Cash Equivalent includes cash on hand, cheques on hand, remittances- in-transit and bank balance including Fixed Deposits with Banks.
- ii Cash Flow has been prepared under the Indirect Method set out in Accounting Standard 3 "Cash Flow Statement"

As per our report of even date

For Chaturvedi & Shah
Chartered Accountants
Firm Regn. No : 101720W

Lalit R. Mhalsekar
Partner
Membership No : 103418

Place : Mumbai
Dated : May 28, 2016

For and on behalf of the Board

Anil C Shah
DIN-00004368
Parmeshwar Dayal Sharma
DIN-03595827

} **Directors**

Reliance Bhutan Limited

Significant Accounting Policies to the Balance Sheet and Statement of Profit and Loss

Note : 1

1.1 Basis of Preparation of Financial Statements

The Financial Statements are prepared under historical cost convention, in accordance with the generally accepted accounting principles (GAAP) in India and to comply with Accounting Standard specified under Section 133 the Companies Act, 2013 ("the Act") read with Rule 7 of the Companies (Accounts) Rules 2014 and other provisions of the Act to the extent notified and applicable, as well as applicable guidance note and pronouncements of the Institute of Chartered Accountants of India (ICAI).

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Schedule III to the Act, 2013. Based on the nature of the services and their realisation in cash & cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current or non-current classification of assets and liabilities.

1.2 Revenue Recognition

The Company follows mercantile system of accounting and recognizes income and expenditure on accrual basis. Interest Income is recognised using the time proportion method, based on the underlying interest rates.

1.3 Investments

Long Term Investments are stated at cost. Provision for diminution in the value of long term investments is made only if such decline is other than temporary in the opinion of the management.

1.4 Provision for Current Tax and Deferred Tax

Provision for Income Tax is made on the basis of estimated taxable income for the year at current rates. Tax expense comprises of Current Tax and Deferred Tax at the applicable enacted or substantively enacted rates. Current tax represents the amount of Income Tax payable / recoverable in respect of the taxable income/loss for the reporting period. Deferred Tax represents the effect of timing difference between taxable income and accounting income for the reporting period that originate in one period and are capable of reversal in one or more subsequent periods. The Deferred Tax asset is recognized and carried forward only to the extent that there is a reasonable certainty that the assets will be realized in future. However, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is virtual certainty of realisation of assets.

1.5 Provision, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the Notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

	As at March 31, 2016	(Amount in ₹) As at March 31, 2015
Note : 2.01		
Share Capital		
Authorised		
50 000 (50 000) Equity Shares of ₹ 10 each	<u>5 00 000</u>	<u>5 00 000</u>
	<u>5 00 000</u>	<u>5 00 000</u>
Issued, Subscribed and Paid up		
50 000 (50 000) Equity Shares of ₹ 10 each	<u>5 00 000</u>	<u>5 00 000</u>
	<u>5 00 000</u>	<u>5 00 000</u>

Reliance Bhutan Limited

Notes on Accounts to the Balance Sheet and Statement of Profit and Loss

2.01.01 Equity Shares

a) Details of shareholders holding more than 5% shares

	% of Holding	No. of Shares	% of Holding	No. of Shares
Reliance Communications Limited and its nominees	100	50,000	100	50,000

Reconciliation of shares outstanding at the beginning and at the end of the year.

Particulars	No. of Shares	Amt	No. of Shares	Amt
Equity shares at the beginning of the year	50,000	5,00,000	50,000	5,00,000
Add : shares issued during the year	-	-	-	-
Equity shares at the end of the year	<u>50,000</u>	<u>5,00,000</u>	<u>50,000</u>	<u>5,00,000</u>

b) Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holder of equity shares will be entitled to receive the remaining assets of the Company. The distribution will be in proportion to the number of equity shares held by the shareholder

(Amount in ₹)

As at	As at
March 31, 2016	March 31, 2015

Note : 2.02

Reserves and Surplus

Surplus / (Deficit) in the Statement of Profit and Loss

As per last Balance Sheet	(4 65 158)	(4 72 679)
Add: Profit during the year	<u>(2 015)</u>	<u>7 521</u>
	(4 67 173)	(4 65 158)
	<u>(4 67 173)</u>	<u>(4 65 158)</u>

Note : 2.03

Short Term Borrowings

Unsecured

Loans and Advances from Related Parties (Refer Note 2.13)	4 17 466	3 97 466
	<u>4 17 466</u>	<u>3 97 466</u>

Note : 2.04

Other Current Liabilities

Provision for expenses	64 906	37 366
	<u>64 906</u>	<u>37 366</u>

Note : 2.05

Long Term Loans And Advances

(Unsecured, Considered good - unless stated otherwise)

Tax Deducted at Source (Net)	41 529	35 744
	<u>41 529</u>	<u>35 744</u>

Reliance Bhutan Limited

Notes on Accounts to the Balance Sheet and Statement of Profit and Loss

Note : 2.06

Cash and Bank Balances

Balance in Current Account with Scheduled Banks	8 603	5 307
Other Bank Balances		
In Fixed Deposit with Scheduled Bank	4 28 579	4 27 253
	<u>4 37 182</u>	<u>4 32 560</u>

Note : 2.07

Other Current Assets

Interest accrued on Fixed Deposits	32 848	1 370
Others	3 640	-
	<u>36 488</u>	<u>1 370</u>

(Amount in ₹)

For the year ended
March 31, 2016

For the year ended
March 31, 2015

Note: 2.08

Interest Income

Interest on Fixed Deposit with Bank	38 589	36 913
	<u>38 589</u>	<u>36 913</u>

*(Tax Deducted at Source ₹ 5785 (Previous year ₹ 7382)

Note : 2.09

General and Administrative expenses

Filing Fees	1 800	9 200
Professional Fees	14 000	
Payment to Auditors - Audit Fees	12 000	13 483
Bank Charges	674	2 809
Other Miscellaneous Expenses	130	-
	<u>28 604</u>	<u>25 492</u>

Note : 2.10

Earnings per Share (EPS)

Numerator - Profit /(Loss) after tax (₹)	(2 015)	7 521
Denominator - Weighted number of equity shares	50 000	50 000
Basic as well as diluted, earning per equity share (₹)	(0.04)	0.15

Note : 2.11

Deferred Tax Assets

Deferred Tax Assets	-	-
Related to Unabsorbed Depreciation/Carried forward Loss	57 192	50 569
	<u>57 192</u>	<u>50 569</u>

The Company on a conservative basis has restricted deferred tax asset to Nil.

Reliance Bhutan Limited

Notes on Accounts to the Balance Sheet and Statement of Profit and Loss

Note : 2.12

Segment Reporting

There are no reportable Segments as per AS-17 (segment reporting) issued by the Institute of Chartered Accountants of India.

Note : 2.13

1 Related Parties :

As per AS-18, issued by the Institute of Chartered Accountants of India, the disclosures of transaction with the related parties as defined in the Accounting Standard are given below

a) Name of the Related Party	Relationship
i Reliance Communications Limited	Holding Company
ii Reliance Communications Infrastructure Limited	Fellow Subsidiary Company

b) Transactions during the year with related parties :

Sr. No.	Nature of Transactions	(Amount in ₹)		
		Holding Company	Fellow Subsidiary	Total
Short Term Borrowings				
1	Balance as at April 1st , 2015	1 41 574	2 55 892	3 97 466
		(1 41 574)	(2 55 892)	(3 97 466)
	Taken During the year		20 000	20 000
		(-)	(-)	(-)
	Repaid during the year	-	-	-
		(-)	(-)	(-)
	Balance as at March 31st , 2016	1 41 574	2 75 892	4 17 466
		(1 41 574)	(2 55 892)	(3 97 466)

As per our report of even date

For Chaturvedi & Shah

Chartered Accountants
Firm Regn. No : 101720W

Lalit R. Mhalsekar

Partner
Membership No : 103418

Place : Mumbai

Dated : May 28, 2016

For and on behalf of the Board

Anil C Shah

DIN-00004368

Parmeshwar Dayal Sharma

DIN-03595827

} Directors

Flag Telecom Nederland BV

Independent Auditor's Report

To
The Board of Directors of Flag Telecom Nederland BV

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Flag Telecom Nederland BV ("the Company"), which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India including Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion whether the Company has in place an adequate Internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements read together with the notes thereon give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016 and its profit and its cash flows for the year ended on that date.

Other Reporting Requirements

We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account.

Other Matters

This report is issued for the information and use of the Board of Directors of the Company and of Reliance Communications Limited, the holding company in India to comply with the financial reporting requirements in India and should not be used for any other purposes without our prior written consent.

For Shridhar & Associates
Chartered Accountants
Firm Registration No.: 134427W

Jitendra Sawjany
Partner
Membership No. 050980

Place: Mumbai
Dated: May 27, 2016

Flag Telecom Nederland BV

Balance Sheet as at March 31, 2016

	Note	As at March 31, 2016	Amount in ₹ As at March 31, 2015
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2.01	10,12,509	9,55,125
Reserves and Surplus	2.02	(2,35,90,086)	(2,33,45,887)
		<u>(2,25,77,577)</u>	<u>(2,23,90,762)</u>
Current Liabilities			
Trade Payables	2.03	18,14,540	28,37,695
Other Current Liabilities	2.04	4,16,16,277	3,98,25,791
Short Term Provisions	2.05	-	10,69,649
		<u>4,34,30,817</u>	<u>4,37,33,135</u>
TOTAL		<u><u>2,08,53,240</u></u>	<u><u>2,13,42,373</u></u>
ASSETS			
Non Current Assets			
Long-Term Loans and Advances	2.06	1,43,423	-
		<u>1,43,423</u>	<u>-</u>
Current Assets			
Short-Term Loans and Advances	2.07	2,07,09,817	2,13,42,373
		<u>2,07,09,817</u>	<u>2,13,42,373</u>
TOTAL		<u><u>2,08,53,240</u></u>	<u><u>2,13,42,373</u></u>
Significant Accounting Policies	1		
Notes forming part of Financial Statements	2		

As per our report attached

For Shridhar & Associates
Chartered Accountants
Firm Regn. No. 134427W

Jitendra Sawjany
Partner
Membership No : 050980

Place : Mumbai
Date : May 27, 2016

For and on behalf of the Board

Andrew Goldie **Director**

Flag Telecom Nederland BV

Statement of Profit and Loss for the year ended March 31, 2016

		Amount in ₹	
	Note	For the year ended March 31, 2016	For the year ended March 31, 2015
Income			
Service Income	2.08	7,16,550	14,91,867
Other Income	2.09	2,43,181	-
		<u>9,59,731</u>	<u>14,91,867</u>
Expenditure			
Employee Benefits Expenses	2.10	23,278	1,56,259
Sales and General Administration Expenses	2.11	9,12,241	13,24,671
		<u>9,35,519</u>	<u>14,80,930</u>
Profit/(Loss) Before Tax		<u>24,212</u>	<u>10,937</u>
Provision for taxation - Current Tax		(11,20,243)	(39,359)
Profit/(Loss) After Tax		<u>11,44,455</u>	<u>50,296</u>
Earning per Share (Basic and Diluted)	2.13	6,358	279
Significant Accounting Policies	1		
Notes forming part of Financial Statements	2		

As per our report attached

For and on behalf of the Board

For Shridhar & Associates
Chartered Accountants
Firm Regn. No. 134427W

Andrew Goldie **Director**

Jitendra Sawjany
Partner
Membership No : 050980

Place : Mumbai
Date : May 27, 2016

Flag Telecom Nederland BV

Cash Flow Statement for the year ended March 31, 2016

	Amount in ₹	
	For the year ended March 31, 2016	For the year ended March 31, 2015
A) CASH FLOW FROM OPERATING ACTIVITIES:		
Profit/(Loss) Before Tax	24,212	10,937
Adjustments for:		
Effects of exchange difference on translation of Assets & Liabilities	(13,31,270)	(9,27,099)
Operating Profit/ (Loss) before Working Capital Changes	(13,07,058)	(9,16,162)
Adjustments for:		
(Increase)/ Decrease in Trade & other Receivables	4,89,133	(6,44,292)
Increase/ (Decrease) in Liabilities and Provisions	(3,02,318)	15,21,095
	1,86,815	8,76,803
Cash Generated from Operations	(11,20,243)	(39,359)
Income Taxes (Paid)/ Refund	11,20,243	39,359
Net Cash from/ (used in) Operating Activities (A)	-	-
B) CASH FLOW FROM INVESTING ACTIVITIES:		
Net Cash from/ (used in) Investing Activities (B)	-	-
C) CASH FLOW FROM FINANCING ACTIVITIES:		
Net Cash from/ (used in) Financing Activities (C)	-	-
Net Increase/ (Decrease) in Cash and Cash Equivalents (A+B+C)	-	-
Cash and Cash Equivalents at the Beginning of the year	-	-
Cash and Cash Equivalents at the End of the year	-	-

As per our report attached

For Shridhar & Associates
Chartered Accountants
Firm Regn. No. 134427W

Jitendra Sawjiyani
Partner
Membership No : 050980

Place : Mumbai
Date : May 27, 2016

For and on behalf of the Board

Andrew Goldie **Director**

Flag Telecom Nederland BV

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

NOTE # 1

Significant Accounting Policies

a) Basis of Preparation of Financial Statements

The financial statements are prepared under historical cost convention, in accordance with the generally accepted accounting principles (GAAP) in India and Comply with Accounting Standard specified under Section 133 of the Companies Act, 2013 ("the Act") read with Rule 7 of the Companies (Accounts) Rules, 2014 and other provisions of the Act, to the extent notified and applicable as well as applicable guidance note and pronouncements of the Institute of Chartered Accountants of India (the ICAI).

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Schedule III to the Companies Act, 2013. Based on the nature of the services and their realisation in cash & cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current or non-current classification of assets and liabilities.

b) Revenue Recognition

Indefeasible Right of Use

The Company sells Right of Use (ROU) that provide customers with network capacity, typically over a 10 to 15 year period without transferring the legal title or giving an option to purchase the network assets. Revenue from cancellable ROU arrangements are accounted as an operating lease and recognised over the life of the contract.

Revenue from non cancellable ROU arrangements is recognised upfront as licensing income on activation of services.

Bills raised on customers/ payments received from customers for long term contracts and for which revenue is not recognised are included in deferred revenue.

Operations and Maintenance

The Company provides operation and maintenance services over the life of the capacity contract, for which the Company receives Operation and Maintenance charges. Operation and maintenance charges are invoiced separately from capacity sales. Revenues relating to maintenance are recognized over the period in which the service is provided.

Network Services

Network services include Capacity Lease Services, IP Transit, IPLC (private lines leased to customers), backup service for other network operators and all other services. The customer typically pays the charges for network services periodically over the life of the contract, which may be up to three years. Network revenue is recognized in the Company's income statement over the term of the contract.

c) Employee Benefits

Eligible employees of the Company are covered by defined contribution pension plan/provident fund scheme. Contribution to the plan/fund is made to the insurance companies/local regulatory authorities, where the Company has no further obligations. Such benefits are classified as defined contribution schemes, as the Company does not carry any further obligations apart from the contributions made on a monthly basis.

The Company does not have any material defined benefits plans.

d) Use of Estimates

The presentation of financial statements in conformity with accounting standards issued by ICAI requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the group reporting package and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known / materialized.

e) Current and Deferred Tax

Tax expense for the period, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the period. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the taxation laws prevailing in the respective jurisdictions.

Deferred tax is recognised for all the timing differences, subject to the consideration of prudence in respect of deferred tax assets. Deferred tax assets are recognised and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. However, where there is unabsorbed depreciation or carry forward loss, the deferred tax asset is recognised and carried forward only to the extent that there is a virtual certainty that the assets will be realised in future. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. At each Balance Sheet date, the Company re-assesses unrecognised deferred tax asset if any.

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing current tax and where the deferred tax assets and the deferred tax liabilities relate to taxes on income levied by the same governing taxation laws.

f) Effects of Changes in Foreign Currency Rates

Initial Recognition

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Subsequent Recognition

As at the reporting date, non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. All non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined. All monetary assets and liabilities in foreign currency are restated at the end of accounting period.

g) Cash and Cash Equivalents

In the cash flow statement, cash and cash equivalents include cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

h) Provisions, Contingent Liabilities and Contingent Assets

Provisions: Provisions are recognised when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation.

Contingent Liabilities: Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

Contingent Assets: Contingent assets are neither recognised nor disclosed in the financial statements.

Flag Telecom Nederland BV

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

	As at March 31, 2016	Amount in ₹ As at March 31, 2015
NOTE # 2.01		
Share Capital		
Authorised:		
900 (900) Equity Shares of Euro 100 each	64,69,860	61,03,181
	64,69,860	61,03,181
Issued, Subscribed and Paid up:		
180 (180) Equity Shares of Euro 100 each, fully paid up	10,12,509	9,55,125
	10,12,509	9,55,125

a) Shares held by Holding Company

	No. of Shares	No. of Shares
Reliance Globalcom Limited	180	180
	180	180

b) Details of shareholders holding more than 5% of the aggregate Shares in the Company

Particulars	% of Holding	No. of Shares	% Holding	No. of Shares
Reliance Globalcom Limited	100	180	100	180

c) Terms/ Rights attached to the shares

The Company has equity shares having a par value of Euro 100 each. Each holder of shares is entitled to one vote per share. In the event of liquidation of the Company, the holder of shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of shares held by the shareholder.

d) Reconciliation of shares outstanding at the beginning and at the end of the year

	No. of Shares	Amt (₹)	No. of Shares	Amt (₹)
Balance as at the beginning of the year	180	10,12,509	180	9,55,125
Add: Movement for the year	-	-	-	-
At the end of the year	180	10,12,509	180	9,55,125

	As at March 31, 2016	Amount in ₹ As at March 31, 2015
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NOTE # 2.02

Reserves and Surplus

Foreign Currency Translation Reserve	(43,26,756)	(29,38,102)
--------------------------------------	--------------------	-------------

Surplus/ (deficit) in Statement of Profit and Loss

As per Last Balance Sheet	(2,04,07,785)	(2,04,58,081)
Add: Profit/ (Loss) for the year	11,44,455	50,296
Balance as the end of the year	(1,92,63,330)	(2,04,07,785)
Total Reserves and Surplus	(2,35,90,086)	(2,33,45,887)

Flag Telecom Nederland BV

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

	As at March 31, 2016	Amount in ₹ As at March 31, 2015
NOTE # 2.03		
Trade Payables		
Sundry Creditors	-	2,28,642
Other contractual obligations	18,14,540	26,09,053
	18,14,540	28,37,695
NOTE # 2.04		
Other Current Liabilities		
Payable to Related Parties (Refer Note 2.16)	4,16,16,277	3,98,25,791
	4,16,16,277	3,98,25,791
NOTE # 2.05		
Short Term Provisions		
Income Tax (net of advance tax)	-	10,69,649
	-	10,69,649
NOTE # 2.06		
Long-Term Loans and Advances		
Advance Income Tax	1,43,423	-
	1,43,423	-
NOTE # 2.07		
Short-Term Loans and Advances		
Receivables from Related Parties (Refer Note 2.16)	1,73,22,698	1,76,98,559
Deposits	7,28,475	6,87,188
Advance to Vendors	7,896	4,88,742
Balances with Government Authorities	26,50,748	24,67,884
	2,07,09,817	2,13,42,373
NOTE # 2.08		
Service Income		
Network Service Income	7,16,550	14,91,867
	7,16,550	14,91,867
NOTE # 2.09		
Other Income		
Gain on Foreign Exchange Fluctuation (Net)	2,43,181	-
	2,43,181	-

Flag Telecom Nederland BV

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

Amount in ₹

	For the year ended	For the year ended
	March 31, 2016	March 31, 2015

NOTE # 2.10

Employee Benefits Expenses

Staff Welfare	<u>23,278</u>	1,56,259
	<u>23,278</u>	<u>1,56,259</u>

NOTE # 2.11

Sales and General Administration Expenses

Professional Charges	4,38,987	11,00,754
Licensing and Regulatory Fees	1,50,763	-
Travel and Entertainment	2,86,417	-
Loss on Foreign Exchange Fluctuation (Net)	-	2,23,917
Communication	36,074	-
	<u>9,12,241</u>	<u>13,24,671</u>

NOTE # 2.12

Background and Organisation

The Principal activities of Flag Telecom Nederland BV are the Provision of Telecommunication Services, Sales and Marketing Support Services to its fellow Subsidiaries and the Operation of a Fibre Optic Telecommunications network in Netherland.

NOTE # 2.13

Earnings Per Share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to Common shareholders by the weighted average number of Common Shares outstanding during the period. Earnings considered in ascertaining the Company's earnings per share is the net profit for the period after deducting preference dividend and any attributable tax thereto for the period. The weighted average number of Common Shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential Common Shares that have changed the number of Common Shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to Common shareholders and the weighted average number of Common Shares outstanding during the period is adjusted for the effects of all dilutive potential Common Shares.

Amount in ₹ except no of shares

	For the year ended	For the year ended
	March 31, 2016	March 31, 2015
A Profit/ (Loss) after Tax	11,44,455	50,296
B Weighted average number of share of Euro 100 each used as denominator for calculating Basic and Diluted EPS	180	180
C Basic and Diluted Earnings per Share (A/B)	6,358	279

NOTE # 2.14

Segment Reporting

In accordance with Accounting Standard 17 "Segmental Reporting" issued by The Institute of Chartered Accountants of India, the Company has determined its business segment as telecommunication network through fiber-optic cable systems and interfaces are owned by, leased to, or otherwise available to the company. Since 100% of the Company's business is from telecommunication activities, there are no other reportable segments. Thus, the segment revenue, total carrying amount of segment assets, total carrying amount of segment liabilities, total cost incurred to acquire segment assets, total amount of charge of depreciation and amortization during the year are all as is reflected in the Financial Statements as of and for the year ended March 31, 2016

NOTE # 2.15

Prior Period Comparatives have been classified and regrouped to confirm with the current year's presentations, where applicable.

Flag Telecom Nederland BV

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

NOTE # 2.16

Related Party Transactions

In accordance with Accounting Standard 18 "Related Party Disclosures" issued by the Institute of Chartered Accountants of India, the company's related parties and transactions are disclosed below:

- a) Parties where control exist:
 - i) Reliance Communications Limited
 - ii) Reliance Globalcom Limited
- b) Enterprises as affiliated companies are:
 - i) Reliance Globalcom (U.K.) Limited
 - ii) FLAG Telecom Ireland Network Limited
 - iii) Reliance FLAG Telecom Ireland Limited
- c) Summarized below are the transactions entered into and closing balances with related parties:

Amount in ₹

Name of the Entity	Service Income		Short Term Loans & Advances		Current Liabilities	
	For the year ended March 31, 2016	For the year ended March 31, 2015	As at March 31, 2016	As at March 31, 2015	As at March 31, 2016	As at March 31, 2015
Reliance Globalcom (U.K.) Limited	-	-	-	1,91,863	1,23,047	-
FLAG Telecom Ireland Network Limited	-	-	45,60,288	43,01,834	-	-
Reliance Globalcom Limited	-	-	1,27,62,410	1,32,04,862	-	-
Reliance FLAG Telecom Ireland Limited	7,16,549	14,91,867	-	-	4,14,93,230	3,98,25,791

NOTE # 2.17

The amounts relating to Balance Sheet items appearing in Amount in ₹ have been translated at Closing Rate of 1 USD = ₹ 66.255 (Previous year 1 USD = ₹ 62.50) and items relating to profit and loss have been translated at average rate of 1 USD = ₹ 65.4562 (Previous year 1 USD = ₹ 61.153).

The amounts have been converted in INR to comply with the financial reporting requirement in India.

As per our report attached

For and on behalf of the Board

For Shridhar & Associates

Andrew Goldie

Director

Chartered Accountants

Firm Regn. No. 134427W

Jitendra Sawjany

Partner

Membership No : 050980

Place : Mumbai

Date : May 27, 2016

FLAG TELECOM HELLAS AE

Independent Auditor's Report

To
The Board of Directors of Flag Telecom Hellas AE

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Flag Telecom Hellas AE ("the Company"), which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India including Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion whether the Company has in place an adequate Internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements read together with the notes thereon give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016 and its loss and its cash flows for the year ended on that date.

Other Reporting Requirements

We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account.

Other Matters

This report is issued for the information and use of the Board of Directors of the Company and of Reliance Communications Limited, the holding company in India to comply with the financial reporting requirements in India and should not be used for any other purposes without our prior written consent.

For Shridhar & Associates
Chartered Accountants
Firm Registration No.: 134427W

Jitendra Sawjany
Partner
Membership No. 050980

Place: Mumbai
Dated: May 27, 2016

FLAG TELECOM HELLAS AE

Balance Sheet as at March 31, 2016

		Amount in ₹	
	Note	As at March 31, 2016	As at March 31, 2015
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2.01	33,78,740	31,87,250
Reserves and Surplus	2.02	<u>(2,22,03,078)</u>	<u>(2,08,18,038)</u>
		(1,88,24,338)	(1,76,30,788)
Current Liabilities			
Trade Payable	2.03	35,46,703	24,73,882
Other Current Liabilities	2.04	<u>2,01,45,401</u>	<u>2,03,98,922</u>
		2,36,92,104	2,28,72,804
TOTAL		<u>48,67,766</u>	<u>52,42,016</u>
ASSETS			
Current Assets			
Cash and Cash Equivalent	2.05	42,63,299	47,16,433
Short-Term Loans and Advances	2.06	<u>6,04,467</u>	<u>5,25,583</u>
		48,67,766	52,42,016
TOTAL		<u>48,67,766</u>	<u>52,42,016</u>
Significant Accounting Policies	1		
Notes forming part of Financial Statements	2		

As per our report attached

For Shridhar & Associates
Chartered Accountants
Firm Regn. No. 134427W

Jitendra Sawjiyani
Partner
Membership No : 050980

Place : Mumbai
Date : May 27, 2016

For and on behalf of the Board

Andrew Goldie
Rod Riley } **Directors**

FLAG TELECOM HELLAS AE

Statement of Profit and Loss for the year ended March 31, 2016

		Amount in ₹	
	Note	For the year ended March 31, 2016	For the year ended March 31, 2015
Income			
Service Income	2.07	12,87,025	7,56,768
Total Revenue		<u>12,87,025</u>	<u>7,56,768</u>
Expenditure			
Sales and General Administration Expenses	2.08	12,72,289	7,49,959
Total Expenditure		<u>12,72,289</u>	<u>7,49,959</u>
Profit/(Loss) Before Tax		<u>14,736</u>	<u>6,809</u>
Provision for Taxation - Current Tax		1,47,413	83,409
		<u>1,47,413</u>	<u>83,409</u>
Profit/(Loss) After Tax		<u>(1,32,677)</u>	<u>(76,600)</u>
Earning Per Share (Basic and Diluted)	2.11	(9)	(5)

Significant Accounting Policies

1

Notes forming part of Financial Statements

2

As per our report attached

For and on behalf of the Board

For Shridhar & Associates

Chartered Accountants
Firm Regn. No. 134427W

Andrew Goldie

Rod Riley

} Directors

Jitendra Sawjany

Partner
Membership No : 050980

Place : Mumbai

Date : May 27, 2016

FLAG TELECOM HELLAS AE

Cash Flow Statement for the year ended March 31, 2016

Particulars	Amount in ₹	
	For the year ended March 31, 2016	For the year ended March 31, 2015
A) CASH FLOW FROM OPERATING ACTIVITIES:		
Profit/(Loss) before tax as per Statement of Profit and Loss	14,736	6,809
Adjustments for:		
Effects of exchange difference on translation of asset & Liabilities	(10,60,873)	(7,27,659)
Operating Profit/(Loss) before Working Capital Changes	(10,46,137)	(7,20,850)
Adjustments for:		
(Increase)/ Decrease in Loan & Advances and Other Asset	(78,883)	14,90,496
Increase/ (Decrease) in Liabilities and Provisions	8,19,300	(4,91,170)
	7,40,417	9,99,326
	(3,05,720)	2,78,476
Income Taxes Paid	1,47,413	83,409
Net Cash from/(used in) Operating Activities (A)	(4,53,133)	1,95,067
B) CASH FLOW FROM INVESTING ACTIVITIES:		
Net Cash from/(Used in) Investing Activities (B)	-	-
C) CASH FLOW FROM FINANCING ACTIVITIES:		
Net Cash from/(Used in) Financing Activities (C)	-	-
Net Increase/ (Decrease) in Cash and Cash Equivalents (A+B+C)	(4,53,133)	1,95,067
Cash and Cash Equivalents at the Beginning of the year	47,16,433	45,21,366
Cash and Cash Equivalents at the End of the year	42,63,299	47,16,433

As per our report attached

For Shridhar & Associates
Chartered Accountants
Firm Regn. No. 134427W

Jitendra Sawjany
Partner
Membership No : 050980

Place : Mumbai
Date : May 27, 2016

For and on behalf of the Board

Andrew Goldie

Rod Riley

} **Directors**

FLAG TELECOM HELLAS AE

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

NOTE 1

SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation of Financial Statement

The financial statements are prepared under historical cost convention, in accordance with the generally accepted accounting principles (GAAP) in India and Comply with Accounting Standard specified under Section 133 of the Companies Act, 2013 ("the Act") read with Rule 7 of the Companies (Accounts) Rules, 2014 and other provisions of the Act, to the extent notified and applicable as well as applicable guidance note and pronouncements of the Institute of Chartered Accountants of India (the ICAI).

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Schedule III to the Companies Act, 2013. Based on the nature of the services and their realisation in cash & cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current or non-current classification of assets and liabilities.

b) Revenue Recognition

Indefeasible Right of Use

The Company sells Right of Use (ROU) that provide customers with network capacity, typically over a 10 to 15 year period without transferring the legal title or giving an option to purchase the network capacity. Revenue from cancellable ROU arrangements are accounted as operating lease and recognized over the life of the contract.

Revenue from non cancellable ROU arrangements is recognized upfront as licensing income on activation of services. Also refer note below for change in accounting policy in current year.

Bills raised on customers/ payments received from customers for long term contracts and for which revenue is not recognized are included in deferred revenue.

Operations And Maintenance

The Company provides operation and maintenance services over the life of the capacity contract, for which the Company receives Operation and Maintenance charges. Operation and maintenance charges are invoiced separately from capacity sales. Revenues relating to maintenance are recognized over the period in which the service is provided.

Network Revenue

Network services include Capacity Lease Services, IP Transit, IPLC (private lines leased to customers), backup service for other network operators and all other services. The customer typically pays the charges for network services periodically over the life of the contract, which may be up to three years. Network revenue is recognized in the Company's income statement over the term of the contract.

Ethernet Services

Ethernet revenue is recognized in the Company's income statement over the term of the contract.

Unearned Income

Unearned income represents income billed in accordance with the contract but not recognized in Statement of Profit and Loss as at the Balance Sheet date. Unearned income net of the amount recognizable within one year is disclosed as unearned income in non-current liabilities and the amount recognizable within one year is disclosed as unearned income in current liabilities.

Unbilled Revenue

Where the Services are performed prior to billing, an accrued income is recognized in unbilled revenue

c) Employee Benefits

Eligible employees of the Company are covered by defined contribution pension plan/provident fund scheme. Contribution to the plan/fund is made to the insurance companies/local regulatory authorities, where the Company has no further obligations. Such benefits are classified as defined contribution schemes, as the Company does not carry any further obligations apart from the contributions made on a monthly basis.

The Company does not have any material defined benefits plans.

d) Use of Estimates

The presentation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of group reporting package and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known / materialized.

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

e) Current and Deferred Tax

Tax expense for the period, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the period. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the taxation laws prevailing in the respective jurisdictions.

Deferred tax is recognised for all the timing differences, subject to the consideration of prudence in respect of deferred tax assets. Deferred tax assets are recognised and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. However, where there is unabsorbed depreciation or carry forward loss, the deferred tax asset is recognised and carried forward only to the extent that there is a virtual certainty that the assets will be realised in future. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. At each Balance Sheet date, the Company re-assesses unrecognised deferred tax asset if any. Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing current tax and where the deferred tax assets and the deferred tax liabilities relate to taxes on income levied by the same governing taxation laws

f) Foreign Currency Translation

Initial Recognition

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Subsequent Recognition

As at the reporting date, non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. All non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined. All monetary assets and liabilities in foreign currency are restated at the end of accounting period.

g) Investments

Investments that are readily realisable and are intended to be held for not more than one year from the date, on which such investments are made, are classified as current investments. All other investments are classified as long term investments. Current investments are carried at cost or fair value, whichever is lower. Long-term investments are carried at cost. However, provision for diminution is made to recognise a decline, other than temporary, in the value of the investments, such reduction being determined and made for each investment individually.

h) Cash and Cash Equivalents

In the cash flow statement, cash and cash equivalents include cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

i) Provisions, Contingent Liabilities and Contingent Assets

Provisions: Provisions are recognised when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance Sheet date and are not discounted to its present value

Contingent Liabilities: Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

Contingent Assets: Contingent assets are neither recognised nor disclosed in the financial statement.

j) Earnings Per Share

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to Common shareholders by the weighted average number of Common Shares outstanding during the year. Earnings considered in ascertaining the Company's earnings per share is the net profit for the year after deducting preference dividend and any attributable tax thereto for the period. The weighted average number of Common Shares outstanding during the year and for all years presented is adjusted for events, such as bonus shares, other than the conversion of potential Common Shares that have changed the number of Common Shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to Common shareholders and the weighted average number of Common Shares outstanding during the year is adjusted for the effects of all dilutive potential Common Shares.

FLAG TELECOM HELLAS AE

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

	As at March 31, 2016	Amount in ₹ As at March 31, 2015
NOTE 2.01		
Share Capital		
Authorised		
15,000 (15,000) Ordinary shares of Euro 4 each	<u>33,78,740</u>	<u>31,87,250</u>
	<u>33,78,740</u>	<u>31,87,250</u>
Issued Subscribed and Paid up:		
15,000 (15,000) Ordinary shares of Euro 4 each fully paid	<u>33,78,740</u>	<u>31,87,250</u>
	<u>33,78,740</u>	<u>31,87,250</u>

a) Shares held by Holding company

Particulars	No. of Shares	Amount in ₹	No. of Shares	Amount in ₹
Flag Telecom Development Limited	15,000	33,78,740	15,000	31,87,250
	<u>15,000</u>	<u>33,78,740</u>	<u>15,000</u>	<u>31,87,250</u>

b) Details of shareholders holding more than 5% of the aggregate shares in the Company

Particulars	As at March 31, 2016		As at March 31, 2015	
	% of holding	No. of Shares	% of holding	No. of shares
Flag Telecom Development Limited	100	15,000	100	15,000

c) Terms/Rights attached to shares

The Company has Ordinary shares having a par value of Euro 4 each. Each holder of shares is entitled to one vote per share. In the event of liquidation of the Company, the holder of shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of shares held by the shareholder.

d) Reconciliation of number of Shares

	As at March 31, 2016		As at March 31, 2015	
	No. of Shares	Amount in ₹	No. of Shares	Amount in ₹
Balance as at the beginning of the year	15,000	33,78,740	15,000	31,87,250
Add: Common share issued during the year	-	-	-	-
Less: Common shares cancelled on buy back	-	-	-	-
Balance as at the end of the year	<u>15,000</u>	<u>33,78,740</u>	<u>15,000</u>	<u>31,87,250</u>

	As at March 31, 2016	Amount in ₹ As at March 31, 2015
NOTE 2.02		
Reserves and Surplus		
Foreign Currency Translation Reserve	<u>(38,79,583)</u>	(26,27,220)
Surplus / (Deficit) as per the Statement of Profit and Loss		
Balance as at the beginning of the year	<u>(1,81,90,818)</u>	(1,81,14,218)
Add: Profit/(Loss) during the year	<u>(1,32,677)</u>	(76,600)
Balance as at the end of the year	<u>(1,83,23,495)</u>	(1,81,90,818)
Total Reserves and Surplus	<u>(2,22,03,078)</u>	<u>(2,08,18,038)</u>

FLAG TELECOM HELLAS AE

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

	As at March 31, 2016	Amount in ₹ As at March 31, 2015
NOTE 2.03		
Trade Payables		
Sundry Creditors	-	1,23,548
Other Contractual Obligations	35,46,702	23,50,334
	35,46,702	24,73,882

NOTE 2.04		
Other Current Liabilities		
Statutory dues payable	295	279
Group Company Payables (Refer Note No. 2.14)	2,01,45,106	2,03,98,643
	2,01,45,401	2,03,98,922

NOTE 2.05		
Cash and Cash Equivalent		
Balance with Banks		
- Current Accounts	42,63,299	47,16,433
	42,63,299	47,16,433

NOTE 2.06		
Short-Term Loans and Advances		
(Unsecured considered good)		
Advance to Vendors	2,299	25
Balances with Government Authorities	6,02,168	5,25,558
	6,04,467	5,25,583

	For the year ended March 31, 2016	Amount in ₹ For the year ended March 31, 2015
NOTE 2.07		
Service Income		
Operating Revenue - Group Companies	12,87,025	7,56,768
	12,87,025	7,56,768

NOTE 2.08		
Sales and General Administration Expenses		
Rent	2,10,541	96,876
Professional Charges	4,63,890	4,65,292
Loss on Foreign Exchange Fluctuation (Net)	5,94,858	1,86,723
Bank charges	3,000	1,068
	12,72,289	7,49,959

NOTE 2.09

BACKGROUND AND ORGANISATION

The Principal activities of Flag Telecom Hellas AE (the Non Trading Entity) are the Provision of Telecommunication Services, Sales and Marketing Support Services to its fellow Subsidiaries and an Intermediate Holding company, and the Operation of a Fibre Optic Telecommunications network in Greece.

FLAG TELECOM HELLAS AE

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

NOTE 2.10

Segment Reporting

The Company has determined its business segment as telecommunication network unit taking into account the nature of services provided, class of customers for the services provided, the differing risks and returns and the internal business reporting systems. Since 100% of the business of Company is from telecommunication network unit, there are no other reportable segments.

The segment revenue, segment result, total carrying amount of segment assets, total amount of segment liabilities, total cost incurred during the period to acquire segments assets, segment depreciation and amortisation for the year are reflected within the consolidated financial statements of the Company as of and for the year ended March 31, 2016.

Substantial network assets are located across geographic territories and therefore not identifiable to any particular geographical segment.

NOTE 2.11

Earnings Per Share

Particulars	Amount in ₹ except number of shares	
	For the year ended March 31, 2016	For the year ended March 31, 2015
A Profit after Tax	(1,32,677)	(76,600)
B Weighted average number of share of Euro 4 each used as denominator for calculating Basic and Diluted EPS	15,000	15,000
C Basic and Diluted Earnings per Share (A/B)	(9)	(5)

NOTE 2.12

Prior Period Comparatives have been classified and regrouped to confirm with the current year's presentations, where applicable.

NOTE 2.13

The amounts relating to Balance Sheet items appearing in amount in ₹ have been translated at Closing Rate of 1 USD = ₹ 66.255 (Previous year 1 USD = ₹ 62.50) and items relating to profit and loss have been translated at average rate of 1 USD = ₹ 65.4562 (Previous year 1 USD = ₹ 61.153).

The amounts have been converted in INR to comply with the financial reporting requirement in India

NOTE 2.14

Related Party Transactions

In accordance with Accounting Standard 18 "Related Party Disclosures" issued by the Institute of Chartered Accountants of India, the company's related parties and transactions are disclosed below:

a) Parties where control exist:

- i) Reliance Communications Limited
- ii) Reliance Globalcom Limited

b) Enterprises as affiliated companies are:

- i) Reliance Globalcom (U.K.) Limited
- ii) Reliance FLAG Telecom Ireland Limited
- iii) FLAG Telecom Ireland Network Limited

FLAG TELECOM HELLAS AE

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

c) Summarized below are the transactions entered into and closing balances with related parties:

Amount in ₹

Name of the Entity	Service Income		Other Current Liabilities	
	For the year ended 31.03.2016	For the year ended 31.03.2015	Closing Balance as at 31.03.2016	Closing Balance as at 31.03.2015
Reliance Globalcom (U.K.) Ltd	-	-	11,51,307	16,84,144
Reliance FLAG Telecom Ireland Limited	12,87,025	7,73,438	32,83,422	43,26,233
Reliance Globalcom Limited	-	-	1,55,09,759	1,41,99,017
FLAG Telecom Ireland Network Limited	-	-	2,00,619	1,89,250

As per our report attached

For Shridhar & Associates

Chartered Accountants
Firm Regn. No. 134427W

Jitendra Sawjiyani

Partner
Membership No : 050980

Place : Mumbai

Date : May 27, 2016

For and on behalf of the Board

Andrew Goldie

Rod Riley

} **Directors**

Flag Telecom Espana Network SAU

Independent Auditor's Report

To The Board of Directors of Flag Telecom Espana Network SAU Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Flag Telecom Espana Network SAU ("the Company"), which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India including Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion whether the Company has in place an adequate Internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements read together with the notes thereon give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016 and its profit and its cash flows for the year ended on that date.

Other Reporting Requirements

We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account.

Other Matters

This report is issued for the information and use of the Board of Directors of the Company and of Reliance Communications Limited, the holding company in India to comply with the financial reporting requirements in India and should not be used for any other purposes without our prior written consent.

For Shridhar & Associates
Chartered Accountants
Firm Registration No.: 134427W

Jitendra Sawjany
Partner
Membership No. 050980

Place: Mumbai
Dated: May 27, 2016

Flag Telecom Espana Network SAU

Balance Sheet as at March 31, 2016

		Amount in ₹	
	Note	As at March 31, 2016	As at March 31, 2015
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2.01	35,37,288	33,36,813
Reserves and Surplus	2.02	<u>(66,65,36,576)</u>	<u>(62,95,65,124)</u>
		<u>(66,29,99,288)</u>	<u>(62,62,28,311)</u>
Current Liabilities			
Trade Payables	2.03	5,38,44,268	2,77,77,110
Other Current Liabilities	2.04	<u>82,91,67,651</u>	<u>77,78,26,732</u>
		<u>88,30,11,919</u>	<u>80,56,03,842</u>
TOTAL		<u><u>22,00,12,631</u></u>	<u><u>17,93,75,531</u></u>
ASSETS			
Non Current Assets			
Fixed Assets			
Tangible assets	2.05	<u>4,55,520</u>	25,89,993
		<u>4,55,520</u>	<u>25,89,993</u>
Current Assets			
Cash and Bank Balances	2.06	19,61,170	32,37,150
Short-Term Loans and Advances	2.07	<u>21,75,95,941</u>	<u>17,35,48,388</u>
		<u>21,95,57,111</u>	<u>17,67,85,538</u>
TOTAL		<u><u>22,00,12,631</u></u>	<u><u>17,93,75,531</u></u>
Significant Accounting Policies	1		
Notes forming part of Financial Statements	2		

As per our report attached

For Shridhar & Associates
Chartered Accountants
Firm Regn. No. 134427W

Jitendra Sawjany
Partner
Membership No : 050980

Place : Mumbai
Date : May 27, 2016

For and on behalf of the Board

Paul Rhodes
Andrew Goldie } **Directors**

Flag Telecom Espana Network SAU

Statement of Profit and Loss for the year ended March 31, 2016

		Amount in ₹	
	Note	For the year ended March 31, 2016	For the year ended March 31, 2015
Income			
Service Income	2.08	3,17,87,055	5,06,49,103
Other Income	2.09	19,45,432	1,468
		<u>3,37,32,487</u>	<u>5,06,50,571</u>
Expenditure			
Network Operation Expenses	2.10	2,05,54,448	2,02,82,464
Employee Benefits Expenses	2.11	85,62,613	91,70,096
Depreciation and Amortization Expenses	2.12	22,62,469	23,41,926
Sales and General Administration Expenses	2.13	14,53,206	1,77,28,969
		<u>3,28,32,736</u>	<u>4,95,23,455</u>
Profit/(Loss) Before Tax		<u>8,99,751</u>	11,27,116
Provision for taxation - Current Tax		57,213	-
Profit / (Loss) After Tax		<u>8,42,538</u>	<u>11,27,116</u>
Earning Per Share (Basic and Diluted)	2.15	8,425	11,271
Significant Accounting Policies	1		
Notes forming part of Financial Statements	2		

As per our report attached

For Shridhar & Associates
Chartered Accountants
Firm Regn. No. 134427W

Jitendra Sawjiyani
Partner
Membership No : 050980

Place : Mumbai
Date : May 27, 2016

For and on behalf of the Board

Paul Rhodes
Andrew Goldie } **Directors**

Flag Telecom Espana Network SAU

Cash Flow Statement for the year ended March 31, 2016

	For the year ended March 31, 2016	Amount in ₹ For the year ended March 31, 2015
A) CASH FLOW FROM OPERATING ACTIVITIES:		
Profit/(Loss) Before Tax	8,99,751	11,27,116
Adjustments for:		
Depreciation and Amortisation	22,62,469	23,41,926
Effects of exchange difference on translation of Assets and Liabilities	(3,77,41,511)	(2,60,78,179)
Operating Profit/ (Loss) before Working Capital Changes	(3,45,79,291)	(2,26,09,137)
Adjustments for:		
(Increase)/ Decrease in Trade & other Receivables	(4,40,47,553)	(4,68,15,755)
Increase/ (Decrease) in Liabilities and Provisions	7,74,08,077	7,26,50,453
	3,33,60,524	2,58,34,698
Cash Generated from Operations	(12,18,767)	32,25,561
Income Taxes (Paid)/Refund	(57,213)	-
Net Cash from/ (used in) Operating Activities (A)	(12,75,980)	32,25,561
B) CASH FLOW FROM INVESTING ACTIVITIES:		
Net Cash from/ (used in) Investing Activities (B)	-	-
C) CASH FLOW FROM FINANCING ACTIVITIES:		
Net Cash from/ (used in) Financing Activities (C)	-	-
Net Increase/ (Decrease) in Cash and Cash Equivalents (A+B+C)	(12,75,980)	32,25,561
Cash and Cash Equivalents at the Beginning of the year	32,37,150	11,589
Cash and Cash Equivalents at the End of the year	19,61,170	32,37,150

As per our report attached

For Shridhar & Associates
Chartered Accountants
Firm Regn. No. 134427W

Jitendra Sawjiyani
Partner
Membership No : 050980

Place : Mumbai
Date : May 27, 2016

For and on behalf of the Board

Paul Rhodes
Andrew Goldie } **Directors**

Flag Telecom Espana Network SAU

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

NOTE # 1

Significant Accounting Policies

a) Basis of Preparation of Financial Statements

The financial statements are prepared under historical cost convention, in accordance with the generally accepted accounting principles (GAAP) in India and Comply with Accounting Standard specified under Section 133 of the Companies Act, 2013 ("the Act") read with Rule 7 of the Companies (Accounts) Rules, 2014 and other provisions of the Act, to the extent notified and applicable as well as applicable guidance note and pronouncements of the Institute of Chartered Accountants of India (the ICAI).

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Schedule III to the Companies Act, 2013. Based on the nature of the services and their realisation in cash & cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current or non-current classification of assets and liabilities.

b) Revenue Recognition

Indefeasible Rights of Use

The Company sells Rights of Use (ROU) that provide customers with network capacity, typically over a 10 to 15 year period without transferring the legal title or giving an option to purchase the network assets. Revenue from cancellable ROU arrangements are accounted as operating lease and recognised over the life of the contract.

Revenue from non cancellable ROU arrangements is recognised upfront as licensing income on activation of services.

Bills raised on customers/ payments received from customers for long term contracts and for which revenue is not recognised are included in deferred revenue.

Operations And Maintenance

The Company provides operation and maintenance services over the life of the capacity contract, for which the Company receives Operation and Maintenance charges. Operation and maintenance charges are invoiced separately from capacity sales. Revenues relating to maintenance are recognized over the period in which the service is provided.

Network Services

Network services include Capacity lease services, IP transit, IPLC (private lines leased to customers), backup service for other network operators and all other services. The customer typically pays the charges for network services periodically over the life of the contract, which may be up to three years. Network Services revenue is recognized in the Company's income statement over the term of the contract.

c) Employee Benefits

Eligible employees of the Company are covered by defined contribution pension plan/provident fund scheme. Contribution to the plan/fund is made to the insurance companies/local regulatory authorities, where the Company has no further obligations. Such benefits are classified as defined contribution schemes, as the Company does not carry any further obligations apart from the contributions made on a monthly basis.

The Company does not have any material defined benefits plans.

d) Use of Estimates

The presentation of financial statements in conformity with accounting standards issued by ICAI requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the group reporting package and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known/ materialised.

e) Current and Deferred Tax

Tax expense for the period, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the period. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the taxation laws prevailing in the respective jurisdictions.

Deferred tax is recognised for all the timing differences, subject to the consideration of prudence in respect of deferred tax assets. Deferred tax assets are recognised and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. However, where there is unabsorbed depreciation or carry forward loss, the deferred tax asset is recognised and carried forward only to the extent that there is a virtual certainty that the assets will be realised in future. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. At each Balance Sheet date, the Company re-assesses unrecognised deferred tax asset if any.

Flag Telecom Espana Network SAU

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing current tax and where the deferred tax assets and the deferred tax liabilities relate to taxes on income levied by the same governing taxation laws.

f) Fixed Assets

i) Accounting of Tangible Fixed Assets

Tangible Assets are stated at cost of acquisition or construction (except revalued assets) including financing cost till commencement of commercial operations, net charges of foreign exchange contracts and adjustments arising from exchange rate variations, directly attributable to fixed assets.

Costs incurred prior to the capital project's completion are reflected as construction in progress, which is reclassified to Tangible assets on the date of completion of project and which is placed in service. Capital Work-in- Progress is stated at cost. Capitalized costs include costs incurred under the construction contract, engineering and consulting fees, legal fees related to obtaining landing right licenses, interest costs related to program management, costs for the route surveys, indirect costs associated with cable systems and points of presence ("PoPs"), and other costs incurred in the development of the Company's global network.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the Statement of Profit and Loss during the financial period in which they are incurred.

ii) Depreciation on Tangible Assets

Depreciation on fixed assets is provided on straight-line method on prorated basis based on the useful life of the fixed asset as follows:

Computer equipment..... 3 to 6 years.

Fixtures and fittings..... 3 to 7 years.

Vehicles..... 5 years.

Leasehold improvements..... over the useful life.

Network Assets..... the shorter of 15 to 25 years or remaining useful lives.

The estimated useful life of Network Assets is determined based on the estimated period over which they will generate revenue.

iii) Intangible Assets

Intangible Assets are stated at acquisition cost, net of accumulated amortisation and accumulated impairment losses, if any. Gains or losses arising from the retirement or disposal of an intangible asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognised as income or expense in the Statement of Profit and Loss.

Amortisation of Intangible Assets

Indefeasible Right of Use.....Fully amortised in the year of purchase.

iv) Impairment of Fixed Assets

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the Profit and Loss Account in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is increased / reversed where there has been change in the estimate of recoverable amount. The recoverable amount is higher of net selling price and value in use.

g) Effects of Changes in Foreign Currency Rates

Initial Recognition

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Subsequent Recognition

As at the reporting date, non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. All non-monetary items which are carried

Flag Telecom Espana Network SAU

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined. All monetary assets and liabilities in foreign currency are restated at the end of accounting period.

h) Cash and Cash Equivalents

In the cash flow statement, cash and cash equivalents include cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

i) Provisions, Contingent Liabilities and Contingent Assets

Provisions: Provisions are recognised when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance Sheet date and are not discounted to its present value.

Contingent Liabilities: Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

Contingent Assets: Contingent assets are neither recognised nor disclosed in the financial statements.

	As at March 31, 2016	Amount in ₹ As at March 31, 2015		
NOTE # 2.01				
Share Capital				
Authorised:				
100(100) Ordinary Shares of Euro 601.02 each	<u>35,37,288</u>	<u>33,36,813</u>		
	<u>35,37,288</u>	<u>33,36,813</u>		
Issued Subscribed and Paid up:				
100(100) Ordinary Shares of Euro 601.02 each, fully paid up	<u>35,37,288</u>	<u>33,36,813</u>		
	<u>35,37,288</u>	<u>33,36,813</u>		
a) Ordinary Shares held by Holding Company				
	No. of Shares	No. of Shares		
FLAG Telecom Ireland Network Limited	<u>100</u>	<u>100</u>		
	<u>100</u>	<u>100</u>		
b) Details of Shareholders holding more than 5% of the aggregate shares in the Company				
Particulars	% of Holding	No. of Shares	% of Holding	No. of Shares
FLAG Telecom Ireland Network Limited	100	100	100	100
c) Terms/ Rights attached to the shares				
The Company has ordinary shares having a par value of EURO 601.02 each . Each holder of shares is entitled to one vote per share. In the event of liquidation of the Company, the holder of shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of shares held by the shareholder.				
d) Reconciliation of shares outstanding at the beginning and at the end of the year				
	No of Shares	Amount ₹	No of Shares	Amount ₹
Ordinary Shares				
Balance as at the beginning of the year	100	35,37,288	100	33,36,813
Add: Movement for the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At the end of the year	<u>100</u>	<u>35,37,288</u>	<u>100</u>	<u>33,36,813</u>

Flag Telecom Espana Network SAU

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

	As at March 31, 2016	Amount in ₹ As at March 31, 2015
NOTE # 2.02		
Reserves and Surplus		
Foreign Currency Translation Reserve	(11,99,67,870)	(8,21,53,880)
Surplus/ (deficit) in Statement of Profit and Loss		
As per Last Balance Sheet	(54,74,11,244)	(54,85,38,360)
Add: Profit/ (Loss) for the year	8,42,538	11,27,116
Balance as the end of the year	(54,65,68,706)	(54,74,11,244)
Total Reserves and Surplus	(66,65,36,576)	(62,95,65,124)
NOTE # 2.03		
Trade Payables		
Sundry Creditors	15,08,617	58,96,771
Other contractual obligations	5,23,35,651	2,18,80,339
	5,38,44,268	2,77,77,110
NOTE # 2.04		
Other Current Liabilities		
Employee payable	83,18,418	84,82,683
Statutory Dues payable	1,35,835	1,37,01,835
Payable to Related Parties (Refer Note 2.18)	82,07,13,398	75,56,42,214
	82,91,67,651	77,78,26,732

Flag Telecom Espana Network SAU

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

NOTE # 2.05 Fixed Assets

Particulars	Gross Block			Depreciation			Net Block	
	As at April 1, 2015	Additions during the year	Forex adjustment	As at March 31, 2016	For the year	Forex adjustment	As at March 31, 2016	As at March 31, 2015
Tangible Assets								
Network Assets	8,26,87,024	-	49,67,837	8,76,54,861	22,62,469	48,39,840	8,71,99,341	25,89,993
Total	8,26,87,024	-	49,67,837	8,76,54,861	22,62,469	48,39,840	8,71,99,341	25,89,993
Previous Year	7,92,67,089	-	34,19,935	8,26,87,024	23,41,926	32,65,403	8,00,97,031	47,77,386

Flag Telecom Espana Network SAU

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

	As at March 31, 2016	Amount in ₹ As at March 31, 2015
NOTE # 2.06		
Cash and Bank Balances		
Balance with Banks		
- Current Accounts	19,61,170	32,37,150
	<u>19,61,170</u>	<u>32,37,150</u>
NOTE # 2.07		
Short-Term Loans and Advances		
Receivables from Related Parties (Refer Note 2.18)	21,06,23,682	16,83,35,136
Advance to Vendors	1,073	12,17,248
Balances with Government Authorities	69,71,186	39,96,004
	<u>21,75,95,941</u>	<u>17,35,48,388</u>
NOTE # 2.08		
Service Income		
Network Service Income	3,17,87,055	5,06,49,103
	<u>3,17,87,055</u>	<u>5,06,49,103</u>
NOTE # 2.09		
Other Income		
Gain on Foreign Exchange Fluctuation (Net)	19,45,255	-
Miscellaneous Income	177	1,468
	<u>19,45,432</u>	<u>1,468</u>
NOTE # 2.10		
Network Operation Expenses		
Landing Stations and Point of Presence costs	80,64,156	84,58,455
Terrestrial Cable, Inland Amplifier and Regenerator Sites	54,24,284	56,53,126
Local Tails	69,61,978	61,70,883
Internet Protocol	1,04,030	-
	<u>2,05,54,448</u>	<u>2,02,82,464</u>
NOTE # 2.11		
Employee Benefits Expenses		
Salaries, Wages and Bonus	76,13,549	88,87,080
Contribution to Provident and Other Funds	9,49,064	2,83,016
	<u>85,62,613</u>	<u>91,70,096</u>
NOTE # 2.12		
Depreciation and Amortization Expenses		
Depreciation on Tangible assets	22,62,469	23,41,926
	<u>22,62,469</u>	<u>23,41,926</u>

Flag Telecom Espana Network SAU

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

	Amount in ₹	
	For the year ended March 31, 2016	For the year ended March 31, 2015
NOTE # 2.13		
Sales and General Administration Expenses		
Insurance	-	1,04,57,092
Professional Charges	12,91,774	13,45,562
Licensing and Regulatory Fees	34,687	-
Travel and Entertainment	29,145	-
Loss on Foreign Exchange Fluctuation (Net)	-	58,40,884
Bank charges	97,600	85,431
	14,53,206	1,77,28,969

NOTE # 2.14

Background and Organisation

The principal activities of FLAG Telecom Espana Network SAU (the "Company") are providing Sale & distribution of Telecommunication Services & the Establishment, Installation, Maintenance & Operation of Public & Private Telecommunications Networks.

NOTE # 2.15

Earnings Per Share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to Common shareholders by the weighted average number of Common Shares outstanding during the period. Earnings considered in ascertaining the Company's earnings per share is the net profit for the period after deducting preference dividend and any attributable tax thereto for the period. The weighted average number of Common Shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential Common Shares that have changed the number of Common Shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to Common shareholders and the weighted average number of Common Shares outstanding during the period is adjusted for the effects of all dilutive potential Common Shares.

	Amount in ₹ except no of shares	
	For the year ended March 31, 2016	For the year ended March 31, 2015
A Profit/ (Loss) after Tax	8,42,538	11,27,116
B Weighted average number of share of Euro 601.02 each used as denominator for calculating Basic and Diluted EPS	100	100
C Basic and Diluted Earnings per Share (A/B)	8,425	11,271

NOTE # 2.16

Segment Reporting

In accordance with Accounting Standard 17 "Segmental Reporting" issued by The Institute of Chartered Accountants of India, the Company has determined its business segment as telecommunication network through fiber-optic cable systems and interfaces are owned by, leased to, or otherwise available to the company. Since 100% of the Company's business is from telecommunication activities, there are no other reportable segments. Hence, no Segment Reporting is required. Substantial network assets are located across geographic territories and therefore not identifiable to any particular geographical segment.

NOTE # 2.17

Prior Period comparatives have been classified & regrouped to confirm with the current year's presentation, where applicable.

Flag Telecom Espana Network SAU

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

NOTE # 2.18

In accordance with Accounting Standard 18 "Related Party Disclosures" issued by The Institute of Chartered Accountants of India, the company's related parties and transactions are disclosed below:

- A. Parties where control exist :
- i) Reliance Communications Limited
 - ii) Reliance Globalcom Limited
 - iii) Flag Telecom Ireland Network Limited
- B. Enterprises as affiliated companies are :
- i) Reliance Globalcom (UK) Limited
 - ii) Reliance Flag Telecom Ireland Limited
 - iii) Reliance Flag Atlantic France SAS
 - iv) Flag Telecom Network USA Limited
- C. Summarized below are the transactions entered into and closing balances with related parties:

Amount in ₹

Name of the Entity	Service Income		Short Term Loans & Advances		Current Liabilities	
	For the year ended March 31, 2016	For the year ended March 31, 2015	As at March 31, 2016	As at March 31, 2015	As at March 31, 2016	As at March 31, 2015
Reliance Globalcom (UK) Limited	-	-	-	-	17,06,189	15,81,662
Reliance Flag Telecom Ireland Limited	3,17,87,055	5,06,49,103	19,86,58,543	15,70,48,121	-	-
Flag Telecom Ireland Network Limited	-	-	-	-	66,07,15,357	62,32,69,335
Reliance Flag Atlantic France SAS	-	-	-	-	73,86,412	69,67,787
Flag Telecom Network USA Limited	-	-	1,19,65,139	1,12,87,015	-	-
Reliance Globalcom Limited	-	-	-	-	15,09,05,440	12,38,23,430

NOTE # 2.19

The amounts relating to Balance Sheet items appearing in Amount in ₹ have been translated at Closing Rate of 1 USD = ₹ 66.255 (Previous year 1 USD = ₹ 62.50) and items relating to profit and loss have been translated at average rate of 1 USD = ₹ 65.4562 (Previous year 1 USD = ₹ 61.153).

The amounts have been converted in INR to comply with the financial reporting requirement in India.

As per our report attached

For and on behalf of the Board

For Shridhar & Associates

Chartered Accountants
Firm Regn. No. 134427W

Paul Rhodes

Andrew Goldie

} **Directors**

Jitendra Sawjany

Partner
Membership No : 050980

Place : Mumbai
Date : May 27, 2016

Flag Telecom Development Services Company LLC

Independent Auditor's Report

To
**The Board of Directors of Flag Telecom Development Services
Company LLC**

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Flag Telecom Development Services Company LLC ("the Company"), which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India including Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion whether the Company has in place an adequate Internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements read together with the notes thereon give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016 and its profit and its cash flows for the year ended on that date.

Other Reporting Requirements

We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account.

Other Matters

This report is issued for the information and use of the Board of Directors of the Company and of Reliance Communications Limited, the holding company in India to comply with the financial reporting requirements in India and should not be used for any other purposes without our prior written consent.

**For Shridhar & Associates
Chartered Accountants**

Firm Registration No.: 134427W

**Jitendra Sawjany
Partner
Membership No. 050980**

Place: Mumbai
Dated: May 27, 2016

Flag Telecom Development Services Company LLC

Balance Sheet as at March 31, 2016

	Note	As at March 31, 2016	Amount in ₹ As at March 31, 2015
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2.01	8,74,632	8,25,063
Reserves and Surplus	2.02	(1,94,05,599)	(2,08,20,470)
		<u>(1,85,30,967)</u>	<u>(1,99,95,407)</u>
Current Liabilities			
Trade Payables	2.03	1,21,95,475	1,29,418
Other Current Liabilities	2.04	2,44,16,390	7,37,26,393
Short Term Provisions	2.05	5,83,477	5,50,429
		<u>3,71,95,342</u>	<u>7,44,06,240</u>
TOTAL		<u>1,86,64,375</u>	<u>5,44,10,833</u>
ASSETS			
Current Assets			
Cash and Bank Balances	2.06	20,78,340	-
Short-Term Loans and Advances	2.07	1,65,86,035	5,44,10,833
		<u>1,86,64,375</u>	<u>5,44,10,833</u>
TOTAL		<u>1,86,64,375</u>	<u>5,44,10,833</u>
Significant Accounting Policies	1		
Notes forming part of Financial Statements	2		

As per our report attached

For Shridhar & Associates
Chartered Accountants
Firm Regn. No. 134427W

Jitendra Sawjiyani
Partner
Membership No : 050980

Place : Mumbai
Date : May 27, 2016

For and on behalf of the Board

Girish Kulai
Hassan Mohamed } **Directors**

Flag Telecom Development Services Company LLC

Statement of Profit and Loss for the year ended March 31, 2016

		Amount in ₹	
	Note	For the year ended March 31, 2016	For the year ended March 31, 2015
Income			
Service Income	2.08	3,84,28,324	4,05,36,953
Other Income	2.09	53,35,724	-
		<u>4,37,64,048</u>	<u>4,05,36,953</u>
Expenditure			
Employee Benefits Expenses	2.10	2,77,89,837	2,58,45,077
Sales and General Administration Expenses	2.11	1,33,40,590	1,22,99,191
		<u>4,11,30,427</u>	<u>3,81,44,268</u>
Profit/ (Loss) Before Tax		<u>26,33,621</u>	<u>23,92,685</u>
Provision for taxation - Current Tax		-	34,30,834
Profit /(Loss) After Tax		<u>26,33,621</u>	<u>(10,38,149)</u>
Earning Per Share (Basic and Diluted)	2.13	5,267	(2,076)
Significant Accounting Policies	1		
Notes forming part of Financial Statements	2		

As per our report attached

For Shridhar & Associates
Chartered Accountants
Firm Regn. No. 134427W

Jitendra Sawjiyani
Partner
Membership No : 050980

Place : Mumbai
Date : May 27, 2016

For and on behalf of the Board

Girish Kulai
Hassan Mohamed } **Directors**

Flag Telecom Development Services Company LLC

Cash Flow Statement for the year ended March 31, 2016

	For the year ended March 31, 2016	Amount in ₹ For the year ended March 31, 2015
A) CASH FLOW FROM OPERATING ACTIVITIES:		
Profit/(Loss) Before Tax	26,33,621	23,92,685
Adjustments for:		
Effects of exchange difference on translation of Assets and Liabilities	(11,69,181)	(8,05,993)
Operating Profit/ (Loss) before Working Capital Changes	14,64,440	15,86,692
Adjustments for:		
(Increase)/ Decrease in Trade & other Receivables	3,78,24,798	5,40,46,806
Increase/ (Decrease) in Liabilities and Provisions	(3,72,10,898)	(5,26,97,685)
	6,13,900	13,49,121
Cash Generated from Operations	20,78,340	29,35,813
Income Taxes (Paid)/Refund	-	(34,30,834)
Net Cash from/ (used in) Operating Activities (A)	20,78,340	(4,95,021)
B) CASH FLOW FROM INVESTING ACTIVITIES:		
Net Cash from/ (used in) Investing Activities (B)	-	-
C) CASH FLOW FROM FINANCING ACTIVITIES:		
Net Cash from/ (used in) Financing Activities (C)	-	-
Net Increase/ (Decrease) in Cash and Cash Equivalents (A+B+C)	20,78,340	(4,95,021)
Cash and Cash Equivalents at the Beginning of the year	-	4,95,021
Cash and Cash Equivalents at the End of the year	20,78,340	-

As per our report attached

For Shridhar & Associates
Chartered Accountants
Firm Regn. No. 134427W

Jitendra Sawjiyani
Partner
Membership No : 050980

Place : Mumbai
Date : May 27, 2016

For and on behalf of the Board

Girish Kulai
Hassan Mohamed } **Directors**

Flag Telecom Development Services Company LLC

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

NOTE # 1

Significant Accounting Policies

a) Basis of Preparation of Financial Statements

The financial statements are prepared under historical cost convention, in accordance with the generally accepted accounting principles (GAAP) in India and Comply with Accounting Standard specified under Section 133 of the Companies Act, 2013 ("the Act") read with Rule 7 of the Companies (Accounts) Rules, 2014 and other provisions of the Act, to the extent notified and applicable as well as applicable guidance note and pronouncements of the Institute of Chartered Accountants of India (the ICAI).

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Schedule III to the Companies Act, 2013. Based on the nature of the services and their realisation in cash & cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current or non-current classification of assets and liabilities.

Financial Statements have been prepared on a going concern basis and financial support as may be required, shall be extended by associates and / or parent company.

b) Revenue Recognition

Indefeasible Rights of Use

The Company sells Right of Use (ROU) that provide customers with network capacity, typically over a 10 to 15 year period without transferring the legal title or giving an option to purchase the network assets. Revenue from cancellable ROU arrangements are accounted as operating lease and recognised over the life of the contract.

Revenue from non cancellable ROU arrangements is recognised upfront as licensing income on activation of services.

Bills raised on customers/ payments received from customers for long term contracts and for which revenue is not recognised are included in deferred revenue.

Operations and Maintenance

The Company provides operation and maintenance services over the life of the capacity contract, for which the Company receives Operation and Maintenance charges. Operation and maintenance charges are invoiced separately from capacity sales. Revenues relating to maintenance are recognized over the period in which the service is provided.

Network Services

Network services include Capacity lease services, IP transit, IPLC (private lines leased to customers), backup service for other network operators and all other services. The customer typically pays the charges for network services periodically over the life of the contract, which may be up to three years. Network Services revenue is recognized in the Company's income statement over the term of the contract.

c) Employee Benefits

Eligible employees of the Company are covered by defined contribution pension plan/provident fund scheme. Contribution to the plan/fund is made to the insurance companies/local regulatory authorities, where the Company has no further obligations. Such benefits are classified as defined contribution schemes, as the Company does not carry any further obligations apart from the contributions made on a monthly basis.

The Company does not have any material defined benefits plans.

d) Use of Estimates

The presentation of financial statements in conformity with accounting standards issued by ICAI requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the group reporting package and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known/ materialised.

e) Current and Deferred Tax

Tax expense for the period, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the period. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the taxation laws prevailing in the respective jurisdictions.

Deferred tax is recognised for all the timing differences, subject to the consideration of prudence in respect of deferred tax assets. Deferred tax assets are recognised and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. However, where there is unabsorbed depreciation or carry forward loss, the deferred tax asset is recognised and carried forward only to the extent

Flag Telecom Development Services Company LLC

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

that there is a virtual certainty that the assets will be realised in future. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. At each Balance Sheet date, the Company re-assesses unrecognised deferred tax asset if any.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing current tax and where the deferred tax assets and the deferred tax liabilities relate to taxes on income levied by the same governing taxation laws.

f) **Effects of Changes in Foreign Currency Rates**

Initial Recognition

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Subsequent Recognition

As at the reporting date, non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. All non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined. All monetary assets and liabilities in foreign currency are restated at the end of accounting period.

g) **Cash and Cash Equivalents**

In the cash flow statement, cash and cash equivalents include cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

h) **Provisions, Contingent Liabilities and Contingent Assets**

Provisions are recognised when the company has legal and constructive obligation as a result of past events which it is probable that a cash outflow will be required and a reliable estimate can be made of the amount of obligation.

Contingent Liabilities: Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

Contingent Assets: Contingent assets are neither recognised nor disclosed in the financial statements.

Flag Telecom Development Services Company LLC

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

	As at March 31, 2016	Amount in ₹ As at March 31, 2015	
NOTE # 2.01			
Share Capital			
Authorised:			
500 (500) Shares of Egyptian Pound 100 each	<u>8,74,632</u>		<u>8,25,063</u>
	<u>8,74,632</u>		<u>8,25,063</u>
Issued Subscribed and Paid up:			
500 (500) Shares of Egyptian Pound 100 each, fully paid up	<u>8,74,632</u>		<u>8,25,063</u>
	<u>8,74,632</u>		<u>8,25,063</u>
a) Shares held by Holding Company			
	No. of Shares		No. of Shares
Flag Telecom Development Limited	<u>495</u>		<u>495</u>
Reliance Globalcom Limited	<u>5</u>		<u>5</u>
	<u>500</u>		<u>500</u>
b) Details of shareholders holding more than 5% of the aggregate shares in the Company			
Particulars	% of Holding	No. of Shares	% of Holding
Flag Telecom Development Limited	99	495	99
			No. of Shares
			<u>495</u>
			<u>5</u>
			<u>500</u>
c) Terms/ Rights attached to the shares			
The Company has shares having a par value of Egyptian Pound 100 each. Each holder of shares is entitled to one vote per share. In the event of liquidation of the Company, the holder of shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of shares held by the shareholder.			
d) Reconciliation of shares outstanding at the beginning and at the end of the year			
	No. of Shares	Amt (₹)	No. of Shares
			Amt (₹)
Balance as at the beginning of the year	<u>500</u>	<u>8,74,632</u>	<u>500</u>
Add: Movement for the year	<u>-</u>	<u>-</u>	<u>-</u>
At the end of the year	<u>500</u>	<u>8,74,632</u>	<u>500</u>
	<u>500</u>	<u>8,74,632</u>	<u>500</u>
	<u>8,74,632</u>		<u>8,25,063</u>

Flag Telecom Development Services Company LLC

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

	As at March 31, 2016	Amount in ₹ As at March 31, 2015
NOTE # 2.02		
Reserves and Surplus		
Foreign Currency Translation Reserve	(25,06,626)	(12,87,876)
Surplus/ (Deficit) in Statement of Profit and Loss		
As per Last Balance Sheet	(1,95,32,594)	(1,84,94,445)
Add: Profit/ (Loss) for the year	26,33,621	(10,38,149)
Balance as the end of the year	<u>(1,68,98,973)</u>	<u>(1,95,32,594)</u>
Total Reserves and Surplus	<u>(1,94,05,599)</u>	<u>(2,08,20,470)</u>
NOTE # 2.03		
Trade Payables		
Sundry Creditors	11,38,149	97,716
Other contractual obligations	1,10,57,326	31,702
	<u>1,21,95,475</u>	<u>1,29,418</u>
NOTE # 2.04		
Other Current Liabilities		
Employee payable	28,19,512	94,42,031
Statutory Dues payable	5,65,914	-
Other Liabilities/Accrued Expense	-	23,60,395
Payable to Related Parties (Refer Note 2.16)	2,10,30,964	6,19,23,968
	<u>2,44,16,390</u>	<u>7,37,26,393</u>
NOTE # 2.05		
Short Term Provisions		
Income Tax (net of advance tax)	5,83,477	5,50,429
	<u>5,83,477</u>	<u>5,50,429</u>
NOTE # 2.06		
Cash and Bank Balances		
Balance with Banks		
- Current Accounts	20,78,340	-
	<u>20,78,340</u>	<u>-</u>
NOTE # 2.07		
Short-Term Loans and Advances		
Receivables from Related Parties (Refer Note 2.16)	1,64,70,167	5,33,40,121
Deposits	11,273	10,634
Advance to Vendors	1,04,595	10,60,079
	<u>1,65,86,035</u>	<u>5,44,10,833</u>

Flag Telecom Development Services Company LLC

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

	Amount in ₹	
	For the year ended March 31, 2016	For the year ended March 31, 2015
NOTE # 2.08		
Service Income		
Network Service Income	<u>3,84,28,324</u>	<u>4,05,36,953</u>
	<u>3,84,28,324</u>	<u>4,05,36,953</u>
NOTE # 2.09		
Other Income		
Gain on Foreign Exchange Fluctuation (Net)	<u>51,77,742</u>	-
Miscellaneous Income	<u>1,57,982</u>	-
	<u>53,35,724</u>	<u>-</u>
NOTE # 2.10		
Employee Benefits Expenses		
Salaries, Wages and Bonus	<u>2,67,68,259</u>	<u>2,45,55,016</u>
Contribution to Provident and Other Funds	<u>10,21,578</u>	<u>12,90,061</u>
	<u>2,77,89,837</u>	<u>2,58,45,077</u>
NOTE # 2.11		
Sales and General Administration Expenses		
Rent	<u>52,19,787</u>	<u>47,65,705</u>
Insurance	<u>23,28,879</u>	<u>13,07,306</u>
Professional Charges	<u>15,02,875</u>	<u>15,65,517</u>
Licensing and Regulatory Fees	-	42,282
Travel and Entertainment	<u>12,05,390</u>	<u>12,74,292</u>
Loss on Foreign Exchange Fluctuation (Net)	-	9,356
Communication	<u>11,12,051</u>	<u>2,86,502</u>
Information Technology Support	<u>38,939</u>	-
Bank charges	<u>10,42,201</u>	<u>64,080</u>
Facility Usage charges	<u>11,424</u>	<u>20,09,686</u>
Postage & Courier	-	30,997
Miscellaneous Expense	<u>2,89,938</u>	-
	<u>1,27,51,484</u>	<u>1,13,55,723</u>
Payment to auditors	<u>5,89,106</u>	<u>9,43,468</u>
	<u>1,33,40,590</u>	<u>1,22,99,191</u>

Flag Telecom Development Services Company LLC

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

NOTE # 2.12

Background and Organisation

The principal activities of FLAG Telecom Development Services Company LLC (the "Company") are providing consultation in Telecom sector.

NOTE # 2.13

Earnings per Share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to Common shareholders by the weighted average number of Common Shares outstanding during the period. Earnings considered in ascertaining the Company's earnings per share is the net profit for the period after deducting preference dividend and any attributable tax thereto for the period. The weighted average number of Common Shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential Common Shares that have changed the number of Common Shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to Common shareholders and the weighted average number of Common Shares outstanding during the period is adjusted for the effects of all dilutive potential Common Shares.

Amount in ₹ except No. of shares

Earnings per Share	For the year ended March 31, 2016	For the year ended March 31, 2015
A Profit/ (Loss) after Tax	26,33,621	(10,38,149)
B Weighted average number of share of Egyptian Pound 100 each used as denominator for calculating Basic and Diluted EPS	500	500
C Basic and Diluted Earnings per Share (A/B)	5,267	(2,076)

NOTE # 2.14

Segment Reporting

In accordance with Accounting Standard 17 "Segmental Reporting" issued by the Institute of Chartered Accountants of India, the Company has determined its business segment as telecommunication network through fiber-optic cable systems and interfaces are owned by, leased to, or otherwise available to the company. Since 100% of the Company's business is from telecommunication activities, there are no other reportable segments. Hence, no Segment Reporting is required. Substantial network assets are located across geographic territories and therefore not identifiable to any particular geographical segment.

NOTE # 2.15

Prior Period comparatives have been classified & regrouped to confirm with the current year's presentation, where applicable.

NOTE # 2.16

Related Party Disclosures

In accordance with Accounting Standard 18 "Related Party Disclosures" issued by the Institute of Chartered Accountants of India, the company's related parties and transactions are disclosed below:

- A. Parties where control exist :
 - i) Reliance Communications Limited
 - ii) Reliance Globalcom Limited
 - iii) Flag Telecom Development Limited
- B. Enterprises as affiliated companies are :
 - i) Reliance Flag Telecom Ireland Limited
 - ii) Flag Telecom Ireland Network Limited

Flag Telecom Development Services Company LLC

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

C. Summarized below are the transactions entered into and closing balances with related parties:

Amount in ₹

Name of the Entity	Service Income		Short Term Loans and Advances		Other Current Liabilities	
	For the year ended March 31, 2016	For the year ended March 31, 2015	As at March 31, 2016	As at March 31, 2015	As at March 31, 2016	As at March 31, 2015
Reliance Flag Telecom Ireland Limited	3,84,28,324	4,05,36,953	1,55,95,495	-	-	2,19,81,127
Flag Telecom Ireland Network Limited	-	-	-	-	11,26,335	10,62,500
Reliance Globalcom Limited	-	-	-	5,25,15,058	1,99,04,629	3,88,80,341
Flag Telecom Development Limited	-	-	8,74,672	8,25,063	-	-

NOTE # 2.17

The amounts relating to Balance Sheet items appearing in Amount in ₹ have been translated at Closing Rate of 1 USD = ₹ 66.255 (Previous year 1 USD = ₹ 62.50) and items relating to profit and loss have been translated at average rate of 1 USD = ₹ 65.4562 (Previous year 1 USD = ₹ 61.153).

The amounts have been converted in INR to comply with the financial reporting requirement in India.

As per our report attached

For and on behalf of the Board

For Shridhar & Associates

Chartered Accountants
Firm Regn. No. 134427W

Girish Kulai

Hassan Mohamed

} **Directors**

Jitendra Sawjany

Partner
Membership No : 050980

Place : Mumbai
Date : May 27, 2016

Reliance Webstore Limited

Independent Auditor's Report

To the Members of Reliance Webstore Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Reliance Webstore Limited ('the Company'), which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2016, and its profit and cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

As required by 'the Companies (Auditor's Report) Order, 2016', issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (hereinafter referred to as 'the Order'), we give in the 'Annexure A' statement on the matters specified in paragraphs 3 & 4 of the Order.

As required by Section 143 (3) of the Act, we report that:

- (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- (c) the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- (d) in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- (e) on the basis of the written representations received from the directors as on March 31, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) 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, if any of pending litigations as at March 31, 2016 on its financial position in its Financial Statements – Refer Note 2.23 to the Financial Statements;
 - ii. The Company did not have any long-term contracts including derivative contracts as at 31st March, 2016 for which there were any material foreseeable losses; and
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2016.

For Chaturvedi & Shah
Chartered Accountants
Firm Regn. No : 101720W

Lalit R. Mhalsekar
Partner
Membership No : 103418

Place: Mumbai
Dated: May 7, 2016

Reliance Webstore Limited

Annexure A to Independent Auditor's Report – 31st March 2016

With reference to the 'Annexure A' referred to in the Independent Auditors' Report to the Members of Reliance Webstore Limited ('the Company') on the financial statements for the year ended March 31, 2016, we report the following:

1. (a) The company has maintained proper records showing full particulars, including quantitative details and location of fixed assets.
- (b) As explained to us, the fixed assets have been physically verified by the management during the year in a phased periodic manner, which in our opinion is reasonable, having regard to the size of the company and nature of its asset and no material discrepancies were noticed on such verification.
- (c) As represented and as per the records of the company, there is no immovable property in books of company. Accordingly, paragraphs 3 (i) (c) of the Order are not applicable to the Company.
2. (a) The inventories have been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable.
- (b) The Company is maintaining proper records of inventories. As explained to us, discrepancies noticed on physical verification of inventory have been fully provided in the books of the company.
3. 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 paragraphs 3(iii) (a), (b) and (c) of the Order are not applicable to the Company.
4. In our opinion and according to the information and explanations given to us, the company has not given loans, investments, guarantees, and any security under provisions of section 185 and 186 of the Companies Act, 2013. Accordingly, Paragraph 3(iv) of the Order is not applicable to the Company.
5. In our opinion, and information and explanations given to us, the Company has not accepted deposits as per directives issued by the Reserve Bank of India under the provisions of Section 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Accordingly, Paragraph 3(v) of the Order is not applicable to the Company.
6. As informed to us, the Central Government has not prescribed maintenance of cost records under Sub-Section (1) of section 148 of the Companies Act, 2013. Accordingly the clause 3(vi) is not applicable.
7. (a) According to the records of the company, the company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Income Tax, Sales tax, Wealth Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and any other statutory dues applicable to it. Employee State Insurance is not applicable to the company. According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Sales tax, Wealth Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and any other statutory dues with the appropriate authorities were in arrears as at March 31, 2016 for a period of more than six months from the date they became payable.
- (b) According to the information and explanation given to us and the records of the company examined by us, there are no dues of Income Tax, Sales Tax, Wealth Tax, Service Tax, Duty of Custom, Duty of Excise, Value Added Tax and Cess which have not been deposited on account of any dispute. The particulars of dues of sales tax, entry tax and service tax as at March 31, 2016 which have not been deposited on account of dispute are as follows:

Nature of Statute	Nature of Tax	Period to which the amount relates	Forum where the dispute is pending	Amount * (₹ In Crores)
The Finance Act, 1994	Service Tax	2006-07 to 2010-11	Commissioner of Appeals	0.52
Value Added Tax and Central Sales Tax Act	CST	2003-04, 2005-06, 2010-11	Joint commissioner (Appeals)	0.67
	CST	2009-10, 2010-11	Assistant Commissioner of Commercial Taxes	0.01
	VAT	2003-04, 2004-05, 2010-11, 2011-12	Joint commissioner (Appeals)	1.36
	VAT	2008-09, 2014-15	Dy. Excise and Taxation Commissioner (Appeals)	0.07
	VAT	2007-08	Revisional Board	0.03
	VAT	2009-10, 2010-11	Assistant Commissioner of Commercial Taxes	0.09
	VAT	2006-07, 2009-10	Additional Commissioner of Appeals	0.24
Entry Tax Act, 1976	Entry Tax	2004-05 to 2012-13	Supreme Court	0.00**
	Entry Tax	2006-07	Appellate Board	0.00***
	Entry Tax	2003-04	Trade Tax Tribunal	0.06

* Net of amount deposited under protest.

** ₹ 30,461

*** ₹ 18,694

Reliance Webstore Limited

Annexure To Independent Auditor's Report

8. The company has not raised loans from Financial Institutions or Banks or Government or debenture holders. Hence clause 3(viii) of the order requiring comment on repayment of the dues to them is not applicable.
9. In our opinion and according to the information and explanations given to us, the company has not raised money by way of Initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, the provision of Clause 3(ix) of the order is not applicable to the company.
10. According to the information and explanations given to us, no significant fraud on or by the company by its officers or employees, that causes a material misstatement to the financial statements, has been noticed or reported during the year.
11. According to the information and explanations given to us, the company has not paid or provided managerial remuneration during the year. Accordingly, the provision of Clause 3(xi) of the order is not applicable to the company.
12. As the company is not the Nidhi Company, the provision of Clause 3(xii) of the order is not applicable to the company.
13. According to the information and explanations given to us, the company has made all the transactions with the related parties in compliance with sections 177 & 188 of Companies Act and the details have been disclosed in the Financial Statements as required by the applicable Accounting Standards.
14. According to the information and explanations given to us, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year as per section 42 of the Companies Act, 2013. Accordingly, the provision of Clause 3(xiv) of the order is not applicable to the company.
15. According to the information and explanations given to us, the company has not entered into any non cash transactions with the directors or persons connected with them as per section 192 of Companies Act, 2013.
16. The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the clause 3(xvi) is not applicable.

For Chaturvedi & Shah
Chartered Accountants
Firm Regn. No : 101720W

Lalit R. Mhalsekar
Partner
Membership No : 103418

Place: Mumbai
Dated: May 7, 2016

Reliance Webstore Limited

Annexure B to Independent Auditor's Report – 31st March 2016

Annexure B to Independent Auditor's Report – 31st March 2016 on the Financial Statements of Reliance Webstore Limited

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 Webstore Limited ('the Company') as of March 31, 2016 in conjunction with our audit of the 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'. 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 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 Companies Act, 2013, 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 Institute of Chartered Accountants of India. 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 judgement, 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 Institute of Chartered Accountants of India".

For Chaturvedi & Shah
Chartered Accountants
Firm Regn. No : 101720W

Lalit R. Mhalsekar
Partner
Membership No : 103418

Place: Mumbai
Dated: May 7, 2016

Reliance Webstore Limited

Balance Sheet as at March 31, 2016

	NOTES	As at March 31, 2016		(₹ in crore) As at March 31, 2015	
EQUITY AND LIABILITIES					
Shareholders' Funds					
(a)	Share Capital	2.01	0.05		0.05
(b)	Reserves and Surplus	2.02	<u>84.67</u>	<u>84.72</u>	<u>83.69</u> 83.74
Current Liabilities					
(a)	Short-Term Borrowings	2.03	130.23		110.15
(b)	Trade Payables	2.04	167.15		209.47
	(i) Due to Micro and Small Enterprises		28.57		5.01
	(ii) Others		<u>138.58</u>	<u>204.46</u>	
(c)	Other Current Liabilities	2.05	<u>697.76</u>	<u>995.14</u>	<u>1,501.70</u> 1,821.32
TOTAL			<u><u>1,079.86</u></u>		<u><u>1,905.06</u></u>
ASSETS					
Non Current Assets					
(a)	Fixed Assets				
	(i) Tangible Assets	2.06	213.45		203.79
	(ii) Capital Work In Progress	2.06	<u>144.20</u>	<u>357.65</u>	<u>127.36</u> 331.15
(b)	Non Current Investment	2.07		2.15	2.16
(c)	Long Term Loans & Advances	2.08		25.32	3.54
Current Assets					
(a)	Inventories	2.09	49.01		136.77
(b)	Trade Receivables	2.10	287.81		836.93
(c)	Cash and Bank Balances	2.11	22.26		1.61
(d)	Short Term Loans and Advances	2.12	314.44		554.16
(e)	Other Current Assets	2.13	<u>21.22</u>	<u>694.74</u>	<u>38.74</u> 1,568.21
TOTAL			<u><u>1,079.86</u></u>		<u><u>1,905.06</u></u>
SIGNIFICANT ACCOUNTING POLICIES	1				
NOTES ON ACCOUNTS	2				

Notes referred to above form an integral part of the Financial Statements.

As per our Report of even date

For Chaturvedi & Shah

Chartered Accountants
Firm Regn No. 101720W

Lalit R. Mhalsekar

Partner
Membership No. 103418

Mumbai
May 7, 2016

For and on behalf of the Board

Anil Kalya

DIN: 06460981

Grace Thomas

DIN: 07079566

} Directors

Reliance Webstore Limited

Statement of Profit and Loss for the year ended March 31, 2016

	NOTES	For the year ended March 31, 2016	(₹ in crore) For the year ended March 31, 2015
INCOME			
Revenue from Operations	2.14	1,616.17	1,870.21
Other Income	2.15	2.12	10.68
Total Revenue		1,618.29	1,880.89
EXPENDITURE			
Cost of Goods Sold	2.16	204.10	236.19
Bandwidth Cost & IDC Charges	2.17	1.35	10.17
Utilities and Services Consumed	2.18	10.16	28.54
Employee Benefits Expenses	2.19	21.32	47.72
Finance Costs	2.20	24.77	62.01
Depreciation Expenses	2.06	35.45	33.32
Sales and General Administration Expenses	2.21	1,318.11	1,342.58
Total Expenses		1,615.26	1,760.53
Profit before Tax		3.03	120.36
Tax Expense :			
Current Tax		1.98	24.64
MAT Entitlement		-	(2.06)
Short Provision for Tax of Earlier Years		0.07	-
Profit After Tax		0.98	97.78
Earning per Share of face value of ₹ 10 each fully paid up			
Basic (₹)	2.30	195.63	19 556.86
Diluted (₹)		195.63	19 556.86

Significant Accounting Policies 1

Notes On Accounts 2

Notes referred to above form an integral part of the Financial Statements.

As per our Report of even date

For Chaturvedi & Shah

Chartered Accountants
Firm Regn No. 101720W

Lalit R. Mhalsekar

Partner
Membership No. 103418

Mumbai
May 7, 2016

For and on behalf of the Board

Anil Kalya
DIN: 06460981

Grace Thomas
DIN: 07079566

} **Directors**

Reliance Webstore 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		
Net Profit/ (Loss) before tax as per Statement of Profit and Loss	3.03	120.36
Adjusted for:		
Depreciation Expenses	35.45	33.32
Finance Cost	1.68	50.56
Write back of Creditors/Provisions no longer required	-	(6.58)
Interest Income ₹ 27,776 (Previous Year ₹ Nil)	-	-
Effect of change in Unrealised Foreign Exchange Rate	(1.20)	(0.66)
	35.93	76.64
Operating Profit before Assets and Liabilities Changes	38.96	197.00
Adjusted for:		
Receivables and other Advances	805.67	(911.44)
Inventories	87.76	(67.61)
Trade Payables and Other Liabilities	(846.03)	843.32
	47.40	(135.73)
Cash Generated from Operations	86.36	61.27
Income Tax Paid	(23.13)	(3.69)
	63.23	57.58
B CASH FLOW FROM INVESTING ACTIVITIES		
Additions to Fixed Assets & CWIP	(61.95)	3.48
Sale of Investments	0.01	-
Purchase of Investments	-	(2.16)
Interest Income ₹ 27,776 (Previous Year ₹ Nil)	-	-
Net Cash from / (used in) Investing Activities	(61.94)	1.32
C CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from/(Repayment of) Short term Borrowings (net)	20.84	(6.33)
Interest Paid	(1.48)	(52.99)
Net Cash (Used in) / from Financing Activities	19.36	(59.32)
Net Increase/ (Decrease) in Cash and Cash Equivalents	20.65	(0.42)
Opening Balance of Cash and Cash Equivalents	1.61	2.03
Closing Balance of Cash and Cash Equivalents	22.26	1.61
(Refer Note 2.11)		

NOTE:

- (1) Figures in brackets indicates Cash Outflow
- (2) Cash and Cash Equivalent includes cash on hand, cheques on hand and bank balances.
- (3) Cash flow statement has been prepared under the Indirect method set out in AS 3 "Cash Flow Statements".

As per our Report of even date

For Chaturvedi & Shah

Chartered Accountants
Firm Regn No. 101720W

Lalit R. Mhalsekar

Partner
Membership No. 103418

Mumbai
May 7, 2016

For and on behalf of the Board

Anil Kalya

DIN: 06460981

Grace Thomas

DIN: 07079566

} Directors

Reliance Webstore Limited

Significant Accounting Policies to Balance Sheet and Statement of Profit and Loss

Note:1

1.01 Basis of Preparation of Financial Statements

The financial statements are prepared under historical cost convention, in accordance with the generally accepted accounting principles (GAAP) in India and Comply with Accounting Standard specified under Section 133 of the Companies Act, 2013 ("the Act") read with Rule 7 of the Companies (Accounts) Rules, 2014 and other provision of the Act, to the extent notified and applicable as well as applicable guidance note and pronouncements of the Institute of Chartered Accountants of India (the ICAI).

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Schedule III to the Companies Act, 2013. Based on the nature of the services and their realisation in cash & cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current or non-current classification of assets and liabilities.

1.02 Use of Estimates

The 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 net of Modvat/Cenvat/Value added tax and includes amount added on revaluation less accumulated depreciation / amortisation and impairment loss, if any.
- ii) Expenses incurred relating to project prior to commencement of commercial operation are considered as project development expenditure and shown under Capital Work-in-Progress.
- iii) In respect of operating leases, rentals are expensed with reference to lease terms and other considerations in compliance with the provisions of the Accounting Standard - 19 issued by the Institute of Chartered Accountants of India, except for rentals pertaining to the period up to the date of commencement of commercial operations, which are capitalised.

1.04 Depreciation

- 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.
- ii) Depreciation on Leasehold Improvements is provided on Straight Line Method based on the lease period i.e. 10 years or lease period whichever is lower.

1.05 Impairment of Assets

An Asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired. The impairment loss recognised in prior accounting period is increased/reversed where there has been change in the estimate of recoverable amount. The recoverable value is the higher of the assets net selling price and value in use.

1.06 Investments

Current Investments are carried at lower of cost and quoted / fair value, computed investment wise. Long Term Investments are stated at cost. Provision for diminution in the value of long-term investments is made only if such decline is other than temporary in the opinion of the management.

1.07 Inventories

Items of inventories are measured at lower of moving weighted average cost or net realisable value. Cost of inventories comprise of all cost of purchase and other costs incurred.

1.08 Foreign Currency Transactions

- i) Transactions denominated in foreign currencies are normally recorded at the exchange rates prevailing at the time of the transaction.
- ii) Monetary items denominated in foreign currencies at the year end are restated at the year end rates. In case of monetary items which are covered by forward exchange contracts, the difference between the year end rate and rate on the date of the contract is recognised as exchange difference and the premium paid on forward contracts is recognised over the life of the contract.
- iii) Non monetary foreign currency items are carried at cost.
- iv) Any gain or loss on account of exchange difference either on settlement or on the translation is recognised as an income or expense in the year in which the same is incurred.

Reliance Webstore Limited

Note on Accounts to the Balance Sheet and Statement of Profit and Loss

1.09 Revenue Recognition

- i) Revenue includes sale of communication devices, accessories/ any other traded goods and services, net of taxes and income from services are recognised when the same is performed on the basis of actual usage of facilities by customers.
- ii) Service Income in Marketing, Billing Income, Common Cost / Infrastructure Sharing Income and Promotional Activities are recognised after considering credit note / discount.
- iii) Interest on Investment is booked on time proportion basis taking into account the amounts invested and the rate of interest and in case of Fixed Maturity Plans, the gains are accrued.
- iv) Dividend income on investments is accounted for when the right to receive the payment is established.

1.10 Provision for Doubtful debts

Provision is made in the accounts for Doubtful debts in cases where the Management considers the debts to be doubtful of recovery.

1.11 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 both Current Tax and Deferred Tax at the applicable enacted or substantively enacted rates. Current Tax represents the amount of Income Tax payable / recoverable in respect of the taxable income / loss for the reporting period. Deferred Tax represents the effect of timing difference between taxable income and accounting income for the reporting period that originate in one period and are capable of reversal in one or more subsequent periods. The Deferred Tax is recognised and carried forward only to the extent that there is a reasonable certainty that the assets will be realised in future. However, where there is unabsorbed depreciation or carried forward loss under taxation laws, Deferred Tax Assets are recognised only if there is virtual certainty of realisation of assets.

1.12 Provision, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. 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.

1.13 Earning per Share

In determining Earning per Share, the Company considers the net profit after tax and includes the post tax effect of any extraordinary / exceptional item. The number of shares used in computing Basic Earning per Share is the weighted average number of shares outstanding during the period. The number of shares used in computing Diluted Earning per Share comprises the weighted average shares considered for deriving Basic Earnings per Share and also the weighted average number of shares that could have been issued on the conversion of all dilutive potential equity shares unless the results would be anti - dilutive. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date.

	As at March 31, 2016	(₹ in crore) As at March 31, 2015
NOTE : 2.01		
SHARE CAPITAL		
Authorised		
50 000 Equity Shares of ₹ 10 each (50 000)	0.05	0.05
	0.05	0.05
Issued, Subscribed and Paid up		
50 000 Equity Shares of ₹ 10 each fully paid up (50 000)	0.05	0.05
	0.05	0.05

1) Shares held by Holding / Ultimate Holding Company and / or their Subsidiaries

	No. of Shares	No. of Shares
Reliance Communications Limited, Holding Company and its Nominees	50 000	50 000

Reliance Webstore Limited

Note on Accounts to the Balance Sheet and Statement of Profit and Loss

2) Details of Shareholders holding more than 5% shares in the Company

	No. of Shares	%	No. of Shares	%
Reliance Communications Limited (Holding Company) and its Nominees	50 000	100	50 000	100

3) The Company has only one class of equity shares having a par value of ₹10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holder of equity share will be entitled to receive remaining assets of the Company.

4) Reconciliation of shares outstanding at the beginning and at the end of the reporting period

	Number	₹ in Crore	Number	₹ in Crore
Equity Shares				
At the beginning of the year	50 000	0.05	50 000	0.05
Add/Less: Changes during the year	-	-	-	-
At the end of the year	<u>50 000</u>	<u>0.05</u>	<u>50 000</u>	<u>0.05</u>

(₹ in crore)

As at
March 31, 2016

As at
March 31, 2015

NOTE : 2.02

RESERVES & SURPLUS

Surplus in the Statement of Profit & Loss

As per Last Balance Sheet	83.69	(14.09)
Profit for the year	0.98	97.78
Balance carried forward	<u>84.67</u>	<u>83.69</u>
	<u>84.67</u>	<u>83.69</u>

NOTE : 2.03

SHORT TERM BORROWINGS

Unsecured

Loan repayable on demand

Loan from Related Party	100.00	-
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Other Loans and Advances

Foreign Currency Loans from Banks (Buyer's Credit)	30.23	110.15
	<u>130.23</u>	<u>110.15</u>

NOTE : 2.04

TRADE PAYABLES

Due to Micro and Small Enterprises (Refer Note 2.35)	28.57	5.01
Others	138.58	204.46
	<u>167.15</u>	<u>209.47</u>

NOTE : 2.05

OTHER CURRENT LIABILITIES

Advance from Customers	31.51	26.69
Other Liabilities*	666.25	1,475.01
	<u>697.76</u>	<u>1,501.70</u>

(* Other Liabilities include towards material and services received, book overdraft, security deposits, payable to government authorities)

Reliance Webstore Limited

Note on Accounts to the Balance Sheet and Statement of Profit and Loss

NOTE : 2.06

FIXED ASSETS

(₹ in crore)

Description	Gross Block			Depreciation			Net Block	
	As at April 1, 2015	Additions	As at March 31, 2016	As at April 1, 2015	For the year	As at March 31, 2016	As at March 31, 2016	As at March 31, 2015
Tangible Assets								
Leasehold Improvement	83.54		83.54	76.82	2.49	79.31	4.23	6.72
Plant and Machinery	339.84	45.11	384.95	151.89	29.42	181.31	203.64	187.96
Furniture and Fixtures	54.99	-	54.99	46.08	3.50	49.58	5.41	8.91
Vehicles	0.36		0.36	0.15	0.04	0.19	0.17	0.20
Total	478.73	45.11	523.84	274.94	35.45	310.39	213.45	203.79
Previous year	351.86	126.87	478.73	241.62	33.32	274.94	203.79	110.23
Capital Work in Progress							144.20	127.36

NOTE : 2.07

NON CURRENT INVESTMENTS

Other Investments

In Equity Shares of Subsidiary Companies

Unquoted, fully Paid up

(₹ in crore)

	As at 31st March, 2016	As at 31st March, 2015
21 00 000 Shares (Previous year 21 00 000) of Reliance IDC Limited of ₹ 10 each	2.10	2.10
Nil Shares (Previous year 10 000) of Reliance BPO Private Limited ₹ 10 each	-	0.01
50 000 Shares (Previous year 50 000) of Reliance Communication Tamilnadu Limited of ₹ 10 each	0.05	0.05
	<u>2.15</u>	<u>2.16</u>

NOTE : 2.08

LONG TERM LOANS & ADVANCES

(Unsecured, Considered Good unless stated otherwise)

TDS and Advance Tax (Net)	24.59	1.45
MAT Credit Entitlement	0.70	2.06
Bank deposits with maturity for more than 12 months	0.03	0.03
	<u>25.32</u>	<u>3.54</u>

NOTE : 2.09

INVENTORIES

(valued at cost or net realisable value whichever is less)

Communication Devices	44.87	128.97
Stores and Spares	4.14	7.80
	<u>49.01</u>	<u>136.77</u>

Reliance Webstore Limited

Note on Accounts to the Balance Sheet and Statement of Profit and Loss

	As at		(₹ in crore)	
	31st March, 2016		As at	31st March, 2015
NOTE : 2.10				
TRADE RECEIVABLES (Unsecured)				
Due for more than six months from the date they are due for payment				
Considered Good	55.30			73.74
Others				
Considered Good	232.51			763.19
	<u>287.81</u>			<u>836.93</u>
NOTE : 2.11				
CASH AND BANK BALANCES				
Cash in Hand	0.21			0.09
Cheques in hand	12.73			-
Balances with Banks	9.32			1.52
	<u>22.26</u>			<u>1.61</u>
NOTE : 2.12				
SHORT TERM LOANS AND ADVANCES				
(Unsecured, Considered good - unless stated otherwise)				
Due from Related Parties	4.23			112.42
Balance with Customs, Central Excise Authorities etc.	0.37			14.68
Others*	309.84			427.06
(*Others include Advance to Vendors, Receivable from Government Authorities etc)				
	<u>314.44</u>			<u>554.16</u>
NOTE : 2.13				
OTHER CURRENT ASSETS				
Deposits				
Deposit with Government Authorities	0.37			0.37
Deposit with Others	12.77			15.58
Interest Accrued ₹ 36,452	-			14.48
Unbilled Revenue	8.08			8.31
	<u>21.22</u>			<u>38.74</u>
(₹ in crore)				
	For the year ended		For the year ended	
	March 31, 2016		March 31, 2015	
NOTE : 2.14				
REVENUE FROM OPERATIONS				
Hand Sets & Devices	188.05		267.38	
Less: VAT/Sales Tax	<u>12.18</u>	<u>175.87</u>	<u>17.23</u>	250.15
Service Revenue	-		10.36	
Less: Service Tax	<u>-</u>		<u>1.14</u>	9.22
Marketing and Other Services	1,504.47		1,749.22	
Less: Service Tax	<u>149.12</u>	<u>1,355.35</u>	<u>168.43</u>	1,580.79
Income From ancillary services (ancillary to DTH)	84.95			30.05
	<u>1,616.17</u>			<u>1,870.21</u>

Reliance Webstore Limited

Note on Accounts to the Balance Sheet and Statement of Profit and Loss

	For the year ended March 31, 2016	(₹ in crore) For the year ended March 31, 2015
NOTE : 2.15		
OTHER INCOME		
Interest Income ₹ 27,776	-	0.01
Write back of Creditors/Provision no longer required	-	6.58
Miscellaneous Income	2.12	4.09
	2.12	10.68
NOTE : 2.16		
COST OF GOODS SOLD		
Handsets	204.10	226.88
Recharge Vouchers	-	9.31
	204.10	236.19
NOTE : 2.17		
BANDWIDTH COST AND IDC CHARGES		
Bandwidth Cost	-	8.63
IDC Charges	1.35	1.54
	1.35	10.17
NOTE : 2.18		
UTILITIES AND SERVICES CONSUMED		
Network Repairs and Maintenance	0.21	1.98
Stores and Spares Consumed	9.15	8.24
Power, Fuel and Utilities	-	2.92
Hire Charges	0.80	15.40
	10.16	28.54
NOTE : 2.19		
EMPLOYEE BENEFITS EXPENSES		
Salaries	21.00	47.18
Employee Welfare and Other Amenities	0.32	0.54
	21.32	47.72
NOTE : 2.20		
FINANCE COST		
Interest and Other Charges on Loans	1.22	0.30
Other Financial Cost (net)*	16.34	60.60
Foreign Exchange (Gain) / Loss (net)	7.21	1.11
	24.77	62.01

* Refer Note 2.27

Reliance Webstore Limited

Note on Accounts to the Balance Sheet and Statement of Profit and Loss

	For the year ended March 31, 2016	(₹ in crore) For the year ended March 31, 2015
NOTE : 2.21		
SALES AND GENERAL ADMINISTRATION EXPENSES		
Selling Expenses		
Sales Promotion and Trade Discount	295.01	218.18
Selling and Marketing Expense*	308.76	271.45
Commission Expenses*	584.35	561.02
Customer Acquisition & Customer Care*	71.14	131.49
Advertisement Expenses*	26.26	132.38
Distribution Expenses	0.24	0.50
Sales Tax	1.91	0.93
	1,287.67	1,315.95
General Administration Expenses		
Insurance	0.18	0.30
Rent, Rates & Taxes	0.91	17.78
Repairs and Maintenance	6.39	0.06
Travelling	0.69	0.68
Professional Fees	0.50	0.40
Corporate Social Responsibility (CSR)**	0.70	-
Foreign Exchange (Gain) / Loss (net)	3.71	(0.27)
Other General and Administrative Expenses	17.25	7.57
	30.33	26.52
Payment to Auditors		
Audit Fees	0.09	0.09
Tax Audit Fees	0.02	0.02
	0.11	0.11
	1,318.11	1,342.58

* Refer Note 2.27

** Refer Note 2.32

Note : 2.22

Previous year

Figures of the previous year have been regrouped & reclassified wherever required. Amount in Financial Statement are presented in Rupees in Crore, except as otherwise stated.

Reliance Webstore Limited

Note on Accounts to the Balance Sheet and Statement of Profit and Loss

Note : 2.23

Contingent Liabilities and Capital Commitment (As represented by the management)

	As at March 31, 2016	As at March 31, 2015
i) Estimated amount of contracts remaining to be executed on capital accounts and not provided for	3.41	3.11
ii) Disputed Liabilities in Appeal		
Sales Tax & Value Added Tax	2.85	2.84
Entry Tax	0.12	0.12
Service Tax/ Cenvat Credit	0.52	0.52
Others	0.74	0.99

The company has deposited ₹ 0.38 Crore (Previous Year ₹ 0.37 crore) under protest with the Sales Tax Authority and ₹ 0.05 Crore (Previous Year ₹ 0.03 crore) with Entry Tax Authority against the demands so raised.

	For the year ended March 31, 2016	For the year ended March 31, 2015
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Note : 2.24

Value of Imports on CIF basis in respect of

Communication Devices	48.55	131.78
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Note : 2.25

Expenditure in Foreign Currency

Interest on Buyer's Credit	1.22	0.09
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Note : 2.26

Earnings in Foreign Currency

	-	-
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Note : 2.27

Sharing of Expenses

The Company has reimbursed expenses, which have been incurred on behalf of the company mainly to support services to Reliance Communications Limited (the Holding Company) towards Salaries and Hire Charges ₹ Nil (Previous year ₹ 52.01 crore), Selling and Marketing Expenses ₹ 38.00 crore (Previous year ₹ 149.08 crore), Commission Expense ₹ 44.93 crore (Previous year ₹ 411.16 crore), Customer Acquisition and Customer Care Expense ₹ 1.88 crore (Previous year ₹ 8.32 crore), Advertisement Expense ₹ Nil (Previous year ₹ 130.11 crore), Travelling Expense ₹ Nil (Previous year ₹ 0.68 crore) & Others Expense ₹ 1.81 crore (Previous year ₹ Nil), to Reliance Telecom Limited (Fellow Subsidiary) towards Selling expenses ₹ 34.19 crore (Previous year ₹ 322.76 crore) and to Reliance Communications Infrastructure Limited (Fellow Subsidiary) towards Commission Expense ₹ Nil (Previous year ₹ 8.11 crore) and Call Center Expense ₹ Nil (Previous year ₹ 63.29 crore). Selling/ Marketing expenses pertains to the activities relating to customer life cycle management undertaken by the company w.e.f 01.04.2014

Finance Cost includes interest of ₹ 119.89 crore (Previous year ₹ 52.76 crore), charged by Reliance Communications Limited (the holding company), ₹ 39.18 crore (Previous year ₹ Nil) by Reliance Telecom Limited (a Fellow Subsidiary), ₹ 0.14 crore (Previous year ₹ Nil) by Reliance Infocomm Infrastructure Limited (a Fellow Subsidiary) and ₹ 16.28 crore (Previous year ₹ 12.01 crore) by Reliance Big TV Limited (a Fellow Subsidiary) for funds used by the company for its business.

Reliance Webstore Limited

Note on Accounts to the Balance Sheet and Statement of Profit and Loss

Note : 2.28		(₹ in crore)
Deferred Tax Assets/ Liability	As at	As at
	March 31, 2016	March 31, 2015
Deferred Tax Asset of the Company is as under		
i) Deferred Tax Assets		
Related to timing difference on depreciation on fixed assets	3.91	3.99
Disallowances under IT Act, 1961	-	0.08
	<u>3.91</u>	<u>4.07</u>

In absence of virtual certainty of realisability of deferred tax assets, the Company on a conservative basis has restricted deferred tax asset to ₹ Nil

Note : 2.29

Segment Performance

The Company has identified four reportable segments viz. Trading, Marketing Income, Direct to Home (DTH) and Others. Segments have been identified and reported taking into account nature of services provided, the differing risks and returns and the internal business systems. The accounting policies adopted for segment reporting are in line with Accounting Standard - 17 (AS-17) on Segment Reporting and the accounting policy of the Company with following additional policies for Segment Reporting.

- a) Revenue and expenses have been identified to a segment on the basis of relationship to operating activities of the segment. Revenue and expenses which relate to enterprise as whole and are not allocable to a segment on a reasonable basis have been disclosed as "Unallocable".
- b) Segment assets and Segment liabilities represent assets and liabilities in respective segment. Tax related assets and other assets and liabilities which cannot be allocated to a particular segment on reasonable basis have been disclosed as "Unallocable"

i) Primary Segment Information						(₹ in crore)
Particulars	Trading	Marketing Income	DTH	Others	Unallocable	Total
Segment Revenue						
External Revenue	175.87	1,355.35	84.95	2.12	-	1,618.29
	250.14	1,580.80	30.05	19.90	-	1,880.89
Total Revenue	175.87	1,355.35	84.95	2.12	-	1,618.29
	250.14	1,580.80	30.05	19.90	-	1,880.89
Segment Result before interest and taxes						
	(39.09)	2.95	61.93	2.01	-	27.80
	(5.85)	160.26	19.63	8.32	-	182.37
Less : Finance Costs	-	-	-		24.77	24.77
	-	-	-		62.01	62.01
Segment Result before tax	(39.09)	2.95	61.93	2.01	(24.77)	3.03
	(5.85)	160.26	19.63	8.32	(62.01)	120.36
Less : Tax Expenses	-	-	-	-	2.05	2.05
	-	-	-	-	22.58	22.58
Segment Result after Tax	(39.09)	2.95	61.93	2.01	(26.82)	0.98
	(5.85)	160.26	19.63	8.32	(84.59)	97.78
Other Information						
Segment Assets	154.71	565.91	295.20	1.18	62.87	1,079.86
	253.37	1,079.58	244.79	9.28	318.05	1,905.06
Segment Liabilities	74.94	577.49	211.59	0.90	130.23	995.14
	172.78	1,354.90	43.16	13.75	236.74	1,821.32
Depreciation	2.35	14.18	18.92	-	-	35.45
	4.33	23.60	5.22	0.16	-	33.32

The Figure for Current year are reflected in bold.

Reliance Webstore Limited

Note on Accounts to the Balance Sheet and Statement of Profit and Loss

- c) Reportable segments are further described below :-
- Trading include Sale of Handset, Devices, Recharge Voucher, E- Recharge, Data cards and other telecom equipments to customers.
 - Marketing Income includes marketing Infrastructure, Sharing of Expenses, Commission Income and Billing income which include providing Customer Care Services, Promotional services and other Miscellaneous Services.
 - Ancillary to Direct to Home Business consider in DTH Segment
 - Broadband Connectivity (BBC) and Other Income are Considered in "Other" segment.

ii) Secondary Segment Information

Operations of the company are confined to India only and hence there is no secondary segment as per Accounting Standard (AS) 17- " Segment Reporting".

Note : 2.30

Earnings per share (EPS)

	For the year ended March 31, 2016	(₹ in crore) For the year ended March 31, 2015
Basic and Diluted EPS		
i) Net Profit/ (Loss) available for Equity Shareholders (Numerator used for calculation)	0.98	97.78
ii) Weighted average number of Equity Shares (used as Denominator for calculating EPS) (Nos.)	50 000	50 000
iii) Basic /Diluted EPS of ₹ 10 each (₹)	195.63	19,556.86

Note : 2.31

As per Accounting Standards "AS" 18, Related Party Disclosures, described under the Accounting Standards Rules, the disclosures of transactions with the related parties are given below.

(i) Name of the Related Party

1	Reliance Communications Limited	Holding Company
2	Reliance IDC Limited (w.e.f December 3, 2014)	Subsidiary Company
3	Reliance BPO Private Limited (for the period from December 3, 2014 to November 9, 2015)	
4	Reliance Communications Tamilnadu Limited (w.e.f February 20, 2015)	
5	Reliance Communications Infrastructure Limited	Fellow Subsidiary
6	Reliance Infratel Limited	
7	Reliance Infocomm Infrastructure Limited	
8	Reliance Big TV Limited	
9	Reliance Communications International Inc.	
10	Reliance Telecom Limited	Enterprise over which Promoter of Holding Company having control with effect from March 28, 2015. (Fellow Subsidiary Companies upto March 27, 2015)
11	Reliance Capital Limited	
12	Reliance Capital Asset Management Limited	
13	Reliance General Insurance Company Limited	
14	Big Flicks Private Limited	
15	Zapak Digital Entertainment Limited	

Reliance Webstore Limited

Note on Accounts to the Balance Sheet and Statement of Profit and Loss

(ii) Transactions with related parties

Sr. No.	Nature of Transactions	Holding Company	Subsidiaries	Fellow Subsidiaries	Enterprise over which Promoter of Holding Company having control	(₹ in crore)
						Total
(A)	Short Term Borrowings					
	Balance as at April 1, 2015	-	-	-	-	-
		-	-	-	-	-
	Taken during the year	4,766.08	-	100.00	-	4,866.08
		8,329.48	-	-	-	8,329.48
	Repaid / Adjusted during the year	4,766.08	-	-	-	4,766.08
		8,329.48	-	-	-	8,329.48
	Balance as at March 31, 2016	-	-	100.00	-	100.00
		-	-	-	-	-
(B)	Trade Payables	6.61	-	-	0.97	7.58
		-	3.92	56.64	0.93	61.49
(C)	Advances from Customer	-	-	-	0.04	0.04
		-	-	-	0.04	0.04
(D)	Other Liabilities	52.28	-	447.20	-	499.48
		1,212.86	-	-	-	1,212.86
(E)	Non Current Investment					
	Balance as at April 1, 2015	-	2.16	-	-	2.16
		-	-	-	-	-
	Purchase/(Sale) Of Investment	-	(0.01)	-	-	(0.01)
		-	2.16	-	-	2.16
	Balance as at March 31, 2016	-	2.15	-	-	2.15
		-	2.16	-	-	2.16
(F)	Trade Receivables	-	-	-	0.11	0.11
		-	-	-	0.14	0.14
(G)	Advance Given	-	-	-	-	-
		-	-	112.42	-	112.42
(H)	Prepaid Expenses	-	0.34	-	-	0.34
		0.07	0.47	-	-	0.54
(I)	Advances to Vendor	-	3.62	0.61	-	4.23
		-	-	3.89	-	3.89
(J)	Revenue from Operations					
	Marketing Income	120.00	-	60.00	-	180.00
		120.00	-	62.37	-	182.37
	Commission	-	-	0.90	-	0.90
		-	-	0.30	-	0.30
	Income From Ancillary Services	-	-	0.31	-	0.31
		-	-	0.02	-	0.02
(K)	Expenditure					
	Purchases (HS, RCVs, ERCVs and Accessories & Traded Goods)	-	-	111.43	-	111.43
		-	-	125.07	-	125.07
	Bandwidth & IDC Charges	-	1.36	-	-	1.36
		8.50	1.54	0.13	-	10.17
	Financial Cost	119.89	-	55.60	-	175.49
		52.76	-	12.01	-	64.77
	Reimbursement of Expenses	86.26	-	34.19	-	120.45
		751.35	-	394.16	-	1,145.51

The figures for Current year are reflected in bold.

Reliance Webstore Limited

Note on Accounts to the Balance Sheet and Statement of Profit and Loss

(iii) Significant Related Party Transactions (more than 10% of total transaction)

- 1 Trade Payables include ₹ 6.61 crore (Previous year ₹ Nil) to Reliance Communications Limited, ₹ Nil (Previous year ₹ 0.90 crore) to Reliance Communications Infrastructure Limited, ₹ Nil (Previous year ₹ 7.23 crore) to Reliance Infratel Limited, ₹ Nil (Previous year ₹ 43.16 crore) to Reliance Big TV Limited, ₹ 0.79 crore (Previous year ₹ 0.79 crore) to Big Flicks Private Limited and ₹ Nil (Previous year ₹ 3.92 crore) to Reliance IDC Limited.
- 2 Advances from Customer include ₹ 0.04 crore (Previous year ₹ 0.04 crore) to Reliance General Insurance Company Limited.
- 3 Other Liabilities includes ₹ 52.28 crore (Previous year ₹ 1212.86 crore) to Reliance Communications Limited, ₹ 274.10 crore (Previous year ₹ Nil) to Reliance Communications Infrastructure Limited, ₹ 2.68 crore (Previous year ₹ Nil) to Reliance Infratel Limited, ₹ 117.19 crore (Previous year ₹ Nil) to Reliance Big TV Limited and ₹ 42.87 crore (Previous year ₹ Nil) to Reliance Telecom Limited.
- 4 Trade Receivables include ₹ 0.06 crore (Previous year ₹ 0.06 crore) to Reliance Capital Limited, ₹ 0.02 crore (Previous year ₹ 0.02 crore) to Reliance Capital Asset Management Limited and ₹ 0.03 crore (Previous Year ₹ 0.03 crore) to Reliance General Insurance Company Limited
- 5 Advance given includes ₹ Nil (Previous year ₹ 112.42 crore) to Reliance Communications Infrastructure Limited.
- 6 Prepaid Expense includes ₹ Nil (Previous year ₹ 0.07 crore) to Reliance Communications Limited, ₹ 0.34 crore (Previous year ₹ 0.47 crore) to Reliance IDC Limited.
- 7 Advances to Vendor include ₹ 3.62 crore (Previous year ₹ Nil) to Reliance IDC Limited, and ₹ 0.61 crore (Previous Year ₹ 0.75 crore) to Reliance Infocomm Infrastructure Limited.
- 8 Revenue includes ₹ 120 crore (Previous year ₹ 120 crore) towards Marketing Income from Reliance Communications Limited, ₹ Nil (Previous year ₹ 2.37 crore) towards Marketing Income from Reliance Communications Infrastructure Limited, ₹ 0.90 crore (Previous year ₹ 0.30 crore) towards Commission and ₹ 0.31 crore (Previous year ₹ 0.02 crore) Income From Ancillary Services from Reliance Big TV Limited and ₹ 60 crore (Previous year ₹ 60 crore) towards Marketing Income from Reliance Telecom Limited.
- 9 Expenditure includes Purchases of Communication Devices and Recharge Vouchers ₹ 111.43 crore (Previous year ₹ 125.07 crore) from Reliance Communications Infrastructure Limited. Bandwidth Charges ₹ Nil (Previous year ₹ 8.50 crore) from Reliance Communications Limited, Bandwith Charges ₹ Nil (Previous year ₹ 0.12 crore) from Reliance Communications Infrastructure Limited, IDC Charges ₹ 1.36 Crore (Previous year ₹ 1.54 crore) from Reliance IDC Limited.
- 10 Finance Cost includes interest of ₹ 119.89 crore (Previous year ₹ 52.76 crore), charged by Reliance Communications Limited, ₹ 39.18 crore (Previous year ₹ Nil) by Reliance Telecom Limited, ₹ 0.14 crore (Previous year ₹ Nil) by Reliance Infocomm Infrastructure Limited and ₹ 16.28 crore (Previous year ₹ 12.01 crore) by Reliance Big TV Limited for funds used by the company for its business.
- 11 Reimbursement of Expenses include Salaries and Hire Charges ₹ Nil (Previous year ₹ 52.01 crore), Selling and Marketing Expenses ₹ 38.00 crore (Previous year ₹ 149.08 Crore), Commission Expense ₹ 44.93 crore (Previous year ₹ 411.16 crore), Customer Acquisition and Customer Care Expense ₹ 1.88 crore (Previous year ₹ 8.32 crore), Advertisement Expense ₹ Nil (Previous year ₹ 130.11 crore), Travelling Expense ₹ Nil (Previous year ₹ 0.68 crore) & Others Expense ₹ 1.81 crore (Previous year ₹ Nil) from Reliance Communications Limited, Selling expenses ₹ 34.19 crore (Previous year ₹ 322.76 crore) from Reliance Telecom Limited and Commission Expense ₹ Nil (Previous year ₹ 8.11 crore) and Call Center Expense ₹ Nil (Previous year ₹ 63.29 crore) from Reliance Communications Infrastructure Limited.

Note : 2.32

Corporate Social Responsibility Expenditure (as per section 135 of the Companies Act, 2013 read with Schedule VII)

(₹ in Crore)

- (a) Gross amount required to be spent by the company during the year ₹ 0.70 crore (Previous year ₹ Nil).

	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	0.70	-

Reliance Webstore Limited

Note on Accounts to the Balance Sheet and Statement of Profit and Loss

Note : 2.33

Transfer of Business Undertaking

During the previous year, the Company had entered into a Business Transfer Agreement (BTA) with Reliance Communications Infrastructure Limited (RCIL), a Fellow Subsidiary Company and accordingly Assets of ₹ 239.80 crore and Liabilities of ₹ 492.79 crore related to DTH Business Division, on "as is where basis", has been transferred from RCIL with effect from December 01, 2014.

Note : 2.34

Particular of Derivatives Instruments

Foreign Currency exposures that are not hedge by derivative instruments or otherwise for Loans and Liabilities and assets are \$ 0.46 crore (Previous year \$ 2.53 crore), equivalent to ₹ 30.23 crore (Previous year ₹ 158.37 crore)

Note : 2.35

Disclosure under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED)

Under the Micro, Small & Medium Enterprises Development Act, 2006 (MSMED) which came into force from 2nd October 2006, certain disclosures are required to be made relating to MSE. 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.

Particulars	(Amt in ₹ Crore)	
	As at March 31, 2016	As at March 31, 2015
(a) Principal amount due to the enterprises defined under MSMED	28.57	5.01
(b) Interest due thereon to the enterprises defined under MSMED	6.36	8.66
(c) Amount of Interest paid to the enterprises under section 16 of MSMED	-	-
(d) Payment made to the enterprises beyond appointed date under section 16 of MSMED	27.44	2.15
(e) Amount of Interest due and payable for the period of delay in making payment, which has been paid but beyond the appointed day during the year, but without adding the interest specified under MSMED	3.54	0.48
(f) The amount of interest accrued and remaining unpaid at the end of each accounting year; and	9.90	9.14
(g) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure	7.81	6.99

As per our Report of even date

For Chaturvedi & Shah

Chartered Accountants
Firm Regn No. 101720W

Lalit R. Mhalsekar

Partner
Membership No. 103418

Mumbai
May 7, 2016

For and on behalf of the Board

Anil Kalya

DIN: 06460981

Grace Thomas

DIN: 07079566

} Directors

Reliance Flag Pacific Holdings Limited

Independent Auditor's Report

To
The Board of Directors of Reliance Flag Pacific Holdings Limited
Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Reliance Flag Pacific Holdings Limited Company LLC ("the Company"), which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India including Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements.

The procedures selected depend on the auditor's judgement,

including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion whether the Company has in place an adequate Internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements read together with the notes thereon give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016 and its loss and its cash flows for the year ended on that date.

Other Reporting Requirements

We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account.

Other Matters

This report is issued for the information and use of the Board of Directors of the Company and of Reliance Communications Limited, the holding company in India to comply with the financial reporting requirements in India and should not be used for any other purposes without our prior written consent.

For Shridhar & Associates
Chartered Accountants
Firm Registration No.: 134427W

Jitendra Sawjiani
Partner
Membership No. 050980

Place: Mumbai
Dated: May 27, 2016

Reliance Flag Pacific Holdings Limited

Balance Sheet as at March 31, 2016

		Amount in ₹	
	Note	As at March 31, 2016	As at March 31, 2015
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2.01	7,95,060	7,50,000
Reserves and Surplus	2.02	<u>(4,47,22,21,422)</u>	<u>(4,21,79,34,583)</u>
		(4,47,14,26,362)	(4,21,71,84,583)
Current Liabilities			
Short Term Borrowings	2.03	4,49,20,58,825	4,23,74,71,535
Trade Payable	2.04	<u>2,52,79,564</u>	<u>2,35,51,933</u>
		4,51,73,38,389	4,26,10,23,468
TOTAL		<u>4,59,12,027</u>	<u>4,38,38,885</u>
ASSETS			
Current Assets:			
Cash and Cash Equivalent	2.05	10,02,349	14,74,436
Short-Term Loans and Advances	2.06	<u>4,49,09,678</u>	<u>4,23,64,449</u>
		4,59,12,027	4,38,38,885
TOTAL		<u>4,59,12,027</u>	<u>4,38,38,885</u>
Significant Accounting Policies	1		
Notes forming part of Financial Statements	2		

As per our report attached

For Shridhar & Associates
Chartered Accountants
Firm Regn. No. 134427W

Jitendra Sawjiyani
Partner
Membership No : 050980

Place : Mumbai
Date : May 27, 2016

For and on behalf of the Board

Rod Riley

B K Sinha

} **Directors**

Reliance Flag Pacific Holdings Limited

Statement of Profit and Loss for the year ended March 31, 2016

		Amount in ₹	
	Note	For the year ended March 31, 2016	For the year ended March 31, 2015
Income			
Service Income	2.07	-	38,22,063
Other Income	2.08	-	24,98,37,821
Total Revenue		-	25,36,59,884
Expenditure			
Network Operation Expenses	2.09	-	1,14,66,188
Depreciation and Amortization Expense	2.10	-	24,69,09,335
Sales and General Administration Expenses	2.11	8,62,865	5,17,965
Total Expenditure		8,62,865	25,88,93,488
Profit/(Loss) Before Tax		(8,62,865)	(52,33,605)
Provision for Taxation			
- Current Tax		-	-
Profit/(Loss) After Tax		(8,62,865)	(52,33,605)
Earning Per Share (Basic and Diluted)	2.14	(72)	(436)
Significant Accounting Policies	1		
Notes forming part of Financial Statements	2		

As per our report attached

For Shridhar & Associates
Chartered Accountants
Firm Regn. No. 134427W

Jitendra Sawjiyani
Partner
Membership No : 050980

Place : Mumbai
Date : May 27, 2016

For and on behalf of the Board

Rod Riley
B K Sinha } **Directors**

Reliance Flag Pacific Holdings Limited

Cash Flow Statement for the year ended March 31, 2016

Particulars	For the year ended March 31, 2016		Amount in ₹ For the year ended March 31, 2015	
A) CASH FLOW FROM OPERATING ACTIVITIES:				
Profit/(Loss) before tax as per Statement of Profit and Loss		(8,62,865)		(52,33,605)
Adjustments for:				
Effects of exchange difference on translation of asset & Liabilities	12,08,376		65,113	
Depreciation and Amortisation	-		24,69,09,335	
Profit on Sale of Fixed Assets	-		(24,98,37,821)	
	<u>12,08,376</u>		<u>(24,98,37,821)</u>	
		3,45,511		<u>(28,63,373)</u>
				<u>(80,96,978)</u>
Operating Profit/(Loss) before Working Capital Changes				
Adjustments for:				
(Increase)/ Decrease in Trade and Other Receivables	(25,45,228)		-	
Increase / (Decrease) in Trade Payables	17,27,631	(8,17,597)	79,77,018	79,77,018
		<u>(4,72,087)</u>		<u>(1,19,960)</u>
Income Taxes Paid		-		-
Net Cash from/(used in) Operating Activities (A)		(4,72,087)		<u>(1,19,960)</u>
B) CASH FLOW FROM INVESTING ACTIVITIES:				
Net Cash from/(Used in) Investing Activities (B)		-		-
C) CASH FLOW FROM FINANCING ACTIVITIES:				
Net Cash from/(Used in) Financing Activities (C)		-		-
Net (Decrease) in Cash and Cash Equivalents (A+B+C)		(4,72,087)		(1,19,960)
Cash and Cash Equivalents at the Beginning of the year		14,74,436		15,94,396
Cash and Cash Equivalents at the End of the year		10,02,349		14,74,436

As per our report attached

For Shridhar & Associates
Chartered Accountants
Firm Regn. No. 134427W

Jitendra Sawjany
Partner
Membership No : 050980

Place : Mumbai
Date : May 27, 2016

For and on behalf of the Board

Rod Riley
B K Sinha } **Directors**

Reliance Flag Pacific Holdings Limited

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

NOTE 1

SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation of Financial Statements

The financial statements are prepared under historical cost convention, in accordance with the generally accepted accounting principles (GAAP) in India and Comply with Accounting Standard specified under Section 133 of the Companies Act, 2013 ("the Act") read with Rule 7 of the Companies (Accounts) Rules, 2014 and other provisions of the Act, to the extent notified and applicable as well as applicable guidance note and pronouncements of the Institute of Chartered Accountants of India (the ICAI).

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Schedule III to the Companies Act, 2013. Based on the nature of the services and their realisation in cash & cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current or non-current classification of assets and liabilities.

b) Revenue Recognition

i. Indefeasible Right of Use

The Company sells Right of Use (ROU) that provide customers with network capacity, typically over a 10 to 15 year period without transferring the legal title or giving an option to purchase the network capacity. Revenue from cancellable ROU arrangements are accounted as operating lease and recognised over the life of the contract.

Revenue from non cancellable ROU arrangements is recognised upfront as licensing income on activation of services.

ii. Operations And Maintenance

The Company provides operation and maintenance services over the life of the capacity contract, for which the Company receives Operation and Maintenance charges. Operation and maintenance charges are invoiced separately from capacity sales. Revenues relating to maintenance are recognized over the period in which the service is provided.

iii. Network Revenue

Network services include Capacity lease services, IP transit, IPLC (private lines leased to customers), backup service for other network operators and all other services. The customer typically pays the charges for network services periodically over the life of the contract, which may be up to three years. Network revenue is recognized in the Company's income statement over the term of the contract.

iv. Unearned Income

Unearned income represents income billed in accordance with the contract but not recognised in Statement of Profit and Loss as at the Balance Sheet date.

Unearned income net of the amount recognisable within one year is disclosed as unearned income in non-current liabilities and the amount recognisable within one year is disclosed as unearned income in current liabilities.

v. Unbilled Revenue

Where the services are performed prior to billing, an accrued income is recognised in unbilled revenue.

c) Employee Benefits

Eligible employees of the Company are covered by defined contribution pension plan/provident fund scheme. Contribution to the plan/fund is made to the insurance companies/local regulatory authorities, where the Company has no further obligations. Such benefits are classified as defined contribution schemes, as the Company does not carry any further obligations apart from the contributions made on a monthly basis.

The Company does not have any material defined benefits plans.

d) Use of Estimates

The presentation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the group reporting package and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known / materialized.

e) Current and Deferred Tax

Tax expense for the period, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the period. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the taxation laws prevailing in the respective jurisdictions.

Reliance Flag Pacific Holdings Limited

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

Deferred tax is recognised for all the timing differences, subject to the consideration of prudence in respect of deferred tax assets. Deferred tax assets are recognised and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. However, where there is unabsorbed depreciation or carry forward loss, the deferred tax asset is recognised and carried forward only to the extent that there is a virtual certainty that the assets will be realised in future. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. At each Balance Sheet date, the Company re-assesses unrecognised deferred tax asset if any.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing current tax and where the deferred tax assets and the deferred tax liabilities relate to taxes on income levied by the same governing taxation laws.

f) Foreign Currency Translation

Initial Recognition

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Subsequent Recognition

As at the reporting date, non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. All non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined. All monetary assets and liabilities in foreign currency are restated at the end of accounting period.

g) Investments

Investments that are readily realisable and are intended to be held for not more than one year from the date, on which such investments are made, are classified as current investments. All other investments are classified as long term investments. Current investments are carried at cost or fair value, whichever is lower. Long-term investments are carried at cost. However, provision for diminution is made to recognise a decline, other than temporary, in the value of the investments, such reduction being determined and made for each investment individually.

h) Cash and Cash Equivalents

In the cash flow statement, cash and cash equivalents include cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

i) Provisions, Contingent Liabilities and Contingent Assets

Provisions: Provisions are recognised when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance Sheet date and are not discounted to its present value.

Contingent Liabilities: Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

Contingent Assets: Contingent assets are neither recognised nor disclosed in the financial statements.

j) Earnings Per Share

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to Common shareholders by the weighted average number of Common Shares outstanding during the year. Earnings considered in ascertaining the Company's earnings per share is the net profit for the period after deducting preference dividend and any attributable tax thereto for the year. The weighted average number of Common Shares outstanding during the year and for all years presented is adjusted for events, such as bonus shares, other than the conversion of potential Common Shares that have changed the number of Common Shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to Common shareholders and the weighted average number of Common Shares outstanding during the period is adjusted for the effects of all dilutive potential Common Shares

Reliance Flag Pacific Holdings Limited

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

	As at March 31, 2016	Amount in ₹ As at March 31, 2015
NOTE 2.01		
Share Capital		
Authorised:		
12,000 (12,000) ordinary shares of US\$1 each	7,95,060	7,50,000
500,000 (500,000) Redeemable Non Cumulative Non Convertible Preference Share of US\$1 each	<u>3,31,27,500</u>	<u>3,12,50,000</u>
	<u>3,39,22,560</u>	<u>3,20,00,000</u>
Issued, Subscribed and Paid up:		
12,000 (12,000) ordinary shares of US\$1 each, fully paid up	<u>7,95,060</u>	<u>7,50,000</u>
	<u>7,95,060</u>	<u>7,50,000</u>

a) Shares held by Holding company

Particulars	No. of Shares	Amount in ₹	No. of Shares	Amount in ₹
Reliance Globalcom BV	12,000	7,95,060	12,000	7,50,000
	<u>12,000</u>	<u>7,95,060</u>	<u>12,000</u>	<u>7,50,000</u>

b) Details of Shares held by Shareholders holding more than 5% of the aggregate Shares in the Company

Particulars	As at March 31, 2016		As at March 31, 2015	
	% of holding	No. of Shares	% of holding	No. of shares
Reliance Globalcom BV	100	12,000	100	12,000

c) Terms/Rights attached to the shares

The Company has Ordinary shares having a par value of USD of 1 each. Each holder of shares is entitled to one vote per share. In the event of liquidation of the Company, the holder of shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of shares held by the shareholder.

d) Reconciliation of number of Shares

	As at March 31, 2016		As at March 31, 2015	
	No. of Shares	Amount in ₹	No. of Shares	Amount in ₹
Ordinary Shares				
Balance as at the beginning of the year	12,000	7,95,060	12,000	7,50,000
Add: Movement for the year	-	-	-	-
Balance as at the End of the year	<u>12,000</u>	<u>7,95,060</u>	<u>12,000</u>	<u>7,50,000</u>
Redeemable Preference Shares				
Balance as at the beginning of the year	-	-	2,30,250	1,37,95,429
Less: Redemption during the year	-	-	2,30,250	1,37,95,429
Balance as at the End of the year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

Reliance Flag Pacific Holdings Limited

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

	As at March 31, 2016	Amount in ₹ As at March 31, 2015
NOTE 2.02		
Reserves and Surplus		
Foreign Currency Translation Reserve	(70,38,04,929)	(45,03,80,955)
Surplus / (Deficit) as per the Statement of Profit and Loss	(3,76,75,53,628)	(3,76,23,20,023)
Balance as at the beginning of the year	(8,62,865)	(52,33,605)
Add: Profit/(Loss) during the year	<u>(3,76,84,16,493)</u>	<u>(3,76,75,53,628)</u>
Balance as at the end of the year	<u>(4,47,22,21,422)</u>	<u>(4,21,79,34,583)</u>
Total Reserves and Surplus	-	-
NOTE 2.03		
Short Term borrowings		
Loan from Body Corporate (Refer Note 2.15)	4,49,20,58,825	4,23,74,71,535
	<u>4,49,20,58,825</u>	<u>4,23,74,71,535</u>
NOTE 2.04		
Trade Payables		
Sundry Creditors	53,46,162	55,58,791
Trade Accruals	1,99,33,402	1,79,93,142
	<u>2,52,79,564</u>	<u>2,35,51,933</u>
NOTE 2.05		
Cash and Cash Equivalent		
Balance with Banks		
- Current Accounts	10,02,349	14,74,436
	<u>10,02,349</u>	<u>14,74,436</u>
NOTE 2.06		
Short-Term Loans and Advances		
Advances to Vendors	4,49,09,678	4,23,64,449
	<u>4,49,09,678</u>	<u>4,23,64,449</u>
Amount in ₹		
	For the year ended	For the year ended
	March 31, 2016	March 31, 2015
NOTE 2.07		
Service Income		
Operation and Maintenance Charges	-	38,22,063
	-	<u>38,22,063</u>
	-	-
NOTE 2.08		
Other Income		
Profit on Sale of Fixed Assets	-	24,98,37,821
	-	<u>24,98,37,821</u>

Reliance Flag Pacific Holdings Limited

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

Amount in ₹

	For the year ended March 31, 2016	For the year ended March 31, 2015
--	--	--------------------------------------

NOTE 2.09

Network Operation Expenses

Equipment Maintenance and Support	-	1,14,66,188
	-	1,14,66,188

NOTE 2.10

Depreciation and Amortization Expense

Depreciation on Tangible assets	-	24,69,09,335
	-	24,69,09,335

NOTE 2.11

Sales and General Administration Expenses

Legal Fees	8,48,509	-
Licensing and Regulatory Fees	-	5,04,511
Bank charges	14,356	13,454
	8,62,865	5,17,965

NOTE 2.12

BACKGROUND AND ORGANISATION

The Company is part of a multinational corporate organization. The company operates a global telecommunication network comprised of advanced fibre-optic cable systems and interfaces that are owned by, leased to, or otherwise available to the company.

NOTE 2.13

Segment Reporting

The Company has determined its business segment as telecommunication network unit taking into account the nature of services provided, class of customers for the services provided, the differing risks and returns and the internal business reporting systems. Since 100% of the business of Company is from telecommunication network unit, there are no other reportable segments.

The segment revenue, segment result, total carrying amount of segment assets, total amount of segment liabilities, total cost incurred during the year to acquire segments assets, segment depreciation and amortisation for the year are reflected within the consolidated financial statements of the Company as at and for the year ended March 31, 2016.

Substantial network assets are located across geographic territories and therefore not identifiable to any particular geographical segment.

NOTE 2.14

Earnings Per Share

₹ except number of shares

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
A Profit/(Loss) after Tax	(862,865)	(5,233,605)
B Weighted average number of share par value US\$1 each	12,000	12,000
C Basic and Diluted Earnings per Share (A/B)	(72)	(436)

Reliance Flag Pacific Holdings Limited

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

NOTE 2.15

Related Party Disclosures

In accordance with Accounting Standard 18 "Related Party Disclosures" issued by the Institute of Chartered Accountants of India, the company's related parties and transactions are disclosed below:

- a) Parties where control exist:
 - i) Reliance Communications Limited
 - ii) Reliance Globalcom BV
- b) Enterprises as affiliated companies are :
 - i) Reliance Globalcom Limited
 - ii) Reliance Communications Inc.

Reliance Flag Pacific Holdings Limited

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

c) Summarized below are the transactions entered into with related parties:

Amount in ₹

Name of the Entity	Service Income		Network Operating Expenses		Short Term Borrowings		Sale of Fixed Assets	
	For the year ended 31.03.2016	For the year ended 31.03.2015	For the year ended 31.03.2016	For the year ended 31.03.2015	Closing Balance as at 31.03.2016	Closing Balance as at 31.03.2015	Closing Balance as at 31.03.2016	Closing Balance as at 31.03.2015
Reliance Globalcom BV	-	-	-	-	3,01,31,82,258	2,84,24,10,250	-	21,06,30,00,000
Reliance Communications Inc.	-	-	-	-	1,47,88,76,567	1,39,50,61,285	-	-
Reliance Globalcom Limited	-	38,22,063	-	1,14,66,188	-	-	-	-

NOTE 2.16

Prior Period Comparatives have been classified and regrouped to confirm with the current year's presentations, where applicable.

NOTE 2.17

The amounts relating to Balance Sheet items appearing in Amount in ₹ have been translated at Closing Rate of 1 USD = ₹ 66.255 (Previous year 1 USD = ₹ 62.50) and items relating to profit and loss have been translated at average rate of 1 USD = ₹ 65.4562 (Previous year 1 USD = ₹ 61.153).

The amounts have been converted in INR to comply with the financial reporting requirement in India

As per our report attached

For and on behalf of the Board

For Shridhar & Associates
Chartered Accountants
Firm Regn. No. 134427W

Rod Riley
B K Sinha
} **Directors**

Jitendra Sawjany
Partner
Membership No : 050980

Place : Mumbai
Date : May 27, 2016

FLAG Telecom Network USA Limited

Independent Auditor's Report

To
The Board of Directors of Flag Telecom Network USA Limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Flag Telecom Network USA Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India including Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion whether the Company has in place an adequate Internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements read together with the notes thereon give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016 and its profit and its cash flows for the year ended on that date.

Other Reporting Requirements

We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account.

Other Matters

This report is issued for the information and use of the Board of Directors of the Company and of Reliance Communications Limited, the holding company in India to comply with the financial reporting requirements in India and should not be used for any other purposes without our prior written consent.

For Shridhar & Associates
Chartered Accountants
Firm Registration No.: 134427W

Jitendra Sawjany
Partner
Membership No. 050980

Place: Mumbai
Dated: May 27, 2016

FLAG Telecom Network USA Limited

Balance Sheet as at March 31, 2016

	Note	As at March 31, 2016	Amount in ₹ As at March 31, 2015
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2.01	66	63
Reserves and Surplus	2.02	<u>(4,92,98,47,182)</u>	<u>(4,74,96,72,447)</u>
		<u>(4,92,98,47,116)</u>	<u>(4,74,96,72,384)</u>
Non Current Liabilities			
Other Long Term Liabilities	2.03	<u>48,31,83,690</u>	<u>49,88,34,446</u>
		<u>48,31,83,690</u>	<u>49,88,34,446</u>
Current Liabilities			
Trade Payables	2.04	75,56,55,778	25,08,12,239
Other Current Liabilities	2.05	<u>8,10,89,04,814</u>	<u>7,90,70,05,755</u>
		<u>8,86,45,60,592</u>	<u>8,15,78,17,994</u>
TOTAL		<u><u>4,41,78,97,166</u></u>	<u><u>3,90,69,80,056</u></u>
ASSETS			
Non Current Assets			
Fixed Assets			
Tangible Assets	2.06	1,04,39,29,834	76,95,05,197
Intangible Assets	2.06	172	-
Capital Work-in-Progress	2.06	<u>7,00,31,270</u>	<u>19,11,034</u>
		<u>1,11,39,61,276</u>	<u>77,14,16,231</u>
Long-Term Loans and Advances	2.07	<u>21,22,822</u>	<u>12,328</u>
		<u>21,22,822</u>	<u>12,328</u>
Current Assets			
Trade Receivables	2.08	18,55,140	6,00,000
Cash and Bank Balances	2.09	6,04,002	2,31,20,321
Short-Term Loans and Advances	2.10	<u>3,29,93,53,926</u>	<u>3,11,18,31,176</u>
		<u>3,30,18,13,068</u>	<u>3,13,55,51,497</u>
TOTAL		<u><u>4,41,78,97,166</u></u>	<u><u>3,90,69,80,056</u></u>

Significant Accounting Policies 1
Notes forming part of Financial Statements 2

As per our report attached

For and on behalf of the Board

For Shridhar & Associates
Chartered Accountants
Firm Regn. No. 134427W

Janet Troxell }
B K Sinha } **Directors**

Jitendra Sawjany
Partner
Membership No : 050980

Place : Mumbai
Date : May 27, 2016

FLAG Telecom Network USA Limited

Statement of Profit and Loss for the year ended March 31, 2016

		Amount in ₹	
	Note	For the year ended March 31, 2016	For the year ended March 31, 2015
Income			
Service Income	2.11	1,44,46,46,041	1,16,59,69,165
Other Income	2.12	-	1,13,87,212
		<u>1,44,46,46,041</u>	<u>1,17,73,56,377</u>
Expenditure			
Network Operation Expenses	2.13	93,31,39,660	73,21,58,683
Employee Benefits Expenses	2.14	27,30,69,797	23,56,15,456
Depreciation and Amortization Expenses	2.15	7,61,94,127	7,64,43,850
Sales and General Administration Expenses	2.16	5,83,25,428	5,35,83,857
		<u>1,34,07,29,012</u>	<u>1,09,78,01,846</u>
Profit/(Loss) Before Tax		<u>10,39,17,029</u>	<u>7,95,54,531</u>
Provision for taxation - Current Tax		(393)	(8,23,853)
Profit / (Loss) After Tax		<u>10,39,17,422</u>	<u>8,03,78,384</u>
Earning Per Share (Basic and Diluted)	2.18	10,39,17,422	8,03,78,384

As per our report attached

For Shridhar & Associates
Chartered Accountants
Firm Regn. No. 134427W

Jitendra Sawjany
Partner
Membership No : 050980

Place : Mumbai
Date : May 27, 2016

For and on behalf of the Board

Janet Troxell
B K Sinha } **Directors**

FLAG Telecom Network USA Limited

Cash Flow Statement for the year ended March 31, 2016

	For the year Ended March 31, 2016	Amount in ₹ For the year Ended March 31, 2015
A) CASH FLOW FROM OPERATING ACTIVITIES:		
Profit/(Loss) Before Tax	10,39,17,029	7,95,54,531
Adjustments for:		
Depreciation and Amortisation	7,61,94,127	7,64,43,850
Effects of exchange difference on translation of Assets & Liabilities	(33,40,09,947)	(22,97,22,072)
Operating Profit/ (Loss) before Working Capital Changes	(15,38,98,791)	(7,37,23,691)
Adjustments for:		
(Increase)/ Decrease in Trade & other Receivables	(19,08,88,384)	15,75,81,477
Increase/ (Decrease) in Liabilities and Provisions	69,10,91,843	12,65,11,299
	50,02,03,457	28,40,92,776
Cash Generated from Operations	34,63,04,666	21,03,69,085
Income Taxes (Paid) / Refund	393	8,23,853
Net Cash from/ (used in) Operating Activities (A)	34,63,05,059	21,11,92,939
B) CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets (Including Capital Work in Progress)	(36,88,21,378)	(19,91,43,235)
Net Cash from/ (used in) Investing Activities (B)	(36,88,21,378)	(19,91,43,235)
C) CASH FLOW FROM FINANCING ACTIVITIES:		
Net Cash from/ (used in) Financing Activities (C)	-	-
Net Increase/ (Decrease) in Cash and Cash Equivalents (A+B+C)	(2,25,16,319)	1,20,49,704
Cash and Cash Equivalents at the Beginning of the year	2,31,20,321	1,10,70,617
Cash and Cash Equivalents at the End of the year	6,04,002	2,31,20,321

As per our report attached

For Shridhar & Associates
Chartered Accountants
Firm Regn. No. 134427W

Jitendra Sawjany
Partner
Membership No : 050980

Place : Mumbai
Date : May 27, 2016

For and on behalf of the Board

Janet Troxell
B K Sinha

} **Directors**

FLAG Telecom Network USA Limited

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

NOTE # 1

Significant Accounting Policies

a) Basis of Preparation of Financial Statements

The financial statements are prepared under historical cost convention, in accordance with the generally accepted accounting principles (GAAP) in India and Comply with Accounting Standard specified under Section 133 of the Companies Act, 2013 ("the Act") read with Rule 7 of the Companies (Accounts) Rules, 2014 and other provisions of the Act, to the extent notified and applicable as well as applicable guidance note and pronouncements of the Institute of Chartered Accountants of India (the ICAI).

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Schedule III to the Companies Act, 2013. Based on the nature of the services and their realisation in cash & cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current or non-current classification of assets and liabilities.

b) Revenue Recognition

Indefeasible Right of Use

The Company sells Right of Use (ROU) that provide customers with network capacity, typically over a 10 to 15 year period without transferring the legal title or giving an option to purchase the network assets. Revenue from cancellable ROU arrangements are accounted as operating lease and recognised over the life of the contract.

Revenue from non cancellable ROU arrangements is recognised upfront as licensing income on activation of services.

Bills raised on customers/ payments received from customers for long term contracts and for which revenue is not recognised are included in deferred revenue.

Operations And Maintenance

The Company provides operation and maintenance services over the life of the capacity contract, for which the Company receives Operation and Maintenance charges. Operation and maintenance charges are invoiced separately from capacity sales. Revenues relating to maintenance are recognized over the period in which the service is provided.

Network Services

Network services include Capacity lease services, IP transit, IPLC (private lines leased to customers), backup service for other network operators and all other services. The customer typically pays the charges for network services periodically over the life of the contract, which may be up to three years. Network revenue is recognized in the Company's income statement over the term of the contract.

Unearned Income

Unearned income represents income billed in accordance with the contract but not recognised in Statement of Profit and Loss as at the Balance Sheet date. Unearned income net of the amount recognisable within one year is disclosed as unearned income in non-current liabilities and the amount recognisable within one year is disclosed as unearned income in current liabilities.

Unbilled Revenue

Where the services are performed prior to billing, an accrued income is recognised in unbilled revenue

c) Employee Benefits

Eligible employees of the Company are covered by defined contribution pension plan/provident fund scheme. Contribution to the plan/fund is made to the insurance companies/local regulatory authorities, where the Company has no further obligations. Such benefits are classified as defined contribution schemes, as the Company does not carry any further obligations apart from the contributions made on a monthly basis.

The Company does not have any material defined benefits plans.

d) Use of Estimates

The presentation of financial statements in conformity with accounting standards issued by ICAI requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the group reporting package and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known / materialized.

e) Current and Deferred Tax

Tax expense for the period, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the period. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the taxation laws prevailing in the respective jurisdictions.

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

Deferred tax is recognised for all the timing differences, subject to the consideration of prudence in respect of deferred tax assets. Deferred tax assets are recognised and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. However, where there is unabsorbed depreciation or carry forward loss, the deferred tax asset is recognised and carried forward only to the extent that there is a virtual certainty that the assets will be realised in future. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. At each Balance Sheet date, the Company re-assesses unrecognised deferred tax asset if any.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing current tax and where the deferred tax assets and the deferred tax liabilities relate to taxes on income levied by the same governing taxation laws.

f) Fixed Assets

i) Accounting of Tangible Fixed Assets

Tangible Assets are stated at cost of acquisition or construction (except revalued assets) including financing cost till commencement of commercial operations, net charges of foreign exchange contracts and adjustments arising from exchange rate variations, directly attributable to fixed assets.

Costs incurred prior to the capital project's completion are reflected as construction in progress, which is reclassified to fixed assets on the date of completion of project and which is placed in service. Construction in progress is stated at cost. Capitalized costs include costs incurred under the construction contract, engineering and consulting fees, legal fees related to obtaining landing right licenses, interest costs related to program management, costs for the route surveys, indirect costs associated with cable systems and points of presence ("PoPs"), and other costs incurred in the development of the Company's global network.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the Statement of Profit and Loss during the financial period in which they are incurred.

ii) Depreciation on Tangible Assets

Depreciation on fixed assets is provided on straight-line method on prorated basis based on the useful life of the fixed asset as follows:

Computer equipment.....3 to 6 years.

Leasehold improvements..... Over the useful life.

Network Asset.....the shorter of 15 to 25 years or remaining useful lives.

The estimated useful life of network assets are determined based on the estimated period over which they will generate revenue.

iii) Intangible Assets

Intangible Assets are stated at acquisition cost, net of accumulated amortisation and accumulated impairment losses, if any. Gains or losses arising from the retirement or disposal of an intangible asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognised as income or expense in the Statement of Profit and Loss.

Indefeasible Right of Use are fully amortized in the year of purchase

iv) Impairment of Fixed Assets

Assessment is done at each Balance Sheet date as to whether there is any indication that an asset (tangible and intangible) may be impaired. For the purpose of assessing impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets, is considered as a cash generating unit. If any such indication exists, an estimate of the recoverable amount of the asset/cash generating unit is made. Assets whose carrying value exceeds their recoverable amount are written down to the recoverable amount. Recoverable amount is higher of an asset's or cash generating unit's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Assessment is also done at each Balance Sheet date as to whether there is any indication that an impairment loss recognised for an asset in prior accounting periods may no longer exist or may have decreased.

FLAG Telecom Network USA Limited

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

g) Effects of Changes in Foreign Currency Rates

Initial Recognition

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Subsequent Recognition

As at the reporting date, non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. All non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined. All monetary assets and liabilities in foreign currency are restated at the end of accounting period.

h) Cash and Cash Equivalents

In the cash flow statement, cash and cash equivalents include cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

i) Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised when the company has legal and constructive obligation as a result of past events which it is probable that a cash outflow will be required and a reliable estimate can be made of the amount of obligation.

Contingent Liabilities: Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

Contingent Assets: Contingent assets are neither recognised nor disclosed in the financial statements.

	As at March 31, 2016	Amount in ₹ As at March 31, 2015		
NOTE 2.01				
Share Capital				
Authorised:				
3000 (3000) shares of US\$ 1 each	<u>1,98,765</u>	<u>1,87,500</u>		
	<u>1,98,765</u>	<u>1,87,500</u>		
Issued Subscribed and Paid up:				
1 (1) share of US\$ 1 each, fully paid up	<u>66</u>	<u>63</u>		
	<u>66</u>	<u>63</u>		
a) Shares held by Holding Company				
	No. of Shares	Amount	No. of Shares	Amount
Flag Telecom Ireland Network Limited	<u>1</u>	<u>66</u>	<u>1</u>	<u>63</u>
	<u>1</u>	<u>66</u>	<u>1</u>	<u>63</u>
b) Details of Shareholders holding more than 5% of the aggregate shares in the Company				
Particulars	% of Holding	No. of Shares	% of Holding	No. of Shares
Flag Telecom Ireland Network Limited	100	1	100	1
c) Terms/ Rights attached to the shares				
The Company has shares having a par value of USD 1 each. Each holder of shares is entitled to one vote per share. In the event of liquidation of the Company, the holder of shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of shares held by the shareholder.				
d) Reconciliation of shares outstanding at the beginning and at the end of the year				
	No. of Shares	Amount ₹	No. of Shares	Amount ₹
Balance as at the beginning of the year	<u>1</u>	<u>66</u>	<u>1</u>	<u>63</u>
Add: Movement for the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At the end of the year	<u>1</u>	<u>66</u>	<u>1</u>	<u>63</u>

FLAG Telecom Network USA Limited

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

	As at March 31, 2016	Amount in ₹ As at March 31, 2015
NOTE # 2.02		
Reserves and Surplus		
Foreign Currency Translation Reserve	(86,53,60,401)	(58,12,68,244)
Surplus/ (Deficit) in Statement of Profit and Loss		
As per Last Balance Sheet	(4,16,84,04,203)	(4,24,87,82,587)
Add: Profit/ (Loss) for the year	10,39,17,422	8,03,78,384
Balance as the end of the year	(4,06,44,86,781)	(4,16,84,04,203)
Total Reserves and Surplus	(4,92,98,47,182)	(4,74,96,72,447)
NOTE # 2.03		
Other Long Term Liabilities		
Unearned Income	48,31,83,690	49,88,34,446
	48,31,83,690	49,88,34,446
NOTE # 2.04		
Trade Payables		
Sundry Creditors (Refer Note 2.21)	24,82,81,149	3,92,04,733
Other contractual obligations	50,73,74,629	21,16,07,506
	75,56,55,778	25,08,12,239
NOTE # 2.05		
Other Current Liabilities		
Unearned Income	1,25,36,113	2,05,12,204
Employee payable	5,01,30,704	8,66,23,192
Capital creditors/provision	6,20,97,110	2,24,17,265
Payable to Related Parties (Refer Note 2.21)	7,98,41,40,887	7,77,74,53,094
	8,10,89,04,814	7,90,70,05,755

FLAG Telecom Network USA Limited

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

NOTE # 2.06 Fixed Assets

Particulars	Gross Block			Depreciation			Net Block	
	As at April 1, 2015	Additions during the year	Forex adjustment	As at March 31, 2016	For the year	Forex adjustment	As at March 31, 2016	As at March 31, 2015
Tangible Assets								
Leasehold Improvement	1,07,65,919	-	6,46,817	1,14,12,736	-	6,46,817	1,14,12,736	-
Computers	41,28,253	-	2,48,026	43,76,279	32,866	2,46,433	43,74,365	1,914
Furniture and Fixtures	7,74,293	-	46,520	8,20,812	-	46,520	8,20,812	-
Network Assets	2,32,16,99,021	30,16,35,861	14,31,68,718	2,76,65,03,600	7,61,61,261	9,41,87,407	1,72,25,75,680	1,04,39,27,920
Tangible Assets (A)	2,33,73,67,486	30,16,35,861	14,41,10,081	2,78,31,13,427	7,61,94,127	9,51,27,177	1,73,91,83,593	1,04,39,29,834
Previous Year	2,04,37,00,939	19,87,94,781	9,48,71,766	2,33,73,67,486	7,64,43,850	6,32,99,235	1,56,78,62,290	76,95,05,197
Intangible Assets								
Indefeasible Right of Connectivity	53,78,47,003	-	3,23,13,851	57,01,60,853	-	3,23,13,678	57,01,60,681	172
Intangible Assets (B)	53,78,47,003	-	3,23,13,851	57,01,60,853	-	3,23,13,678	57,01,60,681	-
Previous Year	51,56,01,650	-	2,22,45,352	53,78,47,003	-	2,22,45,352	53,78,47,003	-
Total (A + B)	2,87,52,14,489	30,16,35,861	17,64,23,931	3,35,32,74,280	7,61,94,127	12,74,40,856	2,30,93,44,274	1,04,39,30,006
Previous Year	2,55,93,02,589	19,87,94,781	11,71,17,119	2,87,52,14,489	7,64,43,850	8,55,44,587	2,10,57,09,292	76,95,05,197
Capital Work in Progress	-	-	-	-	-	-	-	19,11,034
							7,00,31,270	

FLAG Telecom Network USA Limited

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

	As at March 31, 2016	Amount in ₹ As at March 31, 2015
NOTE # 2.07		
Long-Term Loans and Advances		
Capital Advance	-	12,328
Prepaid Expenses	21,22,822	-
	21,22,822	12,328
NOTE # 2.08		
Trade Receivables (Unsecured)		
Due for More than Six months		
Considered Good	4,77,036	6,00,000
Considered Doubtful	-	-
	4,77,036	6,00,000
Others:		
Considered Good	13,78,104	-
Considered Doubtful	-	-
	13,78,104	-
	18,55,140	6,00,000
NOTE # 2.09		
Cash and Bank Balances		
Balance with Banks		
- Current Accounts	6,04,002	2,31,20,321
	6,04,002	2,31,20,321
NOTE # 2.10		
Short-Term Loans and Advances		
Receivables from Related Parties (Refer Note 2.21)	3,29,33,29,763	3,10,03,25,141
Deposits	7,79,225	7,35,063
Advance to Vendors	52,44,929	1,07,70,972
Balances with Government Authorities	9	-
	3,29,93,53,926	3,11,18,31,176
NOTE # 2.11		
Service Income		
Indefeasible Right of Use	5,26,36,496	70,68,382
Operation and Maintenance Charges	1,68,53,209	1,73,35,652
Network Service Income	1,37,51,56,336	1,14,15,65,131
	1,44,46,46,041	1,16,59,69,165

FLAG Telecom Network USA Limited

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

Amount in ₹

	For the year ended March 31, 2016	For the year ended March 31, 2015
--	--------------------------------------	--------------------------------------

NOTE # 2.12

Other Income

Gain on Foreign Exchange Fluctuation (Net)	-	39,851
Reversal of provision no longer required	-	1,05,53,930
Sundry Balances Written Off	-	7,93,431
	-	1,13,87,212

NOTE # 2.13

Network Operation Expenses

Equipment Maintenance and Support	21,21,322	12,64,319
Marine Cable Operations	27,273	1,66,887
Landing Stations and Point of Presence costs	38,85,95,848	37,63,75,595
Terrestrial Cable, Inland Amplifier and Regenerator Sites	13,52,32,387	9,24,90,942
Local Tails	32,40,61,442	21,81,66,679
Internet Protocol	8,31,01,388	4,36,94,261
	93,31,39,660	73,21,58,683

NOTE # 2.14

Employee Benefits Expenses

Salaries, Wages and Bonus	25,28,20,432	21,21,24,800
Contribution to Provident and Other Funds	85,07,819	2,05,87,134
Staff Welfare	1,17,41,546	29,03,522
	27,30,69,797	23,56,15,456

NOTE # 2.15

Depreciation and Amortization Expenses

Depreciation on Tangible assets	7,61,94,127	7,64,43,850
Amortisation of Intangible assets	-	-
	7,61,94,127	7,64,43,850

NOTE # 2.16

Sales and General Administration Expenses

Rent	75,47,323	66,85,930
Insurance	97,10,101	1,11,67,210
Rates and Taxes	36,00,033	31,71,899
Legal Fees	14,84,687	-
Professional Charges	56,60,574	-
Licensing and Regulatory Fees	1,02,96,425	1,33,66,423
Travel and Entertainment	1,68,16,816	1,41,30,132
Loss on Foreign Exchange Fluctuation (Net)	6,44,303	-
Communication	14,57,028	16,42,261
Information Technology Support	50,512	46,120
Bank charges	6,89,092	5,67,481
Sales and Marketing Expenses	-	22,02,124
Facility Usage charges	2,33,510	5,10,935
Miscellaneous Expense	1,35,024	93,342
	5,83,25,428	5,35,83,857

FLAG Telecom Network USA Limited

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

NOTE # 2.17

Background and Organisation

The Company is part of a multinational corporate organization. The company operates a global telecommunication network comprised of advanced fibre-optic cable systems and interfaces that are owned by, leased to, or otherwise available to the company.

NOTE # 2.18

Earnings Per Share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to Common shareholders by the weighted average number of Common Shares outstanding during the period. Earnings considered in ascertaining the Company's earnings per share is the net profit for the period after deducting preference dividend and any attributable tax thereto for the period. The weighted average number of Common Shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential Common Shares that have changed the number of Common Shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to Common shareholders and the weighted average number of Common Shares outstanding during the period is adjusted for the effects of all dilutive potential Common Shares.

Amount in ₹ except number of shares

Earnings per Share	For the year ended March 31, 2016	For the year ended March 31, 2015
A Profit / (Loss) after Tax	10,39,17,422	8,03,78,384
B Weighted average number of share of USD 1 each used as denominator for calculating Basic and Diluted EPS	1	1
C Basic and Diluted Earnings per Share (A/B)	10,39,17,422	8,03,78,384

NOTE # 2.19

Segment Reporting

In accordance with Accounting Standard 17 "Segmental Reporting" issued by the Institute of Chartered Accountants of India, the Company has determined its business segment as telecommunication network through fiber-optic cable systems and interfaces are owned by, leased to, or otherwise available to the company. Since 100% of the Company's business is from telecommunication activities, there are no other reportable segments. Hence no segment reporting required.

Substantial network assets are located across geographic territories and therefore not identifiable to any particular geographical segment.

NOTE # 2.20

Prior Period Comparatives have been classified and regrouped to confirm with the current year's presentations, where applicable.

NOTE # 2.21

Related Party Transactions

In accordance with Accounting Standard 18 "Related Party Disclosures" issued by the Institute of Chartered Accountants of India, the company's related parties and transactions are disclosed below:

- a) Parties where control exist:
 - i) Reliance Communications Limited
 - ii) Reliance Globalcom Limited
 - iii) FLAG Telecom Ireland Network Limited
- b) Enterprises as affiliated companies are:
 - i) FLAG Telecom Japan Limited
 - ii) Reliance Globalcom (U.K.) Limited
 - iii) Reliance FLAG Telecom Ireland Limited
 - iv) FLAG Atlantic UK Limited
 - v) Reliance FLAG Atlantic France SAS
 - vi) FLAG Telecom Espana Network SAU
 - vii) FLAG Telecom Development Limited
 - viii) Reliance Globalcom Services Inc.
 - ix) Vanco US LLC

FLAG Telecom Network USA Limited

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

c) Summarized below are the transactions entered into and closing balances with related parties:

Amount in ₹

Name of the Entity	Network Service Income		Network Service Expenses		Trade Payables		Short Term Loans & Advances		Other Current Liabilities	
	For the year ended March 31, 2016	For the year ended March 31, 2015	For the year ended March 31, 2016	For the year ended March 31, 2015	As at March 31, 2016	As at March 31, 2015	As at March 31, 2016	As at March 31, 2015	As at March 31, 2016	As at March 31, 2015
Reliance Globalcom Services Inc.	-	-	5,93,86,287	3,11,49,871	1,72,50,368	1,93,87,875	-	-	-	-
Reliance Globalcom Limited	1,37,51,56,336	1,14,15,65,131	-	-	-	-	4,37,500	4,37,500	7,96,27,98,401	7,75,09,45,393
FLAG Telecom Japan Limited	-	-	-	-	-	-	3,07,27,014	2,53,55,875	-	-
FLAG Telecom Ireland Network Limited	-	-	-	-	-	-	21,49,30,428	20,23,60,311	-	-
Reliance FLAG Atlantic France SAS	-	-	-	-	-	-	-	-	23,65,129	56,82,188
FLAG Telecom Espana Network SAU	-	-	-	-	-	-	-	-	1,19,65,139	1,12,87,015
Reliance Globalcom (UK) Limited	-	-	-	-	-	-	-	-	5,31,287	5,01,176
Reliance FLAG Telecom Ireland Limited	-	-	-	-	-	-	3,04,47,31,562	2,87,21,71,455	-	-
FLAG Atlantic UK Limited	-	-	-	-	-	-	29,40,759	-	-	29,23,697
FLAG Telecom Development Limited	-	-	-	-	-	-	-	-	64,80,932	61,13,625
Vanco US LLC	-	-	-	-	20,29,98,088	-	-	-	-	-

NOTE # 2.22

The amounts relating to Balance Sheet items appearing in Amount in ₹ have been translated at Closing Rate of 1 USD = ₹ 66.255 (Previous year 1 USD = ₹ 62.50) and items relating to profit and loss have been translated at average rate of 1 USD = ₹ 65.4562 (Previous year 1 USD = ₹ 61.153).

The amounts have been converted in INR to comply with the financial reporting requirement in India.

As per our report attached

For and on behalf of the Board

For Shridhar & Associates
Chartered Accountants
Firm Regn. No. 1 34427W

Janet Troxell
B K Sinha
} Directors

Jitendra Sawjany
Partner
Membership No : 050980

Place : Mumbai
Date : May 27, 2016

FLAG TELECOM GROUP SERVICES LIMITED

Independent Auditor's Report

To
The Board of Directors of Flag Telecom Group Services Limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Flag Telecom Group Services Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India including Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion whether the Company has in place an adequate Internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements read together with the notes thereon give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016 and its loss and its cash flows for the year ended on that date.

Other Reporting Requirements

We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account.

Other Matters

This report is issued for the information and use of the Board of Directors of the Company and of Reliance Communications Limited, the holding company in India to comply with the financial reporting requirements in India and should not be used for any other purposes without our prior written consent.

For Shridhar & Associates
Chartered Accountants
Firm Registration No.: 134427W

Jitendra Sawjany
Partner
Membership No. 050980

Place: Mumbai
Dated: May 27, 2016

FLAG TELECOM GROUP SERVICES LIMITED

Balance Sheet as at March 31, 2016

		Amount in ₹	
	Note	As at March 31, 2016	As at March 31, 2015
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2.01	7,95,060	7,50,000
Reserves and Surplus	2.02	<u>40,64,94,839</u>	<u>39,08,84,305</u>
		40,72,89,899	39,16,34,305
Non Current Liabilities			
Long-Term Borrowings	2.03	<u>39,55,96,49,604</u>	<u>37,31,14,20,607</u>
		39,55,96,49,604	37,31,14,20,607
Current Liabilities			
Trade Payable	2.04	87,63,533	75,74,444
Other Current Liabilities	2.05	<u>8,74,958</u>	<u>-</u>
		96,38,491	75,74,444
TOTAL		<u>39,97,65,77,994</u>	<u>37,71,06,29,356</u>
ASSETS			
Non Current Assets			
Non Current Investments	2.06	<u>33,65,54,57,294</u>	<u>31,74,80,35,313</u>
		33,65,54,57,294	31,74,80,35,313
Current Assets:			
Short-Term Loans and Advances	2.07	<u>6,32,11,20,700</u>	<u>5,96,25,94,043</u>
		6,32,11,20,700	5,96,25,94,043
TOTAL		<u>39,97,65,77,994</u>	<u>37,71,06,29,356</u>
Significant Accounting Policies	1		
Notes forming part of Financial Statements	2		

As per our report attached

For Shridhar & Associates
Chartered Accountants
Firm Regn. No. 134427W

Jitendra Sawjany
Partner
Membership No : 050980

Place : Mumbai
Date : May 27, 2016

For and on behalf of the Board

Janet Troxell
Wilfred Kwan } **Directors**

FLAG TELECOM GROUP SERVICES LIMITED

Statement of Profit and Loss for the year ended March 31, 2016

		Amount in ₹	
	Note	For the year ended March 31, 2016	For the year ended March 31, 2015
Income			
Service Income	2.08	-	-
Total Revenue		<u>-</u>	<u>-</u>
Expenditure			
Sales and General Administration Expenses	2.09	<u>77,78,913</u>	<u>1,31,18,506</u>
Total Expenditure		<u>77,78,913</u>	<u>1,31,18,506</u>
Profit/(Loss) Before Tax		(77,78,913)	(1,31,18,506)
Provision for Taxation			
- Current Tax		-	-
Profit/(Loss) After Tax		<u>(77,78,913)</u>	<u>(1,31,18,506)</u>
Earning Per Share	2.12	(648)	(1,093)
(Basic and Diluted)			
Significant Accounting Policies	1		
Notes forming part of Financial Statements	2		

As per our report attached

For and on behalf of the Board

For Shridhar & Associates
Chartered Accountants
Firm Regn. No. 134427W

Janet Troxell
Wilfred Kwan

} **Directors**

Jitendra Sawjany
Partner
Membership No : 050980

Place : Mumbai
Date : May 27, 2016

FLAG TELECOM GROUP SERVICES LIMITED

Cash Flow Statement for the year ended March 31, 2016

Particulars	Amount in ₹	
	For the year ended March 31, 2016	For the year ended March 31, 2015
A) CASH FLOW FROM OPERATING ACTIVITIES:		
Profit/(Loss) before tax as per Statement of Profit and Loss	(77,78,913)	(1,31,18,506)
Adjustments for:		
Effects of exchange difference on translation of asset & Liabilities	2,34,34,507	(1,23,97,65,170)
Operating Profit/(Loss) before Working Capital Changes	1,56,55,594	(1,25,28,83,676)
Adjustments for:		
(Increase)/ Decrease in Loan & Advances and Other Asset	(2,26,59,48,638)	(2,81,76,33,984)
Increase/ (Decrease) in Liabilities and Provisions	2,25,02,93,044	4,07,05,17,660
	(1,56,55,594)	1,25,28,83,676
	-	-
Income Taxes Paid	-	-
Net Cash from/(used in) Operating Activities (A)	-	-
B) CASH FLOW FROM INVESTING ACTIVITIES:		
Investment in Subsidiaries	-	(1,37,50,00,000)
Net Cash from/(Used in) Investing Activities (B)	-	(1,37,50,00,000)
C) CASH FLOW FROM FINANCING ACTIVITIES:		
Loan taken/ (repayment)	-	1,37,50,00,000
Net Cash from/(Used in) Financing Activities (C)	-	1,37,50,00,000
Net Increase/ (Decrease) in Cash and Cash Equivalents (A+B+C)	-	-
Cash and Cash Equivalents at the Beginning of the year	-	-
Cash and Cash Equivalents at the End of the year	-	-

As per our report attached

For Shridhar & Associates
Chartered Accountants
Firm Regn. No. 134427W

Jitendra Sawjany
Partner
Membership No : 050980

Place : Mumbai
Date : May 27, 2016

For and on behalf of the Board

Janet Troxell
Wilfred Kwan

} **Directors**

FLAG TELECOM GROUP SERVICES LIMITED

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

NOTE 1

SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation of Financial Statements

The financial statements are prepared under historical cost convention, in accordance with the generally accepted accounting principles (GAAP) in India and Comply with Accounting Standard specified under Section 133 of the Companies Act, 2013 ("the Act") read with Rule 7 of the Companies (Accounts) Rules, 2014 and other provisions of the Act, to the extent notified and applicable as well as applicable guidance note and pronouncements of the Institute of Chartered Accountants of India (the ICAI).

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Schedule III to the Companies Act, 2013. Based on the nature of the services and their realisation in cash & cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current or non-current classification of assets and liabilities.

b) Revenue Recognition

i. Indefeasible Right of Use

The Company sells Right of Use (ROU) that provide customers with network capacity, typically over a 10 to 15 year period without transferring the legal title or giving an option to purchase the network capacity. Revenue from cancellable ROU arrangements are accounted as operating lease and recognised over the life of the contract.

Revenue from non cancellable ROU arrangements is recognised upfront as licensing income on activation of services.

Bills raised on customers/ payments received from customers for long term contracts and for which revenue is not recognised are included in deferred revenue.

ii. Operations And Maintenance

The Company provides operation and maintenance services over the life of the capacity contract, for which the Company receives Operation and Maintenance charges. Operation and maintenance charges are invoiced separately from capacity sales. Revenues relating to maintenance are recognized over the period in which the service is provided.

iii. Network Revenue

Network services include Capacity lease services, IP transit, IPLC (private lines leased to customers), backup service for other network operators and all other services. The customer typically pays the charges for network services periodically over the life of the contract, which may be up to three years. Network revenue is recognized in the Company's income statement over the term of the contract.

iv. Ethernet Services

Ethernet revenue is recognized in the Company's income statement over the term of the contract.

v. Unearned Income

Unearned income represents income billed in accordance with the contract but not recognised in Statement of Profit and Loss as at the Balance Sheet date. Unearned income net of the amount recognisable within one year is disclosed as unearned income in non-current liabilities and the amount recognisable within one year is disclosed as unearned income in current liabilities.

vi. Unbilled Revenue

Where the services are performed prior to billing, an accrued income is recognised in unbilled revenue

c) Employee Benefits

Eligible employees of the Company are covered by defined contribution pension plan/provident fund scheme. Contribution to the plan/fund is made to the insurance companies/local regulatory authorities, where the Company has no further obligations. Such benefits are classified as defined contribution schemes, as the Company does not carry any further obligations apart from the contributions made on a monthly basis.

The Company does not have any material defined benefits plans.

d) Use of Estimates

The presentation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the group reporting package and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known / materialized.

FLAG TELECOM GROUP SERVICES LIMITED

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

e) Current and Deferred Tax

Tax expense for the period, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the period. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the taxation laws prevailing in the respective jurisdictions.

Deferred tax is recognised for all the timing differences, subject to the consideration of prudence in respect of deferred tax assets. Deferred tax assets are recognised and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. However, where there is unabsorbed depreciation or carry forward loss, the deferred tax asset is recognised and carried forward only to the extent that there is a virtual certainty that the assets will be realised in future. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. At each Balance Sheet date, the Company re-assesses unrecognised deferred tax asset if any.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing current tax and where the deferred tax assets and the deferred tax liabilities relate to taxes on income levied by the same governing taxation laws.

f) Foreign Currency Translation

Initial Recognition

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Subsequent Recognition

As at the reporting date, non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. All non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined. All monetary assets and liabilities in foreign currency are restated at the end of accounting period.

g) Investments

Investments that are readily realisable and are intended to be held for not more than one year from the date, on which such investments are made, are classified as current investments. All other investments are classified as long term investments. Current investments are carried at cost or fair value, whichever is lower. Long-term investments are carried at cost. However, provision for diminution is made to recognise a decline, other than temporary, in the value of the investments, such reduction being determined and made for each investment individually.

h) Cash and Cash Equivalents

In the cash flow statement, cash and cash equivalents include cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

i) Provisions, Contingent Liabilities and Contingent Assets

Provisions: Provisions are recognised when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance Sheet date and are not discounted to its present value.

Contingent Liabilities: Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

Contingent Assets: Contingent assets are neither recognised nor disclosed in the financial statements.

j) Earnings Per Share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to Common shareholders by the weighted average number of Common Shares outstanding during the year. Earnings considered in ascertaining the Company's earnings per share is the net profit for the period after deducting preference dividend and any attributable tax thereto for the year. The weighted average number of Common Shares outstanding during the year and for all years presented is adjusted for events, such as bonus shares, other than the conversion of potential Common Shares that have changed the number of Common Shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to Common shareholders and the weighted average number of Common Shares outstanding during the year is adjusted for the effects of all dilutive potential Common Shares.

FLAG TELECOM GROUP SERVICES LIMITED

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

	As at March 31, 2016	Amount in ₹ As at March 31, 2015
NOTE 2.01		
Share Capital		
Authorised		
12,000(12,000) ordinary shares of US\$ 1 each	7,95,060	7,50,000
	<u>7,95,060</u>	<u>7,50,000</u>
Issued Subscribed and Paid up:		
12,000(12,000) ordinary shares of US\$ 1 each fully paid up	7,95,060	7,50,000
	<u>7,95,060</u>	<u>7,50,000</u>

a) Shares held by Holding company

Particulars	No. of Shares	Amount in ₹	No. of Shares	Amount in ₹
GCX Limited	12,000	7,95,060	12,000	7,50,000
	<u>12,000</u>	<u>7,95,060</u>	<u>12,000</u>	<u>7,50,000</u>

b) Details of shareholders holding more than 5% of the aggregate shares in the Company

Particulars	As at March 31, 2016		As at March 31, 2015	
	% of holding	No. of Shares	% of holding	No. of shares
GCX Limited	100	12,000	100	12,000

c) Terms/Rights attached to shares

The Company has Ordinary shares having a par value of USD 1 each. Each holder of shares is entitled to one vote per share. In the event of liquidation of the Company, the holder of shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of shares held by the shareholder.

d) Reconciliation of number of Shares

	As at March 31, 2016		As at March 31, 2015	
	No. of Shares	Amount in ₹	No. of Shares	Amount in ₹
Balance as at the beginning of the year	12,000	7,95,060	12,000	7,50,000
Add: Common share issued during the year	-	-	-	-
Less: Common shares cancelled on buy back	-	-	-	-
Balance as at the end of the year	<u>12,000</u>	<u>7,95,060</u>	<u>12,000</u>	<u>7,50,000</u>

FLAG TELECOM GROUP SERVICES LIMITED

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

	As at March 31, 2016	Amount in ₹ As at March 31, 2015
NOTE 2.02		
Reserves and Surplus		
Foreign Currency Translation Reserve	7,69,08,052	5,35,18,605
Surplus / (Deficit) as per the Statement of Profit and Loss		
Balance as at the beginning of the year	33,73,65,700	35,04,84,206
Add: Profit/(Loss) during the year	<u>(77,78,913)</u>	<u>(1,31,18,506)</u>
Balance as at the end of the year	<u>32,95,86,787</u>	<u>33,73,65,700</u>
Total Reserves and Surplus	<u>40,64,94,839</u>	<u>39,08,84,305</u>
NOTE 2.03		
Long-Term Borrowings		
(Unsecured)		
Loan from Related Parties (Refer Note No. 2.14)	39,55,96,49,604	37,31,14,20,607
	<u>39,55,96,49,604</u>	<u>37,31,14,20,607</u>
NOTE 2.04		
Trade Payables		
Other Contractual Obligations (Refer note 2.14)	87,63,533	75,74,444
	<u>87,63,533</u>	<u>75,74,444</u>
NOTE 2.05		
Other Current Liabilities		
Group Company Payables (Refer Note No. 2.14)	8,74,958	-
	<u>8,74,958</u>	<u>-</u>
NOTE 2.06		
Non Current Investments		
Investment in Subsidiaries		
(Unquoted, Non Trade, at Cost)		
108 (108) Ordinary Shares of Yipes Holding Inc. of USD 0.01 each fully paid up	20,93,30,73,663	19,74,66,92,375
110,072,000 (110,072,000) Ordinary Shares of Reliance Vanco Group Limited of GBP 0.001 each fully paid up	4,51,63,00,121	4,26,03,38,953
200,000 (200,000) Redeemable Preference Shares of Reliance Vanco Group Limited of GBP 1 each fully paid up	8,20,60,83,510	7,74,10,03,985
	<u>33,65,54,57,294</u>	<u>31,74,80,35,313</u>
NOTE 2.07		
Short-Term Loans and Advances		
(Unsecured considered good)		
Loan and Advances to Related Parties (Refer Note No. 2.14)	6,32,08,26,693	5,96,25,94,043
Advance to Vendors	2,94,007	-
	<u>6,32,11,20,700</u>	<u>5,96,25,94,043</u>

FLAG TELECOM GROUP SERVICES LIMITED

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

Amount in ₹

	For the year ended	For the year ended
	March 31, 2016	March 31, 2015

NOTE 2.08

Service Income

Network Service Revenue	-	-
	-	-

NOTE 2.09

Sales and General Administration Expenses

Legal Fees	2,90,462	-
Professional Charges	52,365	-
Licensing and Regulatory Fees	-	5,36,215
	3,42,827	5,36,215
Payment to auditors	74,36,086	1,25,82,291
	77,78,913	1,31,18,506

NOTE 2.10

BACKGROUND AND ORGANISATION

The Company is part of a multinational corporate organization. The company operates a global telecommunication network comprised of advanced fibre-optic cable systems and interfaces that are owned by, leased to, or otherwise available to the company.

NOTE 2.11

Segment Reporting

The Company has determined its business segment as telecommunication network unit taking into account the nature of services provided, class of customers for the services provided, the differing risks and returns and the internal business reporting systems. Since 100% of the business of Company is from telecommunication network unit, there are no other reportable segments.

The segment revenue, segment result, total carrying amount of segment assets, total amount of segment liabilities, total cost incurred during the year to acquire segments assets, segment depreciation and amortisation for the year are reflected within the consolidated financial statements of the Company as at and for the year ended March 31, 2016.

Substantial network assets are located across geographic territories and therefore not identifiable to any particular geographical segment.

NOTE 2.12

Earnings Per Share

Amount in ₹ except number of shares

	For the year ended	For the year ended
	March 31, 2016	March 31, 2015
Earnings per Share		
A Profit/(loss) after Tax	(7,778,913)	(13,118,506)
B Weighted average number of ordinary share of USD 1 each used as denominator for calculating Basic and Diluted EPS	12,000	12,000
C Basic and Diluted Earnings per Share (A/B)	(648)	(1,093)

NOTE 2.13

Prior Period Comparatives have been classified and regrouped to confirm with the current year's presentations, where applicable.

FLAG TELECOM GROUP SERVICES LIMITED

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

NOTE 2.14

Related Party Transactions

In accordance with Accounting Standard 18 "Related Party Disclosures" issued by the Institute of Chartered Accountants of India, the company's related parties and transactions are disclosed below:

a) Parties where control exist:

- i) Reliance Communications Limited
- ii) Reliance Globalcom Limited
- iii) Reliance Globalcom BV
- iv) GCX Limited

b) Enterprises as affiliated companies are :

- i) Reliance Vanco Group Limited
- ii) Yipes Holdings Inc
- iii) Reliance Globalcom Services Inc.
- iv) Flag Telecom Development Limited

FLAG TELECOM GROUP SERVICES LIMITED

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

c) Summarized below are the transactions entered into and closing balances with related parties:

Amount in ₹

Name of the Entity	Short Term Loans & Advances		Long Term Borrowings		Trade Payables		Other Current Liabilities		Sale of Shares		Purchase of Shares	
	Closing Balance as at 31.03.2016	Closing Balance as at 31.03.2015	Closing Balance as at 31.03.2016	Closing Balance as at 31.03.2015	Closing Balance as at 31.03.2016	Closing Balance as at 31.03.2015	Closing Balance as at 31.03.2016	Closing Balance as at 31.03.2015	For the year ended 31.03.2016	For the year ended 31.03.2015	For the year ended 31.03.2016	For the year ended 31.03.2015
Reliance Globalcom Limited	-	-	38,04,00,34,994	35,88,41,17,062	-	-	8,74,946	-	-	-	-	-
Reliance Vanco Group Limited	6,32,01,64,143	5,96,19,69,043	5,46,01,806	4,53,20,125	-	-	-	-	-	-	-	-
Yipes Holdings Inc	6,62,550	6,25,000	1,45,76,10,000	1,37,50,00,000	-	-	-	-	-	-	1,37,50,00,000	-
Reliance Globalcom Services Inc	-	-	74,02,804	69,83,250	-	-	-	-	-	-	-	-
FLAG Telecom Development Limited	-	-	-	-	-	6,96,006	-	-	-	-	-	-
Reliance Globalcom BV	-	-	-	-	-	-	-	1,37,50,00,000	-	-	-	1,37,50,00,000

NOTE 2.15

The amounts relating to Balance Sheet items appearing in Amount in ₹ have been translated at Closing Rate of 1 USD = ₹ 66.255 (Previous year 1 USD = ₹ 62.50) and items relating to profit and loss have been translated at average rate of 1 USD = ₹ 66.4562 (Previous year 1 USD = ₹ 61.153).

The amounts have been converted in INR to comply with the financial reporting requirement in India

As per our report attached

For and on behalf of the Board

For Shridhar & Associates
Chartered Accountants
Firm Regn. No. 1 34427W

Janet Troxell
Wilfred Kwan
} **Directors**

Jitendra Sawjany
Partner
Membership No : 050980

Place : Mumbai
Date : May 27, 2016

FLAG TELECOM DEVELOPMENT LIMITED

Independent Auditor's Report

To
The Board of Directors of Flag Telecom Development Limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Flag Telecom Development Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India including Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion whether the Company has in place an adequate Internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements read together with the notes thereon give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016 and its loss and its cash flows for the year ended on that date.

Other Reporting Requirements

We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account.

Other Matters

This report is issued for the information and use of the Board of Directors of the Company and of Reliance Communications Limited, the holding company in India to comply with the financial reporting requirements in India and should not be used for any other purposes without our prior written consent.

For Shridhar & Associates
Chartered Accountants
Firm Registration No.: 134427W

Jitendra Sawjany
Partner
Membership No. 050980

Place: Mumbai
Dated: May 27, 2016

FLAG TELECOM DEVELOPMENT LIMITED

Balance Sheet as at March 31, 2016

	Note	As at March 31, 2016	Amount in ₹ As at March 31, 2015
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2.01	7,95,083	7,50,000
Reserves and Surplus	2.02	<u>43,44,14,43,240</u>	<u>40,98,02,25,586</u>
		<u>43,44,22,38,323</u>	<u>40,98,09,75,586</u>
Current Liabilities			
Other Current Liabilities	2.03	<u>4,67,18,94,673</u>	<u>4,40,69,86,723</u>
		<u>4,67,18,94,673</u>	<u>4,40,69,86,723</u>
TOTAL		<u>48,11,41,32,996</u>	<u>45,38,79,62,309</u>
ASSETS			
Non Current Assets			
Fixed Assets			
Tangible assets	2.04	-	-
		-	-
Non Current Investments	2.05	<u>42,45,814</u>	<u>8,17,940</u>
		<u>42,45,814</u>	<u>8,17,940</u>
Current Assets:			
Short-Term Loans and Advances	2.06	<u>48,10,98,87,182</u>	<u>45,38,71,44,369</u>
		<u>48,10,98,87,182</u>	<u>45,38,71,44,369</u>
TOTAL		<u>48,11,41,32,996</u>	<u>45,38,79,62,309</u>
Significant Accounting Policies	1		
Notes forming part of Financial Statements	2		

As per our report attached

For Shridhar & Associates
Chartered Accountants
Firm Regn. No. 134427W

Jitendra Sawjany
Partner
Membership No : 050980

Place : Mumbai
Date : May 27, 2016

For and on behalf of the Board

Rod Riley
Wilfred Tai Lai Kwan } **Directors**

FLAG TELECOM DEVELOPMENT LIMITED

Statement of Profit and Loss for the year ended March 31, 2016

		Amount in ₹	
	Note	For the year ended March 31, 2016	For the year ended March 31, 2015
Income			
Service Income	2.07	-	18,82,25,326
		<u>-</u>	<u>18,82,25,326</u>
Expenditure			
Depreciation and Amortization Expense	2.08	-	(3,23,78,02,811)
Sales and General Administration Expenses	2.09	8,63,725	-
		<u>8,63,725</u>	<u>(3,23,78,02,811)</u>
Profit /(Loss) for the year		(8,63,725)	3,42,60,28,137
Earning Per Share (Basic and Diluted)	2.11	(71.98)	2,85,502
Significant Accounting Policies	1		
Notes forming part of Financial Statements	2		

As per our report attached

For Shridhar & Associates
Chartered Accountants
Firm Regn. No. 134427W

Jitendra Sawjany
Partner
Membership No : 050980

Place : Mumbai
Date : May 27, 2016

For and on behalf of the Board

Rod Riley
Wilfred Tai Lai Kwan } **Directors**

FLAG TELECOM DEVELOPMENT LIMITED

Cash Flow Statement for the year ended March 31, 2016

	For the year ended March 31, 2016	Amount in ₹ For the year ended March 31, 2015
A) CASH FLOW FROM OPERATING ACTIVITIES:		
Profit/(Loss) Before Tax	(8,63,725)	3,42,60,28,137
Adjustments for:		
Depreciation and Amortisation	-	(3,23,78,02,811)
Foreign Currency Translation Reserve	2,46,21,26,459	1,80,85,56,356
	2,46,21,26,459	(1,42,92,46,455)
Operating Profit before Working Capital Changes	2,46,12,62,734	1,99,67,81,682
Adjustments for:		
(Increase)/ Decrease in Trade Receivables	(2,72,61,70,686)	(1,01,73,11,035)
Increase/ (Decrease) in Liabilities and Provisions	26,49,07,952	(97,94,70,648)
	(2,46,12,62,734)	(1,99,67,81,682)
Income Tax Paid	-	-
Net Cash Generated from/(used in) Operating Activities (A)	-	-
B) CASH FLOW FROM INVESTING ACTIVITIES:		
Net Cash from/(Used in) Investing Activities (B)	-	-
C) CASH FLOW FROM FINANCING ACTIVITIES:		
Net Cash from/(Used in) Financing Activities (C)	-	-
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	-	-
Cash and Cash Equivalents at the Beginning of the year	-	-
Cash and Cash Equivalents at the End of the year	-	-

As per our report attached

For Shridhar & Associates
Chartered Accountants
Firm Regn. No. 134427W

Jitendra Sawjany
Partner
Membership No : 050980

Place : Mumbai
Date : May 27, 2016

For and on behalf of the Board

Rod Riley
Wilfred Tai Lai Kwan } **Directors**

FLAG TELECOM DEVELOPMENT LIMITED

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

Note # 1

SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation of Financial Statements

The financial statements are prepared under historical cost convention, in accordance with the generally accepted accounting principles (GAAP) in India and Comply with Accounting Standard specified under Section 133 of the Companies Act, 2013 ("the Act") read with Rule 7 of the Companies (Accounts) Rules, 2014 and other provisions of the Act, to the extent notified and applicable as well as applicable guidance note and pronouncements of the Institute of Chartered Accountants of India (the ICAI).

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Schedule III to the Companies Act, 2013. Based on the nature of the services and their realisation in cash & cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current or non-current classification of assets and liabilities.

b) Revenue Recognition

i) Indefeasible Rights of Use

The Company sells Right of Use (ROU) that provide customers with network capacity, typically over a 10 to 15 year period without transferring the legal title or giving an option to purchase the network capacity. Revenue from cancellable ROU arrangements are accounted as operating lease and recognised over the life of the contract.

Revenue from non cancellable ROU arrangements is recognised upfront as licensing income on activation of services.

Bills raised on customers/ payments received from customers for long term contracts and for which revenue is not recognised are included in deferred revenue.

ii) Operations and Maintenance Charges

The Company provides operation and maintenance services over the life of the capacity contract, for which the Company receives Operation and Maintenance charges. Operation and maintenance charges are invoiced separately from capacity sales. Revenues relating to maintenance are recognized over the period in which the service is provided.

iii) Network Services

Network services include Capacity lease services, IP transit, IPLC (private lines leased to customers), backup service for other network operators and all other services. The customer typically pays the charges for network services periodically over the life of the contract, which may be up to three years. Network Services revenue is recognized in the Company's income statement over the term of the contract.

iv) Unearned Income

Unearned income represents income billed in accordance with the contract but not recognised in Statement of Profit and Loss as at the Balance Sheet date. Unearned income net of the amount recognisable within one year is disclosed as unearned income in non-current liabilities and the amount recognisable within one year is disclosed as unearned income in current liabilities.

v) Unbilled Revenue

Where the services are performed prior to billing, an accrued income is recognised in unbilled revenue.

c) Employee Benefits

Eligible employees of the Company are covered by defined contribution pension plan/provident fund scheme. Contribution to the plan/fund is made to the insurance companies/local regulatory authorities, where the Company has no further obligations. Such benefits are classified as defined contribution schemes, as the Company does not carry any further obligations apart from the contributions made on a monthly basis.

The Company does not have any material defined benefits plans.

d) Use of Estimates

The presentation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the group reporting package and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known / materialised.

e) Current and Deferred tax

Tax expense for the period, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the period. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the taxation laws prevailing in the respective jurisdictions.

FLAG TELECOM DEVELOPMENT LIMITED

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

Deferred tax is recognised for all the timing differences, subject to the consideration of prudence in respect of deferred tax assets. Deferred tax assets are recognised and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. However, where there is unabsorbed depreciation or carry forward loss, the deferred tax asset is recognised and carried forward only to the extent that there is a virtual certainty that the assets will be realised in future. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. At each Balance Sheet date, the Company re-assesses unrecognised deferred tax asset if any.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing current tax and where the deferred tax assets and the deferred tax liabilities relate to taxes on income levied by the same governing taxation laws.

f) Fixed Assets

i) Tangible Fixed Assets

Fixed Assets are stated at cost of acquisition or construction (except revalued assets) including financing cost till commencement of commercial operations, net charges of foreign exchange contracts and adjustments arising from exchange rate variations, directly attributable to fixed assets. Indefeasible Right of Use is stated at cost of acquisition less accumulated amortization.

Costs incurred prior to the capital project's completion are reflected as construction in progress, which is reclassified to fixed assets on the date of completion of project and which is placed in service. Construction in progress is stated at cost. Capitalized costs include costs incurred under the construction contract, engineering and consulting fees, legal fees related to obtaining landing right licenses, interest costs related to program management, costs for the route surveys, indirect costs associated with cable systems and points of presence ("PoPs"), and other costs incurred in the development of the Company's global network.

Depreciation / Amortization

Depreciation is provided on a pro-rata basis on the straight-line method over the estimated useful lives of the assets as follows:

	Assets Estimated Useful Lives
Network assets	the shorter of 15 to 25 years or remaining useful lives
Computers	3 to 6 years
Furniture and Fixtures.....	3 to 7 years
Leasehold improvements.....	Over the life of the lease.
Vehicles.....	5 years

The estimated useful life of network assets is determined based on the estimated period over which they will generate revenue.

ii) Intangible Assets

Intangible Assets are stated at acquisition cost, net of accumulated amortisation and accumulated impairment losses, if any. Gains or losses arising from the retirement or disposal of an intangible asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognised as income or expense in the Statement of Profit and Loss.

iii) Impairment of Assets

Assessment is done at each Balance Sheet date as to whether there is any indication that an asset (tangible and intangible) may be impaired. For the purpose of assessing impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets, is considered as a cash generating unit. If any such indication exists, an estimate of the recoverable amount of the asset/cash generating unit is made. Assets whose carrying value exceeds their recoverable amount are written down to the recoverable amount. Recoverable amount is higher of an asset's or cash generating unit's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Assessment is also done at each Balance Sheet date as to whether there is any indication that an impairment loss recognised for an asset in prior accounting periods may no longer exist or may have decreased.

iv) Reciprocal Transactions

The Company has exchanged capacity with other capacity or service providers with dissimilar capacity and assets which are accounted for at fair market value and an adjustment is made for balancing payment of cash as consideration in excess of the fair market value.

FLAG TELECOM DEVELOPMENT LIMITED

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

v) Asset Retirement Obligation('ARO')

The cost of tangible assets also includes, where applicable, costs of its dismantlement, removal or restoration, the obligation for which an entity incurs as a consequence of installing the item. This liability is estimated based on the best estimate of the expenditure required to settle the obligation. A corresponding liability is created for the amount recognised. Subsequent changes in the asset retirement obligation due to change in the estimated timing or amount of the outflow of resources embodying economic benefits required to settle the obligation are adjusted in the cost of the asset prospectively. In case of decrease in liability, it is first reduced from the carrying value of the related Network Assets and the excess amount, if any, is credited to the Statement of Profit and Loss.

The asset retirement obligation is depreciated over the estimated useful life of the asset for which the obligation has been created.

g) Foreign Currency Translation

i) Initial Recognition

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

ii) Subsequent Recognition

As at the reporting date, non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. All non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined. All monetary assets and liabilities in foreign currency are restated at the end of accounting period.

g) Investments

Investments that are readily realisable and are intended to be held for not more than one year from the date, on which such investments are made, are classified as current investments. All other investments are classified as long term investments. Current investments are carried at cost or fair value, whichever is lower. Long-term investments are carried at cost. However, provision for diminution is made to recognise a decline, other than temporary, in the value of the investments, such reduction being determined and made for each investment individually.

h) Cash and Cash Equivalents

In the cash flow statement, cash and cash equivalents include cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

i) Provisions, Contingent Liabilities and Contingent Assets

Provisions: Provisions are recognised when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance Sheet date and are not discounted to its present value.

Contingent Liabilities: Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

Contingent Assets: Contingent assets are neither recognised nor disclosed in the financial statements.

j) Earnings Per Share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to Common shareholders by the weighted average number of Common Shares outstanding during the period. Earnings considered in ascertaining the Company's earnings per share is the net profit for the period after deducting preference dividend and any attributable tax thereto for the period. The weighted average number of Common Shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential Common Shares that have changed the number of Common Shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to Common shareholders and the weighted average number of Common Shares outstanding during the period is adjusted for the effects of all dilutive potential Common Shares.

FLAG TELECOM DEVELOPMENT LIMITED

	As at March 31, 2016	Amount in ₹ As at March 31, 2015		
NOTE 2.01				
Share Capital				
Authorised:				
12,000 (12000) Ordinary shares of par value US \$1 each	7,95,083	7,50,000		
	<u>7,95,083</u>	<u>7,50,000</u>		
Issued, Subscribed and Paid up:				
12000 (12000) Ordinary shares par value US \$1 each, fully paid up	7,95,083	7,50,000		
	<u>7,95,083</u>	<u>7,50,000</u>		
a) Ordinary Shares held by Holding Company				
	No. of Shares	No. of Shares		
Reliance Globalcom Limited	<u>12,000</u>	<u>12,000</u>		
	<u>12,000</u>	<u>12,000</u>		
b) Details of Shareholders holding more than 5% of the aggregate Shares in the Company				
	% of Holding	No. of Shares	% of Holding	No. of Shares
Reliance Globalcom Limited	100%	12,000	100%	12,000
c) Terms/ Rights attached to shares				
The Company has only one Class of ordinary Shares having a par value of US \$1 each . Each holder of ordinary shares is entitled to one vote per share. In the event of liquidation of the Company, the holder of shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of shares held by the shareholder.				
d) Reconciliation of ordinary shares outstanding at the beginning and at the end of the year				
	No. of Shares	Amount in ₹	No. of Shares	Amount in ₹
Ordinary shares				
Balance as at the beginning of the year	12,000	7,95,083	12,000	7,50,000
Add:- Movement for the year	-	-	-	-
At the end of the year	<u>12,000</u>	<u>7,95,083</u>	<u>12,000</u>	<u>7,50,000</u>

FLAG TELECOM DEVELOPMENT LIMITED

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

	Amount in ₹
	As at
	As at
	March 31, 2016
	March 31, 2015
NOTE # 2.02	
Reserves and Surplus	
Foreign Currency Translation Reserve	
Balance as per Last Balance Sheet	4,99,22,22,567
Add : Transferred During the year	3,36,66,38,005
	<u>2,46,20,81,380</u>
	1,62,55,84,562
	<u>7,45,43,03,947</u>
	4,99,22,22,567
Surplus /(Deficit) as per the Statement of Profit and Loss	
Balance as per Last Balance Sheet	35,98,80,03,019
Add: Profit /(Loss)for the year	32,56,19,74,882
	<u>(8,63,725)</u>
	3,42,60,28,137
Balance as at the end of the year	<u>35,98,71,39,294</u>
	35,98,80,03,019
Total Reserves and Surplus	<u>43,44,14,43,240</u>
	<u>40,98,02,25,586</u>
NOTE # 2.03	
Other Current Liabilities	
Payables to Related Parties	4,67,18,94,673
(Refer Note 2.14)	<u>4,67,18,94,673</u>
	4,40,69,86,723
	<u>4,40,69,86,723</u>

FLAG TELECOM DEVELOPMENT LIMITED

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

Note 2.04 Fixed Assets & Depreciation

Particulars	Gross Block						Depreciation			Net Block	
	As at April 01, 2015	Transferred During the year	Foreign Currency Translation Reserve	Adjustment	March 31, 2016	As at April 01, 2015	Transferred during the year	Foreign Currency Translation Reserve	For the period March 31, 2016	March 31, 2016	As at March 31, 2015
Network Assets	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-	-
Previous Year	8,96,36,73,437	9,35,04,06,199	-	38,67,32,762	-	3,17,22,55,783	-	(6,55,47,028)	(3,23,78,02,811)	-	-

FLAG TELECOM DEVELOPMENT LIMITED

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

	As at March 31, 2016	Amount in ₹ As at March 31, 2015
NOTE # 2.05		
Non Current Investments		
(Unquoted, Non Trade, At Cost)		
495(495) Flag Telecom Services Development Company LLC, 100 Egyptian Pound per share	8,65,815	8,16,815
20(20) Flag Telecom Network Services Limited, 1 Euro per Share	1,193	1,125
15,000(15,000) Flag Telecom Hellas AE-Greece ,4 Euro per share	33,78,806	-
	<u>42,45,814</u>	<u>8,17,940</u>

NOTE # 2.06

Short-Term Loans and Advances

(Unsecured considered good)

Receivables from Related Parties	48,10,98,87,182	45,38,71,44,369
(Refer note 2.14)	<u>48,10,98,87,182</u>	<u>45,38,71,44,369</u>

NOTE # 2.07

Service Income

	For the year ended March 31, 2016	Amount in ₹ For the year ended March 31, 2015
Lease Capacity Services	-	18,82,25,326
	<u>-</u>	<u>18,82,25,326</u>

NOTE # 2.08

Depreciation and Amortization Expense

Depreciation on Tangible Assets	-	(3,23,78,02,811)
	<u>-</u>	<u>(3,23,78,02,811)</u>

NOTE # 2.09

Sales and General Administration Expenses

Loss on Foreign Exchange Fluctuation (Net)	8,63,725	-
	<u>8,63,725</u>	<u>-</u>

FLAG TELECOM DEVELOPMENT LIMITED

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

Note # 2.10

Background of Organisation

The Company is part of a multinational corporate organization. The Company operates a global telecommunication network comprised of advanced fiber-optic cable systems and interfaces that are owned by, leased to, or otherwise available to the Company.

Note # 2.11

Earnings per Share

Amount in Indian Rupees except Number of shares

Earnings per Share	Year ended March 31, 2016	Year ended March 31, 2015
A Profit /Loss after Tax	(863,725)	3,426,028,137
B Weighted average number of share of USD \$1 each used as denominator for calculating Basic and Diluted EPS	12000	12000
C Basic and Diluted Earnings per Share (A/B)	(71.98)	285,502

Note # 2.12

Asset Retirement Obligation (ARO)

Amount in ₹

Particulars of Provisions	Year ended March 31, 2016	Year ended March 31, 2015
Opening Balance as on April 1, 2015	-	9,350,406,188
Less: Provisions reversed during the year	-	9,350,406,188
Closing Provisions as on March 31, 2016	-	-

Note # 2.13

Prior Period comparatives have been classified to confirm with the current year's presentation, where applicable.

Note # 2.14

Related Party Transactions

In accordance with Accounting Standard 18 "Related Party Disclosures" issued by the Institute of Chartered Accountants of India, the company's related parties and transactions are disclosed below:

a) Parties where control exist

- i) Reliance Communications Limited
- ii) Reliance Globalcom Limited

b) Enterprises as affiliated companies are:

- i) FLAG Holdings (Taiwan) Limited
- ii) Reliance Flag Telecom Ireland Limited
- iii) FLAG Telecom Ireland Network Limited
- iv) FLAG Atlantic UK Limited
- v) Reliance Flag Atlantic France SAS
- vi) FLAG Telecom Network USA Limited
- vii) FLAG Telecom Group Services Limited
- viii) Reliance Globalcom Limited
- ix) Flag Telecom Network Services Limited
- x) FLAG Telecom Development Services company LLC .

FLAG TELECOM DEVELOPMENT LIMITED

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

c) Summarised below are the closing balance with related parties

Amount in ₹

Company Name	Short Term Loans and Advances		Other Current Liabilities	
	Current Year	Previous Year	Current Year	Previous Year
FLAG Holdings (Taiwan) Limited	3,005,459	2,835,125	-	-
FLAG Telecom Network Services Limited	-	-	176	779
Reliance FLAG Telecom Ireland Limited	-	-	2,312,341,827	2,181,289,938
FLAG Telecom Ireland Network Limited	-	-	2,358,678,000	2,225,000,000
FLAG Atlantic UK Limited	3,457,957,638	3,261,978,000	-	-
Reliance FLAG Atlantic France SAS	5,086,420,069	4,798,147,375	-	-
FLAG Telecom Network USA Limited	6,480,932	6,113,625	-	-
FLAG Telecom Group Services Limited	-	-	-	696,006
Reliance Globalcom Limited	39,556,023,084	37,318,070,244	-	-
FLAG Telecom Development Services Company LLC	-	-	874,670	-

Note # 2.15

The amounts relating to Balance Sheet items appearing in Indian Rupees have been translated at Closing Rate of 1 USD = ₹ 66.2550 (Previous year 1 USD = ₹ 62.50) and items relating to profit and loss have been translated at average rate of 1 USD = ₹ 65.4562 (Previous year 1 USD = ₹ 61.15).

The amounts have been converted in INR to comply with the financial reporting requirement in India.

As per our report attached

For and on behalf of the Board

For Shridhar & Associates

Chartered Accountants
Firm Regn. No. 134427W

Rod Riley

Wilfred Tai Lai Kwan

} **Directors**

Jitendra Sawjany

Partner
Membership No : 050980

Place : Mumbai

Date : May 27, 2016

Yipes Holdings Inc.

Independent Auditor's Report

To The Board of Directors of Yipes Holdings Inc. Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Yipes Holdings Inc. ("the Company"), which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India including Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion whether the Company has in place an adequate Internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements read together with the notes thereon give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016 and its Loss and its cash flows for the year ended on that date.

Other Reporting Requirements

We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account.

Other Matters

This report is issued for the information and use of the Board of Directors of the Company and of Reliance Communications Limited, the holding company in India to comply with the financial reporting requirements in India and should not be used for any other purposes without our prior written consent.

For Shridhar & Associates
Chartered Accountants
Firm Registration No.: 134427W

Jitendra Sawjiani
Partner
Membership No. 050980

Place: Mumbai
Dated: May 27, 2016

Yipes Holdings Inc.

Balance Sheet as at March 31, 2016

	Note	As at March 31, 2016	Amount in INR As at March 31, 2015
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2.01	20,93,30,40,327	19,74,66,60,938
Reserves and Surplus	2.02	<u>(16,03,373)</u>	<u>(10,12,500)</u>
		<u>20,93,14,36,954</u>	<u>19,74,56,48,438</u>
Current Liabilities			
Trade Payable	2.03	9,74,281	4,19,062
Other Current Liabilities	2.04	<u>6,62,550</u>	<u>6,25,000</u>
		<u>16,36,831</u>	<u>10,44,062</u>
TOTAL		<u>20,93,30,73,785</u>	<u>19,74,66,92,499</u>
ASSETS			
Non Current Assets			
Non Current Investments	2.05	19,47,54,63,785	18,37,16,92,500
Long Term Loans and Advances	2.06	<u>1,45,76,10,000</u>	<u>1,37,50,00,000</u>
		<u>20,93,30,73,785</u>	<u>19,74,66,92,500</u>
Current Assets:			
Cash and Bank Balances		<u>-</u>	<u>-</u>
		<u>-</u>	<u>-</u>
TOTAL		<u>20,93,30,73,785</u>	<u>19,74,66,92,500</u>
Significant Accounting Policies	1		
Notes forming part of Financial Statements	2		

As per our report attached

For Shridhar & Associates
Chartered Accountants
Firm Regn. No. 134427W

Jitendra Sawjany
Proprietor
Membership No : 050980

Place : Mumbai
Date : May 27, 2016

For and on behalf of the Board

Wilfred Kwan
Janet Troxell } **Directors**

Yipes Holdings Inc.

Statement of Profit and Loss for the year ended March 31, 2016

	Note	As at March 31, 2016	Amount in INR As at March 31, 2015
Income			
Other Income	2.07	-	20,66,971
		<u>-</u>	<u>20,66,971</u>
Expenditure			
Sales and General Administration Expenses	2.08	5,23,651	4,89,224
		<u>5,23,651</u>	<u>4,89,224</u>
Profit/(Loss) Before Tax		<u>(5,23,651)</u>	<u>15,77,747</u>
Provision for taxation			
- Current Tax		-	-
		<u>-</u>	<u>-</u>
Profit/(Loss) After Tax		<u>(5,23,651)</u>	<u>15,77,747</u>
Basic and Diluted Earning Per Share of USD 0.01 each	2.09	-4,849	14,609
Significant Accounting Policies	1		
Notes forming part of Financial Statements	2		

As per our report attached

For Shridhar & Associates
Chartered Accountants
Firm Regn. No. 134427W

Jitendra Sawjany
Proprietor
Membership No : 050980

Place : Mumbai
Date : May 27, 2016

For and on behalf of the Board

Wilfred Kwan
Janet Troxell } **Directors**

Yipes Holdings Inc.

Cash Flow Statement for the year ended March 31, 2016

Particulars	For the year ended March 31, 2016	Amount in INR For the year ended March 31, 2015
A) CASH FLOW FROM OPERATING ACTIVITIES:		
Profit/(Loss) Before Tax	(5,23,651)	15,77,747
Adjustments for:		
Foreign Exchange Adjustment	<u>(69,119)</u>	<u>(75,123)</u>
	(69,119)	(75,123)
Operating Profit before Working Capital Changes	<u>(5,92,770)</u>	15,02,624
Adjustments for:		
Increase / (Decrease) in Trade Payable	5,55,220	(15,02,624)
Increase / (Decrease) in Other Liabilities	<u>37,550</u>	<u>-</u>
	5,92,770	(15,02,624)
	-	-
Income Taxes Paid	-	-
Net Cash (decrease)/Increase from Operating Activities (A)	<u>-</u>	<u>-</u>
B) CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets (Including Capital Work in Progress)	-	-
Net Cash Used in Investing Activities (B)	<u>-</u>	<u>-</u>
C) CASH FLOW FROM FINANCING ACTIVITIES:		
Interest Paid	-	-
Net Cash Used in Financing Activities (C)	<u>-</u>	<u>-</u>
Net (Decrease)/ Increase in Cash and Cash Equivalents (A+B+C)	-	-
Cash and Cash Equivalents at the Beginning of the year		
- Cash and Bank Balance	-	
- Cash Equivalents	<u>-</u>	<u>-</u>
Cash and Cash Equivalents at the End of the year		
- Cash and Bank Balance	-	
- Cash Equivalents	<u>-</u>	<u>-</u>
Net Decrease/(Increase) in Cash and Cash Equivalents as Disclosed Above	<u>-</u>	<u>-</u>

As per our report attached

For Shridhar & Associates
Chartered Accountants
Firm Regn. No. 134427W

Jitendra Sawjany
Proprietor
Membership No : 050980

Place : Mumbai
Date : May 27, 2016

For and on behalf of the Board

Wilfred Kwan
Janet Troxell } **Directors**

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

1. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation of Financial Statements

The financial statements are prepared under historical cost convention, in accordance with the generally accepted accounting principles (GAAP) in India and Comply with Accounting Standard specified under Section 133 of the Companies Act, 2013 ("the Act") read with Rule 7 of the Companies (Accounts) Rules, 2014 and other provisions of the Act, to the extent notified and applicable as well as applicable guidance note and pronouncements of the Institute of Chartered Accountants of India (the ICAI).

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Schedule III to the Companies Act, 2013. Based on the nature of the services and their realisation in cash & cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current or non-current classification of assets and liabilities.

b) Revenue Recognition and Cost of Revenue

The Company recognizes service revenue in the month in which the service is provided. Fees related to activation of services are deferred and recognized over the expected term of the related service agreement. Expenses related to services provided are expensed as incurred, except in the case of nonrecurring charges, which are deferred and recognized over the expected term of the underlying agreement.

c) Use of Estimates

The presentation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the consolidated financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known / materialised.

d) Accounting for Investment

Interest on investments which are reinvested in cash funds are treated as short term investments and are classified as current investments. The carrying amount for the current investments is lower of cost or fair value.

e) Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised when the company has legal and constructive obligation as a result of past events which it is probable that a cash outflow will be required and a reliable estimate can be made of the amount of obligation.

Contingent Liabilities are disclosed when the company has possible or present obligation and it is probable that a cash flow will not be required to settle the obligation.

In case of Ethernet services, the Company includes standard indemnification clauses within its various customer and supplier contracts. The terms of its indemnification obligations are generally perpetual from the effective date of the agreement. In certain cases, there are limits on and exceptions to its potential liability for indemnification. To date, there have been no known events or circumstances that have resulted in an indemnification-related liability to the Company pursuant to these customer and supplier contracts.

f) Foreign Currency Translation

Initial Recognition

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Subsequent Recognition

As at the reporting date, non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. All non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined. All monetary assets and liabilities in foreign currency are restated at the end of accounting period.

Yipes Holdings Inc.

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

	As at March 31, 2016	As at March 31, 2015		
NOTE 2.01				
Share Capital				
Authorised				
1000 Equity Shares of US \$ 0.01 each	<u>663</u>	<u>625</u>		
	<u>663</u>	<u>625</u>		
Issued Subscribed and Paid up:				
108 Equity Shares of US \$ 0.01 each fully paid up	<u>72</u>	<u>68</u>		
Additional Paid-In Capital	<u>20,93,30,40,255</u>	<u>19,74,66,60,870</u>		
	<u>20,93,30,40,327</u>	<u>19,74,66,60,938</u>		
a) Ordinary Shares held by Holding Company				
	No. of Shares	No. of Shares		
a) Flag Telecom Group Services Limited	<u>108</u>	<u>100</u>		
b) Reliance Globalcom BV	<u>0</u>	<u>8</u>		
	<u>108</u>	<u>100</u>		
b) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company				
	% of Holding	No. of Shares	% of Holding	No. of Shares
Ordinary Shares				
Flag Telecom Group Services Limited	<u>100</u>	<u>108</u>	<u>93</u>	<u>100</u>
Reliance Globalcom BV	<u>-</u>	<u>-</u>	<u>7</u>	<u>8</u>
	<u>(100%)</u>	<u>108</u>	<u>(100%)</u>	<u>108</u>
c) Terms / Right attached to Equity Shares				
The Company has only one class of equity shares having a per value of \$0.01 per share. Each holder of equity share is entitled to one vote per share. In the event of liquidation				
d) Reconciliation of number of Ordinary Shares				
	No. of Shares	Amount in Rs.	No. of Shares	Amount in Rs.
Balance as at the beginning of the year	<u>108</u>	<u>68</u>	<u>108</u>	<u>68</u>
Add: Additional Paid-in Capital	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Add: Shares issued during the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Add: Foreign Exchange Conversion	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>
Balance as at the end of the year	<u>108</u>	<u>72</u>	<u>108</u>	<u>68</u>

Yipes Holdings Inc.

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

	As at March 31, 2016	Amount in INR As at March 31, 2015
NOTE # 2.02		
Reserves and Surplus		
Effects of Exch. Diff. on Translation of Assets & Laibilities (FCTR)	<u>(1,36,655)</u>	<u>(69,433)</u>
	(1,36,655)	(69,433)
Profit and Loss Account Balance		
As per Last Balance Sheet per Indian GAAP	(9,43,067)	(25,20,814)
Profit & loss for the year	(5,23,651)	15,77,747
Reserve & Surplus for the year	(14,66,718)	(9,43,067)
	<u>(16,03,373)</u>	<u>(10,12,500)</u>
NOTE # 2.03		
Trade Payables		
Trade Payables	-	-
Other Contractual Obligations	9,74,281	4,19,062
	<u>9,74,281</u>	<u>4,19,062</u>
NOTE # 2.04		
Other Current Liabilities		
Other Group Company Payables	6,62,550	6,25,000
	<u>6,62,550</u>	<u>6,25,000</u>
NOTE # 2.05		
Non Current Investments		
Trade Investment (valued at cost)		
Unquoted fully paid up		
Investment in Subsidiaries:		
1 (1) Equity share of Reliance Globalcom Service Inc of US \$ 0.001 each	19,47,54,63,785	18,37,16,92,500
	<u>19,47,54,63,785</u>	<u>18,37,16,92,500</u>
NOTE # 2.06		
Long Term Loans and Advances		
Receivable from Related Party	1,45,76,10,000	1,37,50,00,000
	<u>1,45,76,10,000</u>	<u>1,37,50,00,000</u>
	For the year ended March 31, 2016	For the year ended March 31, 2015
NOTE #2.07		
Other Income		
Provisions no longer required	-	20,66,971
	<u>-</u>	<u>20,66,971</u>
NOTE #2.08		
Sales and General Administration Expenses		
Payment to auditors	5,23,651	4,89,224
	<u>5,23,651</u>	<u>4,89,224</u>

Yipes Holdings Inc.

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

2.09 Earnings Per Share

INR except number of shares

	Earnings per Share	Year ended March 31, 2016	Year ended March 31, 2015
A Profit / (Loss) after Tax		(523,651)	15,77,747
B Weighted average number of share (class A Common shares) of US \$ 0.01 each used as denominator for calculating Basic and Diluted EPS		108	108
C Basic and Diluted Earnings / (Loss) per Share (A/B)		(4,849)	14,609

2.10 BACKGROUND AND ORGANISATION

Yipes Holding Inc.. ("Yipes" or the "Company") was incorporated in Delaware. On December 17, 2007, all of the issued and outstanding stock (including all vested stock options) of Yipes was acquired by FLAG Telecom USA Ltd. ("FLAG"), a wholly owned subsidiary of FLAG Telecom Group Services Limited.

2.11 Related Party Transactions

In accordance with Accounting Standard 18 "Related Party Disclosures" issued by the Institute of Chartered Accountants of India, the Company's related parties and transactions are disclosed below:

- a) Parties where control exist:
 - i) FLAG Telecom Group Services Limited (Parent Company)
 - ii) Reliance Communication Ltd.

Summarized below are the transactions entered into with the related parties:

Nature of Transactions	FTGSL	RGSI	(Indian Rupees) Total
As at March 31, 2016			
Loans and Advances	1,457,610,000	-	1,457,610,000
Previous Year	1,375,000,000	1,612,500	1,376,612,500

2.12 Effects of Changes in Foreign Currency Rates

The amounts relating to Balance Sheet items appearing in Indian Rupees have been translated at Closing Rate of 1 USD = Rs. 66.255 (Previous year 1 USD = Rs. 62.500) and items relating to profit and loss have been translated at average rate of 1 USD = Rs. 65.456 and (Previous year 1 USD = Rs. 61.153).

The amounts have been converted in INR to comply with the financial reporting requirement in India.

2.13 Previous period figures are regrouped/ rearranged wherever found necessary.

As per our report attached

For Shridhar & Associates
Chartered Accountants
Firm Regn. No. 134427W

For and on behalf of the Board

Wilfred Kwan

Janet Troxell

} **Directors**

Jitendra Sawjany

Proprietor

Membership No : 050980

Place : Mumbai

Date : May 27, 2016

Campion Properties Limited

Independent Auditor's Report

To the Members of Campion Properties Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Campion Properties Limited ("the Company"), which comprise the Balance Sheet as at 31st 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 Financial Statements

The Company's Board of Directors is responsible for the matter stated in Section 134 (5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 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 financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at 31st March 2016, and its loss and its cash flows for the year ended on that date.

Emphasis of Matters:

Note 23(i) in the financial statements which indicates that the Company has accumulated losses and its net worth has

been fully eroded, the Company has incurred a net loss during the current and previous year(s) and, the Company's current liabilities exceeded its current assets as at the balance sheet date. These conditions, along with other matters set forth in Note 23(i), indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. However, the financial statements of the Company have been prepared on a going concern basis for the reasons stated in the said note.

Our opinion is not modified in this respect.

Report on Other Legal and Regulatory Requirements

1. 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 Companies Act, 2013, we give in the "Annexure A" a statement on the matters specified in paragraph 3 and 4 of the said Order, to the extent applicable.
2. As required by section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c) The Balance Sheet, Statement of Profit & Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read Rule 7 of Companies (Accounts) Rule 2014.
 - e) The going concern matter described in sub-paragraph (1) under the Emphasis of Matters paragraph above, in our opinion, may have an adverse effect on the functioning of the Company.
 - f) On the basis of the written representations received from the directors as on 31st March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
 - g) 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".
 - h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company does not have any pending litigations which would impact its financial position;
 - ii. The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For ASP. & Co.

Chartered Accountants
(Firm Reg no.: 000576N)

Rajendra Prasad

Partner

Membership No : 098941

Place: New Delhi
Dated: May 6, 2016

Campion Properties Limited

Annexure A to Independent Auditor's Report

ANNEXURE -A TO AUDITORS' REPORT

The Annexure referred to in paragraph 1 of Report on Other Legal and Regulatory Requirements, we report that:

- a) In our opinion and according to the information and explanation given to us during the course of audit, the company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- b) In our opinion and according to the information and explanation given to us during the course of audit, fixed assets have been physically verified by the management at reasonable interval having regard to the size of the company and the nature, of its assets and no material discrepancy was noticed on such verification as compared to book records.
- c) In terms of the information and explanations sought by us and given by the company and the books and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that the title deeds of immovable properties are held in the name of the company.
 - ii) In our opinion and according to the information and explanation given to us during the course of audit, the company does not have any inventory therefore clauses (ii) of the Companies (Auditor's Report) Order, 2016 are not applicable to the Company
 - iii) In our opinion and according to the information and explanation given to us during the course of audit, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Therefore, clauses (a), (b) & (c) of (iii) the Companies (Auditor's Report) Order, 2016 are not applicable to the Company.
 - iv) In our opinion and according to the information and explanation given to us during the course of audit, the Company has not granted any loans, investment,

guarantees and . Therefore, clause (iv) of the Companies (Auditor's Report) Order, 2016 is not to the Company.

- v) In terms of the information and explanations sought by us and given by the company and the books and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that the company has not accepted any deposit from the public in terms of Section 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under.
- vi) In our opinion and according to the information and explanation given to us during the course of audit, the Central Government has not prescribed maintenance of cost records under section 148 (1) of the Companies Act, 2013 for the product of the company. Therefore, clause (vi) of the Companies (Auditor's Report) Order, 2016 is not applicable to the Company.
 - a) In terms of the information and explanations sought by us and given by the company and the books and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that the undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues as applicable have generally been regularly deposited with the appropriate authorities. There are no outstanding statutory dues for more than six months as on 31st March 2016.
 - b) In terms of the information and explanations sought by us and given by the company and the books and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that there are no dues of income tax or sale tax or service tax or duty of customs or duty of excise or value added tax or cess which have not been deposited on account of any dispute, except as below:

Name of Statute	Nature Dues	Period to which it relates	Amount in Rs.	Forum Where dispute is pending
Income Tax Act, 1961	Income Tax Penalty	A.Y. 2003-04	Rs. 27,00,000	ITAT

- viii) In our opinion and according to the information and explanation given to us during the course of audit, the company does not have any loans or borrowings from any financial institution, banks, and government or debenture holders during the year. Therefore clause (viii) of the Companies (Auditor's Report) Order, 2016 are not applicable to the Company.
 - x) In our opinion and according to the information and explanation given to us during the course of audit, no fraud on the company or by the company, by its officers or employees has been noticed or reported during the course of our audit.
 - xi) In our opinion and according to the information and explanation given to us during the course of audit, the Company has not paid managerial remuneration to any of its directors during the year. Therefore clause (xi) of the Companies (Auditor's Report) Order, 2016 are not applicable to the Company.
 - xii) In our opinion and according to the information and explanation given to us during the course of audit, the company is not a Nidhi company. Therefore, clause (xii) of the Companies (Auditor's Report) Order, 2016 are not applicable to the Company.
- ix) In our opinion and according to the information and explanation given to us during the course of audit, the company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Therefore clause (ix) of the Companies (Auditor's Report) Order, 2016 are not applicable to the Company.

Campion Properties Limited

Annexure To Independent Auditor's Report

- xiii) In terms of the information and explanations sought by us and given by the company and the books and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that transactions with the related parties are in compliance with sections 177 & 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv) In terms of the information and explanations sought by us and given by the company and the books and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that the company has not made any preferential allotment or private placements of shares or fully or partly convertible debentures during the year.
- xv) In terms of the information and explanations sought by us and given by the company and the books and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that the Company has not entered into non-cash transaction with directors or persons connected with him. Therefore, clause (xv) of the Companies (Auditor's Report) Order, 2016 are not applicable to the Company.
- xvi) In our opinion and according to the information and explanation given to us during the course of audit, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For ASP. & Co.
Chartered Accountants
(Firm Reg no.: 000576N)

Rajendra Prasad
Partner
Membership No : 098941

Place: New Delhi
Dated: May 6, 2016

Campion Properties Limited

Annexure B to Independent Auditor's Report

ANNEXURE -B TO 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 Campion Properties Limited ("the Company") as of 31st March 2016 in conjunction with our audit of the 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 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 Companies Act, 2013, 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 Institute of Chartered Accountants of India. 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 authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized 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 31st 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 Institute of Chartered Accountants of India.

For ASP. & Co.
Chartered Accountants
(Firm Reg no.: 000576N)

Rajendra Prasad
Partner
Membership No : 098941

Place: New Delhi
Dated: May 6, 2016

Campion Properties Limited

Balance Sheet as at March 31, 2016

Particulars	Note	As at	
		March 31, 2016	As at March 31, 2015
(Amount in ₹)			
EQUITY AND LIABILITIES			
Shareholders' Funds			
(a) Share Capital	2	3 56 36 010	3 56 36 010
(b) Reserve and Surplus	3	(38 11 75 737)	(33 76 15 332)
Current Liabilities			
(a) Short-Term Borrowings	4	152 75 19 620	157 99 38 320
(b) Other Current Liabilities	5	3 51 04 573	2 96 80 946
(c) Short-Term Provisions	6	1 57 121	1 57 121
TOTAL		1,21,72,41,587	130 77 97 065
ASSETS			
Non-Current Assets			
(a) Fixed Assets			
(i) Tangible Assets	7	109 32 89 134	109 31 82 688
(ii) Capital Work-in-Progress	7	- 1,09,32,89,134	5 12 59 083
(b) Long-Term Loans and Advances	8	1,84,84,017	1 84 84 017
Current Assets			
(a) Trade Receivables	9	8 49 08 400	12 74 46 380
(b) Cash and bank Balance	10	30 12 105	1 33 115
(c) Short-Term Loans and Advances	11	1 75 47 931	1 72 91 782
TOTAL		1,21,72,41,587	130 77 97 065

The accompanying notes 1 to 23 are an integral part of the financial statements.

Signed in terms of our report of even date attached

As per our report of even date

For A S P & Co.

Chartered Accountants
(Firm Registration No. 000576N)

Rajendra Prasad

(Partner)
M No. : 098941

Place: New Delhi
Date: May 6, 2016

For and on behalf of the Board

Hitesh Chawda
DIN : 00373540

Gaurang Shah
DIN: 00004408

Directors

Campion Properties Limited

Statement of Profit and Loss for the year ended March 31, 2016

Particulars	Notes	(Amount in ₹)	
		For the year ended March 31, 2016	For the year ended March 31, 2015
INCOME			
Revenue from Operations (net)	12	2 04 96 000	1 75 13 400
Other Income	13	16 24 900	-
TOTAL REVENUE		2 21 20 900	1 75 13 400
EXPENSES			
Depreciation and Amortization Expenses	14	5 11 52 637	5 89 99 194
Other Expenses	15	1 45 28 668	1 31 56 854
TOTAL EXPENSES		6 56 81 305	7 21 56 048
Loss before Tax		(4 35 60 405)	(5 46 42 648)
Tax Expense		-	-
Current Tax		-	-
Loss after Tax		(4 35 60 405)	(5 46 42 648)
Earning Per Share of face value of ₹ 10 each			
Basic ₹	16	(12.22)	(15.33)
Diluted ₹		(12.22)	(15.33)

The accompanying notes 1 to 23 are an integral part of the financial statements.

As per our report of even date

For A S P & Co.

Chartered Accountants
(Firm Registration No. 000576N)

Rajendra Prasad

(Partner)
M No. : 098941

Place: New Delhi
Date: May 6, 2016

For and on behalf of the Board

Hitesh Chawda
DIN : 00373540

Gaurang Shah
DIN: 00004408

} Directors

Campion Properties Limited

Cash flow Statement for the year ended March 31, 2016

Particulars	For the year ended March 31, 2016	(Amount in ₹) For the year ended March 31, 2015
A CASH FLOW- OPERATING ACTIVITIES		
Profit Before Tax	(4 35 60 405)	(5 46 42 648)
Adjusted for:		
Depreciation	5 11 52 637	5 89 99 194
Write-back of Creditors	16 24 900	- 5 89 99 194
Operating Profit before Working capital Changes	<u>92 17 132</u>	<u>43 56 546</u>
Adjusted for Working Capital Changes		
Trade Payables	-	-
Other Current Liabilities	37 98 727	(12 70 252)
Trade Receivables	4 25 37 980	(1 79 24 355)
Short Term Loans & Advance	3 19 916	(3 751)
Cash generated from Operations	<u>5 58 73 755</u>	<u>(1 48 41 812)</u>
Income Tax Paid	<u>(5 76 065)</u>	<u>(13 86 988)</u>
Net Cash from Operating Activities	<u>5 52 97 690</u>	<u>(1 62 28 800)</u>
B CASH FLOW-INVESTING ACTIVITIES		
Fixed Assets/Capital WIP	-	-
Net Cash from Investing Activities	<u>-</u>	<u>-</u>
C CASH FLOW - FINANCING ACTIVITIES		
Proceeds /(Repaid) of Short term borrowing Loans/Advance - (Given)received back	(5 24 18 700)	1 58 14 922
Net Cash from Financing Activities	<u>(5 24 18 700)</u>	<u>1 58 14 922</u>
Net Cash Increase / (Decrease)	28 78 990	(4 13 878)
Opening Cash & Cash Equivalents	1 33 115	5 46 993
Closing Cash & Cash Equivalents	30 12 105	1 33 115
Components of Cash and Cash Equivalents		
Cash in Hand	-	-
Balances With Scheduled Banks (a) In Current account	30 12 105	1 33 115

Note:

- The above Cash Flow statement has been prepared under the indirect method set out in AS-3 issued by the Institute of Chartered Accountants of India.
- Figures in bracket indicate Cash Outflow.
- Previous year's figures have been regrouped / re-arranged wherever necessary to confirm to the current year's presentation. This is the cash flow referred in our report of even date.

As per our report of even date

For A S P & Co.

Chartered Accountants
(Firm Registration No. 000576N)

Rajendra Prasad

(Partner)
M No. : 098941

For and on behalf of the Board

Hitesh Chawda
DIN : 00373540

Gaurang Shah
DIN: 00004408

} Directors

Place: New Delhi
Date: May 6, 2016

Campion Properties Limited

Significant Accounting Policies to the Balance Sheet and Statement of Profit and Loss

Note 1. Significant Accounting Policies

A. Basis of preparation

The Company follows the mercantile system of accounting and the Financial Statements of the company have been prepared under the historical cost convention on an accrual basis of accounting unless otherwise stated, and in accordance with the generally accepted accounting principles and the applicable Accounting Standards notified u/s 133 of the Companies Act, 2013 (herein referred the "Act"), read with Rule 7 of the Companies (Accounts) Rules 2014.

B. Fixed Assets and Depreciation

1. Tangible Assets

- a) Fixed Asset are valued at historical cost less depreciation and accumulated impairment value.
- b) Depreciation on tangible assets is provided pro-rata to the period of use, on the Straight Line Method (SLM). The Depreciation is charged on the basis of useful life of the Tangible Assets as given in Part C of Schedule II of the Companies Act, 2013, which are as follows:

Building	60 Years
Furniture & Fittings	10 Years
Office Equipment	05 Years
Plant & Machinery	15 Years
- c) Leasehold Land is amortised over the period of lease.

C. Inventories :

Inventories are valued at lower of cost and net realizable value. Cost includes all expenses incurred in bringing the goods till their first location in the company.

D. Retirement and other Employees Benefits :

i. Long Term Employee Benefits

- a) Defined Contribution Plans
The company's contribution to defined contribution plans i.e. Provident Fund and superannuation fund is recognised in the Statement of Profit & Loss.
- b) Defined Benefit Plans
Liability for gratuity and leave encashment benefit is made on accrual basis as determined on actuarial valuation.

E. Foreign Currency Transactions :

Transactions in foreign currency are recorded at the rates of exchange prevailing on the date of transaction. All foreign currency assets/ liabilities are re-stated at the exchange rate prevailing at the date of balance sheet and the difference is taken to the Statement of Profit and Loss as foreign exchange fluctuation loss/ gain. Monetary assets and liabilities related to foreign currency transactions remaining unsettled are translated at year end rates.

F. Earning per share :

Basic earnings are calculated by dividing the net profit/ (loss) for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted earning per share are calculated by dividing the net profits attributable to ordinary equity holders and potential equity holders by the weighted average number of ordinary equity shares outstanding during the year and weighted average number of equity shares that would be issued on conversion of all the diluted potential ordinary shares into ordinary shares.

G. Taxation

Current tax is determined as the amount of tax payable in respect of estimated taxable income for the year and in accordance with the provision of Income tax Act 1961. Deferred tax is recognised using the enacted tax rates and laws as on the Balance Sheet date, subject to the consideration of prudence in respect of deferred tax assets on all timing differences, between taxable income and accounting income that originate in one period and are capable of reversal in one of more subsequent periods.

H. Contingent Liabilities and Provisions :

Liabilities of contingent nature are not provided for in the books and are disclosed by way of notes on accounts.

I. Use of Estimates

The preparation and presentation of interim 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 interim financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates is recognised in the period in which the results are known/materialised.

J. Operating Leases :

Leases, where significant portion of risk and reward of ownership are retained by the Lessor, are classified as Operating Leases and lease rentals thereon are charged to the Statement of Profit & Loss.

Campion Properties Limited

Notes on Accounts to the Balance Sheet and Statement of Profit and Loss

	As at March 31, 2016	(Amount in ₹) As at March 31, 2015
Note 2		
Share Capital		
Authorized Share Capital		
36,00,000 (PY: 36,00,000) Equity shares of ₹ 10 each	3 60 00 000	3 60 00 000
	<u>3 60 00 000</u>	<u>3 60 00 000</u>
Issued, Subscribed & Fully Paid up		
35,63,601 (PY: 35,63,601) Equity shares of ₹ 10 each fully paid up*	3 56 36 010	3 56 36 010
	<u>3 56 36 010</u>	<u>3 56 36 010</u>

*(Out of the above shares 3,553,601 are allotted as fully paid up under demerger scheme of Hotel Ranjit, New Delhi from ITDC to the company sanctioned by department of company affairs, Govt of India vide its order dated 12/7/2002 without payment being received. 3,563,601 equity shares are held by holding company: Reliance Communications Limited.

a. Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period

	As at March 31, 2016		As at March 31, 2015	
	No. of shares	Amount (Rs.)	No. of shares	Amount (Rs.)
Equity Shares				
At the beginning of period	35 63 601	3 56 36 010	35 63 601	3 56 36 010
Add : Issue of Equity Shares	-	-	-	-
Outstanding at the end period	<u>35 63 601</u>	<u>3 56 36 010</u>	<u>35 63 601</u>	<u>3 56 36 010</u>

b. The rights, preferences and restrictions attaching to equity shares including restrictions on the distribution of dividends and the repayment of capital;

The company has only one class of Equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. In the event of Liquidation of the company, the holder of equity share will be entitled to receive remaining assets of the company, after distribution of all the preferential amounts. The distribution will be in proportion to the number of the Equity shares held by the shareholders.

c. Details of shares held by Holding/Ultimate Company and/ or their Subsidiaries

	No. of shares	Amount (Rs.)	No. of shares	Amount (Rs.)
Equity Shares of Rs. 10 each fully paid				
Reliance Communications Limited and its nominee's*	35 63 601	3 56 36 010	35 63 601	3 56 36 010

d. Details of shareholder holding more than 5% shares in the company:

	No. of shares	% of holding	No. of shares	% of holding
Equity Shares of ₹ 10 each fully paid				
Reliance Communications Limited and its nominee's*	35 63 601	100%	35 63 601	100%

*As per the records of the company, including its register of shareholder/ member and other declarations received from the shareholders regarding beneficial interest, the above shareholding represents both the legal and beneficial ownership of shares. Twenty eight shares are jointly held for statutory requirement with six individual of which Reliance Communication Limited has ownership and beneficial interest.

Campion Properties Limited

Notes on Accounts to the Balance Sheet and Statement of Profit and Loss

Particulars	(Amount in ₹)	
	As at March 31, 2016	As at March 31, 2015
Note 3		
Reserve and Surplus		
Deficit in Statement of Profit and Loss		
Opening balance as per last balance sheet	(33 76 15 332)	(28 29 72 684)
Add: Loss for the period	(4 35 60 405)	(5 46 42 648)
Net Deficit in the Statement of Profit and Loss	(38 11 75 737)	(33 76 15 332)

Note 4

Short-Term Borrowings

Loan from Holding Company*	152 75 19 620	157 99 38 320
	152 75 19 620	157 99 38 320

*Loan from the holding Company is Interest Free loan and payable on demand.

Note 5

Other Current Liabilities

Statutory Dues Payable	9 41 625	6,88,462
Expenses Payable	2 71 63 909	2,19,93,445
Security Deposit	69 99 039	69,99,039
	3 51 04 573	2,96,80,946

Note 6

Short-Term Provisions

Provision for Income-tax	1 57 121	1 57 121
	1 57 121	1 57 121

Campion Properties Limited

Notes on Accounts to the Balance Sheet and Statement of Profit and Loss

(Amount in ₹)

Note 7 FIXED ASSETS

Description	GROSS BLOCK			DEPRECIATION			NET BLOCK		
	As at April 01, 2015	Additions	Deletion/ Adjustments	As at March 31, 2016	As at April 01, 2015	Additions	Deletion/ Adjustments	As at March 31, 2016	As at March 31, 2015
Leasehold Land	16 46 29 259	-	-	16,46,29,259	2,07,59,881	16,62,856	-	14,22,06,522	14,38,69,378
Building	75 62 04 775	5 12 59 083	-	80 74 63 858	5 18 02 363	1 19 54 782	-	74 37 06 713	70 44 02 412
Furniture & Fittings	10 26 24 443	-	-	10 26 24 443	3 32 30 933	1 13 82 742	-	5 80 10 768	6 93 93 510
Office Equipment	4 30 05 596	-	-	4 30 05 596	2 65 69 912	1 23 02 659	-	41 33 025	1 64 35 684
Plant & Machinery	20 44 62 209	-	-	20 44 62 209	4 53 80 505	1 38 49 598	-	14 52 32 106	15 90 81 704
TOTAL	1,27,09,26,282	5,12,59,083	-	1,32,21,85,365	17,77,43,594	5,11,52,637	-	1,09,32,89,134	1,09,31,82,688
Previous Year	1,27,09,26,282	-	-	1,27,09,26,282	11,87,44,400	5,89,99,194	-	1,09,31,82,688	5,12,59,083
CAPITAL WORK IN PROGRESS	-	-	-	-	-	-	-	5,12,59,083	-

Campion Properties Limited

Notes on Accounts to the Balance Sheet and Statement of Profit and Loss

Particulars	(Amount in ₹)	
	For the year ended March 31, 2016	For the year ended March 31, 2015
Note 15		
Other Expenses		
Lease Rent	52 91 426	52 91 423
Rates & Taxes	64 93 544	73 25 890
Legal & Professional	19 96 576	9 000
Sitting Fees	1 50 000	-
Insurance -Fixed Assets	4 84 875	3 91 526
Interest on Service Tax	14 742	45 726
Other Sundry Expense	2 505	3 289
Auditors Remuneration		
- Statutory Audit	50 000	50 000
- Tax Audit	25 000	25 000
- Limited Review	15 000	15 000
- ICFR	5 000	-
	1 45 28 668	1 31 56 854

Particulars	(Amount in ₹)	
	For the year ended March 31, 2016	For the year ended March 31, 2015
Note 16		
Earning per share		
Profit after taxation as per Statement of profit and loss	(4 35 60 405)	(5 46 42 648)
Weighted average number of equity shares outstanding	35 63 601	35 63 601
Weighted average number of equity shares for diluted earnings	35 63 601	35 63 601
Nominal value of equity share	10	10
Earnings per share		
Basic (₹)	(12.22)	(15.33)
Diluted (₹)	(12.22)	(15.33)

Note 17

Revenue Recognition

Rental income is booked on the basis of provisional rate where the rent agreement are in process of finalization. The increase or decrease due to any change in rate of earlier years upon finalization of rent agreement is booked as rate difference during the year in which rent agreement is finalized.

Note 18

Disclosure under AS- 15: Employee Benefit Plans

Defined Benefit Plans: Provision for Gratuity

Provision of Gratuity :The Gratuity Liability has been provided on accrual basis as per actuarial valuation, however at present the Company does not have any employee hence no provision has been made.

Note 19

Segment Reporting

The Company is solely in development of properties, thus in the absence of any segment, separate reporting as per AS-17 is not made.

Campion Properties Limited

Notes on Accounts to the Balance Sheet and Statement of Profit and Loss

Note 20

Related Party Transaction

As per Accounting Standard-18 and the provisions of Companies Act, 2013, the Company's related parties and transactions are disclosed below:

(i) Names of Related Parties and Related Party Relationship

a. Holding Company

Reliance Communications Ltd. Holding Company

b. Fellow Subsidiary Company

Zapak Digital Entertainment Limited Fellow Subsidiary Company

c. Directors and Key Managerial Personnels

Shri Prakash Shenoy Non Independent Non Executive Director
 Shri Gaurang Shah Non Independent Non Executive Director
 Shri Hitesh Chawda Non Independent Non Executive Director
 Shri Satyendra M. Sarupria Independent Non Executive Director
 Shri Prathiv Parekh Independent Non Executive Director

(ii) Transactions with Related Parties

	Holding companies	Directors and Key Managerial Personnels	Total
Income Heads			
Rental Income	1 20 00 000 (90 00 000)	- -	1 20 00 000 (90 00 000)
Expense Paid			
Insurance Expenses	22 088 -	- -	22 088 -
Sitting Fees	- -	1 50 000 -	1 50 000 -
Loans and Advances			
Loans and Advances Taken	- (60 01 410)	- -	- (60 01 410)
Balance outstanding as on March 31, 2016			
Loan	152 75 19 620 (157 99 38 320)	- -	152 75 19 620 (157 99 38 320)
Payables	65 44 112 (64 44 112)	- -	65 44 112 (64 44 112)
Receivables	41 47 691 (14 02 691)	(84 16 300)	41 47 691 (98 18 991)

Previous year corresponding year to date figures have been given in brackets

Note 21

Deferred Taxation

In compliance with AS-22, "Accounting for Taxes on Income" issued by "The Institute of Chartered Accountants of India", the deferred tax asset arising on account of the brought forward losses, unabsorbed depreciation and current year loss etc. has not been recognized in view of consideration of prudence and uncertainty regarding the realization of the same in the foreseeable future.

Campion Properties Limited

Notes on Accounts to the Balance Sheet and Statement of Profit and Loss

Note 22

Impairment of Assets

As per internal assessment of the company, there is no asset requiring provision for asset impairment as on March 31, 2015 as per AS-28 "Impairment of assets".

Note 23

Other Disclosures

i. Though the accumulated losses of the Company have exceeded its net worth as on March 31, 2016, the Company does not have any intention to suspend the operational activities. Further in view of :

- Construction work is completed.
- The Company has been funded by its Holding Company.

The accounts have been prepared on going concern basis.

ii. Following disclosures are made for Contingent Liabilities and commitments not provided for :

(a) Claims against the company not acknowledged as debt :- Nil

(b) Guarantees:- Nil

(c) For the A.Y. 2003-04 (i.e. F.Y. 2002-03) Assessment u/s 143(3) was completed on 23.12.05 assessing loss at ₹ 3.62 Cr. Thereafter CIT-VI, Delhi passed revision order u/s 263 dated 28.03.2008 for disallowance of claim of revenue expenditure of ₹ 0.73 Cr paid for vacating the premises. The assessment was accordingly revised vide Order u/s 143(3) r.w.s. 263 on 24.09.2008. No appeals were filed against the CIT's order u/s 263 or assessment revision order since there was no tax effect in view of losses. However, the AO levied penalty of ₹ 27 lakhs u/s 271(1)(c) dated 31.03.2009. The Company's appeal before CIT(A) – XXVIII, New Delhi was dismissed and the penalty confirmed. The Company has filed an appeal before ITAT, therefore no provision has been accounted in the Books of accounts.

(d) The total cost of capital commitment as on March 31, 2016 is ₹ NIL (Previous year: Rs 54 51 218/-)

iii. In the opinion of the management, the current assets and loans & advances are at least equal to the value stated in the Balance Sheet, if realized in the ordinary course of business.

iv. Balances with sundry debtors / creditors are subject to confirmation/ reconciliation.

iv. Micro, Small & Medium Enterprises :

Based on information available with the company there is no dues as at 31 March 2016, (Balance at the end of the immediately preceding financial year : Nil), payable to the enterprises covered under the Macro, Small and Medium Enterprises Development Act 2006. No Interest is paid or payable by the company in terms of section 16 of the Micro, Small and Medium Enterprises Development Act 2006

v. Previous year figures have been rearranged or regrouped wherever necessary.

As per our report of even date

For A S P & Co.

Chartered Accountants
(Firm Registration No. 000576N)

Rajendra Prasad

(Partner)
M No. : 098941

Place: New Delhi

Date: May 6, 2016

For and on behalf of the Board

Hitesh Chawda
DIN : 00373540

Gaurang Shah
DIN: 00004408

} Directors

Reliance Globalcom Services Inc.

Independent Auditor's Report

To The Board of Directors of Reliance Globalcom Services Inc. Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Reliance Globalcom Services Inc. ("the Company"), which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India including Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion whether the Company has in place an adequate Internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements read together with the notes thereon give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016 and its Loss and its cash flows for the year ended on that date.

Other Reporting Requirements

We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account.

Other Matters

This report is issued for the information and use of the Board of Directors of the Company and of Reliance Communications Limited, the holding company in India to comply with the financial reporting requirements in India and should not be used for any other purposes without our prior written consent.

For Shridhar & Associates
Chartered Accountants
Firm Registration No.: 134427W

Jitendra Sawjiani
Partner
Membership No. 050980

Place: Mumbai
Dated: May 27, 2016

Reliance Globalcom Services Inc.

Balance Sheet as at March 31, 2016

	Note	As at March 31, 2016	Amount in INR As at March 31, 2015
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2.01	19,47,54,30,379	18,37,16,60,987
Reserves and Surplus	2.02	(9,58,02,99,678)	(7,75,79,75,529)
		<u>9,89,51,30,701</u>	<u>10,61,36,85,458</u>
Non Current Liabilities			
Other Long Term Liabilities	2.03	1,01,85,16,864	1,26,42,80,280
		<u>1,01,85,16,864</u>	<u>1,26,42,80,280</u>
Current Liabilities			
Short Term Borrowings	2.04	2,62,85,98,485	1,73,64,84,696
Trade Payable	2.05	1,53,01,75,914	1,13,33,29,184
Other Current Liabilities	2.06	65,19,54,069	53,47,70,568
Short Term Provision	2.07	2,83,58,158	3,41,67,558
		<u>4,83,90,86,626</u>	<u>3,43,87,52,006</u>
TOTAL		<u>15,75,27,34,191</u>	<u>15,31,67,17,744</u>
ASSETS			
Non Current Assets			
Fixed Assets	2.08		
Tangible Assets		2,61,57,67,694	2,94,81,58,034
Intangible Assets		-	-
Capital Work-in-Progress		17,00,93,260	21,28,21,673
		<u>2,78,58,60,954</u>	<u>3,16,09,79,707</u>
Goodwill	2.09	12,27,28,42,242	11,57,72,79,302
Non Current Investments	2.10	66	63
Long Term Loans and Advances	2.11	12,07,13,396	12,00,80,142
Other Non-Current Assets	2.12	7,03,49,228	6,63,62,187
		<u>12,46,39,04,932</u>	<u>11,76,37,21,693</u>
Current Assets:			
Trade Receivables	2.13	17,03,42,526	16,51,49,678
Cash and Bank Balances	2.14	9,54,34,781	6,36,04,186
Short Term Loans and Advances	2.15	23,71,90,998	16,32,62,480
		<u>50,29,68,305</u>	<u>39,20,16,343</u>
TOTAL		<u>15,75,27,34,191</u>	<u>15,31,67,17,744</u>
Significant Accounting Policies	1		
Notes forming part of Financial Statements	2		

As per our report attached

For Shridhar & Associates
Chartered Accountants
Firm Regn. No. 134427W

Jitendra Sawjany
Proprietor
Membership No : 050980

Place : Mumbai
Date : May 27, 2016

For and on behalf of the Board

Wilfred Kwan
Janet Troxell } **Directors**

Reliance Globalcom Services Inc.

Statement of Profit and Loss for the year ended March 31, 2016

Amount in INR

	Notes	For the year ended March 31, 2016	For the year ended March 31, 2015
Income			
Service Income	2.16	2,50,81,39,737	2,78,79,81,458
Other Income	2.17	4,26,50,749	7,33,64,171
		<u>2,55,07,90,486</u>	<u>2,86,13,45,629</u>
Expenditure			
Network Operation Expenses	2.18	2,42,94,68,376	2,35,32,45,279
Employee Benefits Expense	2.19	64,71,18,948	72,93,18,590
Finance Charges	2.20	9,36,28,141	17,09,73,942
Depreciation and Amortization Expense	2.08	36,57,55,018	67,86,23,037
Sales and General Administration Expenses	2.21	35,46,93,727	38,01,37,784
		<u>3,89,06,64,210</u>	<u>4,31,22,98,631</u>
Profit/(Loss) Before Tax		<u>(1,33,98,73,724)</u>	<u>(1,45,09,53,002)</u>
Provision for taxation			
- Current Tax		-	-
Profit / (Loss) After Tax		<u>(1,33,98,73,724)</u>	<u>(1,45,09,53,002)</u>
Basic and Diluted Earning Per Share of USD 0.0001 each	2.26	-1,33,98,73,724	-1,45,09,53,002
Significant Accounting Policies	1		
Notes forming part of Financial Statements	2		

As per our report attached

For Shridhar & Associates
Chartered Accountants
Firm Regn. No. 134427W

Jitendra Sawjany
Proprietor
Membership No : 050980

Place : Mumbai
Date : May 27, 2016

For and on behalf of the Board

Wilfred Kwan
Janet Troxell } **Directors**

Reliance Globalcom Services Inc.

Cash Flow Statement for the year ended March 31, 2016

	For the year ended March 31, 2016	Amount in INR For the year ended March 31, 2015
A) CASH FLOW FROM OPERATING ACTIVITIES:		
Profit/(Loss) Before Tax	(1,33,98,73,724)	(1,45,09,53,002)
Adjustments for:		
Depreciation and Amortisation	36,57,55,018	67,86,23,037
Interest Income/Provision no longer required	(4,26,50,749)	(5,98,48,569)
Effects of Exchange Difference on Translation of Assets & Laibilities (FCTR)	(7,42,43,978)	(1,03,66,893)
Finance Charges	9,36,28,141	16,95,39,733
	34,24,88,432	77,79,47,307
Operating Profit / (Loss) before Working Capital Changes	(99,73,85,292)	(67,30,05,695)
Adjustments for:		
(Decrease) / Increase in Trade and Other Receivables	(8,37,41,661)	(12,64,55,578)
Cancellation of Lease	3,24,60,226	1,22,12,77,955
(Decrease) / Increase in Trade Payables	26,24,57,400	(1,59,62,16,748)
	21,11,75,965	(50,13,94,371)
	(78,62,09,327)	(1,17,44,00,065)
Income Taxes Paid	-	-
Net Cash (decrease)/Increase from Operating Activities (A)	(78,62,09,327)	(1,17,44,00,065)
B) CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets (Including Capital Work in Progress)	(2,30,96,476)	(5,92,79,986)
Interest Received	4,26,50,749	5,98,48,569
Net Cash Used in Investing Activities (B)	1,95,54,273	5,68,583

Reliance Globalcom Services Inc.

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

1. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation of Financial Statements

The financial statements are prepared under historical cost convention, in accordance with the generally accepted accounting principles (GAAP) in India and Comply with Accounting Standard specified under Section 133 of the Companies Act, 2013 ("the Act") read with Rule 7 of the Companies (Accounts) Rules, 2014 and other provisions of the Act, to the extent notified and applicable as well as applicable guidance note and pronouncements of the Institute of Chartered Accountants of India (the ICAI).

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Schedule III to the Companies Act, 2013. Based on the nature of the services and their realisation in cash & cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current or non-current classification of assets and liabilities.

b) Revenue Recognition and Cost of Revenue

The Company recognizes service revenue in the month in which the service is provided. Fees related to activation of services are deferred and recognized over the expected term of the related service agreement. Expenses related to services provided are expensed as incurred, except in the case of nonrecurring charges, which are deferred and recognized over the expected term of the underlying agreement.

c) Network Costs

Network costs include costs associated with service delivery, network management and customer support. This includes the cost of personnel and related operating expenses, network facilities costs, fiber maintenance fees, leased circuit costs, and access fees paid to building owners.

d) Employee Benefits

Effective July 1, 2002, the Company adopted a defined contribution retirement plan, which covers substantially all employees. Eligible employees may contribute amounts to the plan, via payroll withholding, subject to certain limitations. The Company does not match contributions by plan participants.

e) Use of Estimates

The presentation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the consolidated financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known / materialized.

f) Accounting for Taxes on Income

Provision for Income Tax is made on the basis of estimated taxable income for the year at current rates after considering exemptions and deductions available under the Income Tax Laws of the respective countries of the subsidiaries. Tax expense comprises of both Current Tax and Deferred Tax at the applicable enacted or substantively enacted rates. Current tax represents the amount of Income Tax payable in respect of the taxable income for the reporting period. Deferred tax represents the effect of timing difference between taxable income and accounting income for the reporting period that originate in one period and are capable of reversal in one or more subsequent periods. The deferred tax asset is recognized and carried forward only to the extent that there is a reasonable certainty that the asset will be realized in future.

g) Fixed Assets

i) Accounting of Tangible Fixed Assets

Property and equipment are stated at cost or their estimated fair value on the date of acquisition of Holdings by FLAG (Note 1), less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets. Construction in progress is stated at cost. Capitalized costs include costs incurred under the construction contract, engineering and consulting fees, legal fees related to obtaining landing right licenses, interest costs related to program management, costs for the route surveys, indirect costs associated with cable systems and points of presence ("PoPs"), and other costs incurred in the development of the Company's global network. Maintenance and repairs on property and equipment are expensed as incurred. Intellectual is stated at cost of acquisition less accumulated amortization.

Reliance Globalcom Services Inc.

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

ii) Depreciation / Amortization

Depreciation on fixed assets is provided on straight-line method on prorated basis based on the useful life of the fixed asset as follows:

1. Computer equipment.....3 to 5 years.
2. Fixtures and fittings.....5 to 7 years.
3. Leasehold improvements.....Shorter of the remaining lease term, ranging from 1 to 5 years or useful life.
4. Vehicles.....3 to 5 years.
5. Office Equipment.....3 to 5 years.
6. Network Assets.....3 to 20 years or remaining useful life.

Depreciation on any capitalization due to modifications, improvements of the assets is restricted to the useful life of the fixed asset.

iii) Intangible Assets

Intangible assets consist of intellectual property, trade names and trademarks, and building access rights. The carrying value of the Company's intangible assets as of March 31, 2009 is based on their estimated fair value, as determined through the purchase price allocation resulting from the acquisition of the Company by FLAG (Refer Note 1) less impairment charges, if any, less accumulated amortization. The period of amortization of the intangible assets are as follows:

- Intellectual Property.....7 years
Trade names and trademarks.....5 years
Building Access Rights5 years

iv) Impairment of Assets

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the Profit and Loss Account in the year in which an asset is identified as impaired. The impairment loss recognised in prior accounting period is increased / reversed where there has been change in the estimate of recoverable amount. The recoverable amount is higher of net selling price and value in use.

h) Foreign Currency Translation

Initial Recognition

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Subsequent Recognition

As at the reporting date, non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. All non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined. All monetary assets and liabilities in foreign currency are restated at the end of accounting period. .

i) Accounting for Investment

Interest on investments which are reinvested in cash funds are treated as short term investments and are classified as current investments. The carrying amount for the current investments is lower of cost or fair value.

j) Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised when the company has legal and constructive obligation as a result of past events which it is probable that a cash outflow will be required and a reliable estimate can be made of the amount of obligation.

Contingent Liabilities are disclosed when the company has possible or present obligation and it is probable that a cash flow will not be required to settle the obligation.

Reliance Globalcom Services Inc.

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

	As at March 31, 2016		As at March 31, 2015
NOTE 2.01			
Share Capital			
Authorised			
1 Ordinary share of US\$ 0.0001 each	<u>66</u>		<u>63</u>
	<u>66</u>		<u>63</u>
Issued Subscribed and Paid up			
1 Ordinary share of US\$ 0.0001 each	<u>66</u>		<u>63</u>
Additional paid in capital	<u>19,47,54,30,313</u>		<u>18,37,16,60,924</u>
	<u>19,47,54,30,379</u>		<u>18,37,16,60,987</u>
a) Ordinary Shares held by Holding Company			
	No. of Shares		No. of Shares
Yipes Holding Inc.	<u>1</u>		<u>1</u>
	<u>1</u>		<u>1</u>
b) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company			
	% of Holding	No. of Shares	% of Holding
Ordinary Shares			No. of Shares
Yipes Holding Inc.	<u>100</u>	<u>1</u>	<u>100</u>
	<u>100</u>	<u>1</u>	<u>100</u>
c) Terms / Right attached to Ordinary Shares			
The Company has only one class of equity shares having a per value of \$0.0001 per share. Each holder of equity share is entitled to one vote per share. In the event of liquidation of the Company, the holder of equity shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of equity shares held by the shareholders.			
d) Reconciliation of number of Ordinary Shares			
	No. of Shares	Amount in Rs.	No. of Shares
			Amount in Rs.
Balance as at the beginning of the year	<u>1</u>	<u>63</u>	<u>1</u>
Add: Additional Paid-in Capital		-	-
Add: Shares issued during the year		-	-
Add: Foreign Exchange Conversion		<u>3</u>	-
Balance as at the end of the year	<u>1</u>	<u>66</u>	<u>1</u>

Reliance Globalcom Services Inc.

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

	As at March 31, 2016	Amount in INR As at March 31, 2015
NOTE # 2.02		
Reserves and Surplus		
Effects of Exch. Diff. on Translation of Assets & Laibilities (FCTR)	(76,11,73,632)	(27,87,23,207)
	(76,11,73,632)	(27,87,23,207)
Surplus / (Deficit) Statement in Profit and Loss		
As per Las Balance Sheet	(7,47,92,52,322)	(6,02,82,99,320)
Add: Profit / (Loss) for the year	(1,33,98,73,724)	(1,45,09,53,002)
	(8,81,91,26,046)	(7,47,92,52,322)
	(9,58,02,99,678)	(7,75,79,75,529)
NOTE # 2.03		
Other Long Term Liabilities		
Customer Deposits	87,03,154	1,76,92,023
Finance Lease Obligation	1,00,64,25,510	1,24,29,07,728
Unearned Income	33,88,200	36,80,529
	1,01,85,16,864	1,26,42,80,280
NOTE # 2.04		
Short Term Borrowings		
Payable to Related Parties (Refer Note 2.27)	2,62,85,98,485	1,73,64,84,696
	2,62,85,98,485	1,73,64,84,696
NOTE # 2.05		
Trade Payables		
Trade Payables	1,43,96,60,946	1,01,17,36,594
Trade Accruals	9,05,14,968	12,15,92,590
	1,53,01,75,914	1,13,33,29,184
NOTE # 2.06		
Other Current Liabilities		
Current maturity of Finance Lease Obligations	10,43,88,383	11,02,23,371
Unearned Income-current	1,50,00,078	94,33,808
Advance from Customers	3,09,67,814	5,95,98,003
Employee Payables	6,91,42,140	5,55,05,452
Statutory Liabilities	10,39,31,827	10,39,70,073
Capital Creditors	5,96,295	29,14,861
Other Group Company Payables	32,79,27,532	19,31,25,000
(Refer note 2.27)	65,19,54,069	53,47,70,568
NOTE # 2.07		
Short Term Provisions		
Retirement Obligation	2,83,58,158	3,41,67,558
	2,83,58,158	3,41,67,558

Reliance Globalcom Services Inc.

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

Particulars	Gross Block				Depreciation			Net Block	
	As at April 1, 2015	Additions during the year	Deductions/adjustments including FCTR	As at March 31, 2016	As at April 1, 2015	For the year	Deductions/adjustments including FCTR	As at March 31, 2016	As at March 31, 2015
Tangible Assets									
Leasehold Improvement	8,16,76,435	-	-	8,16,76,435	8,16,76,435	-	-	8,16,76,435	-
Office Equipment	96,52,207	-	(5,79,905)	1,02,32,111	87,54,829	5,59,815	(5,32,822)	3,84,645	8,97,378
Computers	37,41,85,644	1,35,430	(2,24,82,726)	39,68,03,799	36,91,05,656	24,89,167	(2,22,06,245)	39,38,01,068	50,79,988
Furniture and Fixtures	4,04,69,839	-	(24,31,428)	4,29,01,267	3,86,41,411	19,14,911	(23,44,945)	4,29,01,267	18,28,428
Vehicles-Owned	27,18,121	-	-	27,18,121	27,18,121	-	-	27,18,121	-
Network Assets	4,58,86,52,215	6,39,04,404	(27,64,66,088)	4,92,90,22,706	3,18,23,23,933	20,56,71,051	(19,37,03,945)	3,58,16,98,929	1,40,63,28,282
Asset Taken on Finance Lease									
Dark Fibre Lease	2,67,51,27,261	-	(17,02,28,995)	2,50,48,98,266	1,14,21,36,726	15,40,55,182	5,45,25,718	1,24,16,66,190	1,26,32,32,075
Vehicles	1,11,58,151	17,85,056	(8,55,454)	1,37,98,662	1,01,24,727	10,64,892	(7,84,594)	1,19,74,213	18,24,449
Sub Total - Tangible Assets	7,78,36,39,873	6,58,24,889	(13,25,86,606)	7,98,20,51,368	4,83,54,81,838	36,57,55,019	(16,50,46,832)	5,36,62,83,689	2,94,81,58,034
Previous year - Tangible Assets	9,36,10,57,760	7,18,28,483	1,64,92,46,386	7,78,36,39,857	4,77,99,78,958	47,94,38,973	42,39,36,093	4,83,54,81,838	2,94,81,58,034
Intangible Assets									
Intangible-Building Access	43,75,00,000	-	(2,62,85,000)	46,37,85,000	43,75,00,000	-	(2,62,85,000)	46,37,85,000	-
Intangible-Intellectual Property Rights	2,00,00,00,000	-	(12,01,60,000)	2,12,01,60,000	2,00,00,00,000	-	(12,01,60,000)	2,12,01,60,000	-
Intangible-Trademark	18,75,00,000	-	(1,12,65,000)	19,87,65,000	18,75,00,000	-	(1,12,65,000)	19,87,65,000	-
Sub Total - Intangible Assets	2,62,50,00,000	-	(15,77,10,000)	2,78,27,10,000	2,62,50,00,000	-	(15,77,10,000)	2,78,27,10,000	-
Previous year - Intangible Assets	2,51,64,30,000	-	(10,85,70,000)	2,62,50,00,000	2,32,12,78,275	19,91,84,063	(10,45,37,662)	2,62,50,00,000	-
Total	10,40,86,39,873	6,58,24,889	(29,02,96,606)	10,76,47,61,368	7,46,04,81,838	36,57,55,019	(32,27,56,832)	8,14,89,93,689	2,94,81,58,034
Previous year - Total	11,87,74,87,760	7,18,28,483	1,54,06,76,386	10,40,86,39,857	7,10,12,57,232	67,86,23,037	31,93,98,431	7,46,04,81,838	2,94,81,58,034
Capital Work in Progress								17,00,93,260	21,28,21,673
GRAND TOTAL								2,78,58,60,954	3,16,09,79,707

NOTE # 2.08
Fixed Assets and
Depreciation

Reliance Globalcom Services Inc.

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

	As at March 31, 2016	Amount in INR As at March 31, 2015
NOTE # 2.09		
Goodwill		
Goodwill	<u>12,27,28,42,242</u>	11,57,72,79,302
	<u>12,27,28,42,242</u>	<u>11,57,72,79,302</u>
NOTE # 2.10		
Non Current Investments		
Trade Investment (valued at cost)		
1 (1) share of YTV Inc of USD 1 each fully paid up	<u>66</u>	63
	<u>66</u>	<u>63</u>
NOTE # 2.11		
Long-Term Loans and Advances		
Deposits	<u>10,27,66,409</u>	9,49,21,439
Prepaid expenses - Long Term	<u>1,79,46,987</u>	2,51,58,703
	<u>12,07,13,396</u>	<u>12,00,80,142</u>
NOTE # 2.12		
Other Non-Current Assets		
Deposits with banks	<u>7,03,49,228</u>	6,63,62,187
	<u>7,03,49,228</u>	<u>6,63,62,187</u>
NOTE # 2.13		
Trade Receivable (Unsecured)		
Due for More than Six months		
Considered Good	-	-
Considered Doubtful	<u>46,50,03,223</u>	43,86,49,181
	<u>46,50,03,223</u>	43,86,49,181
Others:		
Considered Good	<u>17,03,42,526</u>	16,51,49,678
Considered Doubtful	<u>3,68,30,672</u>	1,77,74,188
	<u>67,21,76,421</u>	62,15,73,046
Less: Provision for Doubtful Debts	<u>50,18,33,895</u>	45,64,23,368
	<u>17,03,42,526</u>	16,51,49,678
	<u>17,03,42,526</u>	<u>16,51,49,678</u>
NOTE # 2.14		
Cash and Bank Balances		
Cash on hand	-	-
Balance with Banks		
- Current Accounts	<u>9,54,34,781</u>	6,36,04,186
	<u>9,54,34,781</u>	<u>6,36,04,186</u>

Reliance Globalcom Services Inc.

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

	As at March 31, 2016	Amount in INR As at March 31, 2015
NOTE # 2.15		
Short-term loans and advances		
Loans and Advances to related Parties (Refer note 2.27)	12,97,90,993	7,01,03,573
Other Loans and Advances		
Prepaid Expenses	7,77,96,914	9,29,18,383
Advance to Vendors	2,96,03,091	2,40,524
	<u>23,71,90,998</u>	<u>16,32,62,480</u>
NOTE #2.16		
Service Income		
Internet Protocol	2,50,81,39,737	2,78,79,81,458
	<u>2,50,81,39,737</u>	<u>2,78,79,81,458</u>
NOTE #2.17		
Other Income		
Interest Income	39,380	15,058
Net gain on Foreign Currency Transaction and Translation	1,15,45,223	67,09,757
Reversal of Provision for Doubtful Debts (Net)	26,36,567	-
Gain on Cancellation of Finance Lease liability	1,92,58,648	6,21,35,568
Provision/Laibilities written back to the extent no longer required	91,70,931	-
Miscellaneous Income	-	45,03,788
	<u>4,26,50,749</u>	<u>7,33,64,171</u>
NOTE #2.18		
Network Operation Expenses		
Equipment Maintenance and Support	16,76,88,173	21,78,44,717
Landing Stations and Point of Presence costs	43,17,30,534	42,67,76,575
Terrestrial Cable, Inland Amplifier and Regenerator Sites	1,75,14,13,858	1,64,81,83,148
Internet Protocol Expense	7,86,35,811	6,04,40,838
	<u>2,42,94,68,376</u>	<u>2,35,32,45,279</u>
NOTE #2.19		
Employee benefits expense		
Salaries, Wages and Bonus	58,89,91,424	68,36,01,378
Contribution to Provident and Other Funds	86,76,908	70,64,371
Staff Welfare	4,94,50,616	3,86,52,842
	<u>64,71,18,948</u>	<u>72,93,18,590</u>
NOTE #2.20		
Finance Charges		
Interest and Financial Charges	9,36,28,141	17,09,73,942
	<u>9,36,28,141</u>	<u>17,09,73,942</u>

Reliance Globalcom Services Inc.

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

	Year ended March 31, 2016	Amount in INR Year ended March 31, 2015
NOTE #2.21		
Sales and General Administration Expenses		
Rent	5,68,98,315	6,35,85,018
Insurance	72,18,324	42,96,907
Rates and Taxes	8,26,08,103	9,11,31,723
Legal Fees	1,00,28,501	2,17,36,537
Professional Charges	2,11,78,857	2,06,49,783
Licensing and Regulatory Fees	6,94,65,051	6,29,31,327
Travel and Entertainment	3,77,15,249	3,40,17,065
Communication	1,52,09,836	1,33,81,926
Information Technology Support	1,14,86,476	1,17,91,172
General Office Expenses	57,35,877	90,82,209
Bank charges	94,99,747	1,04,68,894
Provision for Doubtful Debts	-	1,20,81,393
Payment to auditors	51,50,879	55,83,758
Sales and Marketing Expenses	1,41,54,037	85,17,053
Miscellaneous Expense	83,44,475	1,08,83,020
	<u>35,46,93,727</u>	<u>38,01,37,784</u>

2.22 BACKGROUND AND ORGANISATION

The Company provides a global fiber-optic network that offers instantly scalable Ethernet services to a broad range of business and government customers. These services include metro, national, and international area networking; delivery of financial market applications and content and high speed Internet access.

2.23 COMMITMENT, CONTINGENCIES AND LITIGATIONS

i) Contingencies

The Articles of Incorporation and bylaws of RGSi require the Company to indemnify each of its directors against expenses (including attorneys' fees), judgment, fines and settlements paid by such individual in connection with any action, suit or proceeding arising out of such individual's status or services as the Company's director other than such liabilities arising from willful misconduct or conduct that is knowingly fraudulent or deliberate dishonest, and to advance expenses incurred by such individual in connection with any proceeding against such individual with respect to which such individual may be entitled to indemnification by the Company.

The Company includes standard indemnification clauses within its various customer and supplier contracts. The terms of its indemnification obligations are generally perpetual from the effective date of the agreement. In certain cases, there are limits on and exceptions to its potential liability for indemnification. To date, there have been no known events or circumstances that have resulted in an indemnification related liability to the Company pursuant to these customer and supplier contracts.

2.24 Segment Reporting

In accordance with Accounting Standard 17 "Segmental Reporting" issued by the Council of the Institute of Chartered Accountants of India, the Company has determined its business segment as telecommunication network through fiber-optic cable systems and interfaces are owned by, leased to, or otherwise available to the company. Since 100% of the Company's business is from telecommunication activities, there are no other primary reportable segments. Thus, the segment revenue, total carrying amount of segment assets, total carrying amount of segment liabilities, total cost incurred to acquire segment assets, total amount of charge of depreciation and amortization during the period are all as is reflected in the financial statements as of and for the year ended March 31, 2016.

Reliance Globalcom Services Inc.

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

2.25 LEASE

Operating Lease

i) As lessee:

Lease Details	For the year ended March 31, 2016	For the year ended March 31, 2015
Minimum lease payments under operating leases recognised as expense during the year	97,164,231	74,312,208

ii) The lease rentals charged during the period for cancellable / non-cancellable lease relating to the rent of building and office premises are as per agreement and the maximum obligation on long term non-cancellable operating lease are as under:

Minimum Lease payments Non-cancellable Lease	March 31, 2016	March 31, 2015
Not later than one year	61,682,477	84,153,125
Later than one year but not later than five years	93,184,411	50,778,500
Later than five years		-

Finance Lease

i) As lessee:

Particulars	Minimum Lease Payments Mar 31, 2016	Present Value of Minimum Lease Payments Mar 31, 2016	Minimum Lease Payments March 31, 2015	Present Value of Minimum Lease Payments March 31, 2015
Not Later than one year	186,785,036	104,388,397	209,964,500	110,223,375
Later than one year and not later than five year	701,581,814	466,203,241	819,194,438	522,559,688
Later than five years	650,354,973	540,222,255	886,273,000	720,348,036
Total	1,538,721,823	1,110,813,905	1,915,431,938	
Less: Finance charges	427,907,918	-	562,300,875	-
Present Value of Minimum Lease Payments	1,110,813,905	-	1,353,131,063	-

Disclosed under

Other Long term liabilities	1,006,425,510	1,242,907,728
Other Current Liabilities	104,388,383	110,223,371
Total	1,110,813,893	1,353,131,099

2.26 Earnings Per Share

INR except number of shares

	Earnings per Share	Year ended March 31, 2016	Year ended March 31, 2015
A Profit / (Loss) after Tax (A)		(1,339,873,724)	(1,450,953,001)
B Weighted average number of share (class A Common shares) of US \$ 0.01 each used as denominator for calculating Basic and Diluted EPS		1	1
C Basic and Diluted Earnings / (Loss) per Share before Exceptional items (A/B)		(1,339,873,724)	(1,450,953,001)

Reliance Globalcom Services Inc.

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

2.27 Related Party Transactions

In accordance with Accounting Standard 18 "Related Party Disclosures" issued by the Institute of Chartered Accountants of India, the company's related parties and transactions are disclosed below:

- a) Parties where control exist:
 - i) Reliance Communications Limited (Ultimate Holding Company) (RCOM)
 - ii) Yipes Holdings Inc. (Holding Company)
 - iii) FLAG Telecom Group Services Limited (Parent Company)
- b) Enterprises as affiliated companies are:
 - i) Reliance Globalcom Limited, Bermuda (RGL)
 - ii) FLAG Telecom Network USA Limited (FTN USA)
 - iii) Reliance Flag Telecom Ireland Ltd. (RFTIL)
 - iv) Vanco US LLC (V.S. LLC)
 - v) Vanco Solutions Inc. (V.S.Inc)
 - vi) Reliance Communication Infrastructure Limited (RCIL)
 - vii) Reliance Communication Inc., (RCI)
 - viii) Reliance Communication Ltd. (RCom)

Summarized below are the transactions entered into with the related parties:

Reliance Globalcom Services Inc.

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

Summarized below are the transactions entered into with the related parties:

Nature of Transactions	RGL	Eliminate	RGL	FTGSL	Eliminate	FLAG Telecom Network USA Ltd	RGL	Reliance Flag Telecom Ireland Ltd	RGL India	Eliminate	Eliminate	Reliance Communication Infrastructure Limited	Reliance Communication Ltd.	Reliance Communication Inc	Eliminate	Eliminate	Reliance Communication Ltd. (BPO)	(in INR)	
	RGL	FTGSL	RGL					Reliance GlobalCom Limited		Vanco US LLC	Vanco Solution Inc.	Reliance Communication Infrastructure Limited	Reliance Communication Ltd.	Reliance Communication Inc	Yipes Holding Inc			Total	
During the year April 1, 2015 to March 31, 2016																			
Service Income	-	-	-	-	-	4,89,81,064	-	-	-	1,82,39,366	-	-	-	-	-	-	-	6,72,20,430	
Network Operation Expenses	-	-	-	-	-	3,11,49,888	-	-	-	3,59,79,181	-	-	-	-	-	-	-	6,71,29,069	
Other Expenses	-	-	-	-	-	-	27,37,30,105	-	-	-	32,75,973	-	3,09,66,102	-	-	-	19,38,979	30,99,11,159	
Loans and Advances given	1,81,67,375	4,19,554	-	-	-	-	24,72,38,016	-	1,31,10,806	-	-	-	1,24,75,114	-	-	-	18,04,599	26,46,75,960	
Loans and Advances Repaid	(1,69,50,050)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,31,10,806	
Short Term Borrowings taken	89,21,13,789	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Short Term Borrowings Repaid	1,41,92,22,875	-	-	-	-	-	-	-	13,48,02,532	-	-	-	-	-	16,12,500	-	-	1,61,2,500	
As on 31 March 2016																			
Sundry Debtors	-	-	-	-	-	1,72,50,278	-	-	-	3,31,66,622	-	-	-	-	-	-	-	5,04,16,900	
Sundry Creditors	-	-	-	-	-	1,93,87,832	-	-	-	1,08,45,451	-	-	-	-	-	-	-	3,02,33,283	
Loans and Advances	12,17,353	74,02,804	-	-	-	-	98,18,71,027	-	1,32,70,805	-	41,37,070	51,18,989	3,13,44,000	-	-	-	1,60,98,753	1,05,18,40,643	
Short Term Borrowings	1,81,67,404	69,83,250	-	-	-	-	66,79,14,043	-	-	7,74,581	-	48,28,871	-	-	-	-	1,33,34,948	68,68,52,443	
	2,62,85,98,485	-	-	-	-	-	-	-	-	10,92,67,930	-	-	-	1,19,02,895	-	-	-	12,97,90,982	
	1,73,64,84,696	-	-	-	-	-	-	-	-	4,20,58,259	-	-	-	28,94,634	-	-	-	7,01,03,548	
	-	-	-	-	-	-	-	-	-	32,79,27,532	-	-	-	-	-	-	-	2,95,65,26,017	
	-	-	-	-	-	-	-	-	-	19,31,25,000	-	-	-	-	-	-	-	1,92,96,09,696	

Reliance Globalcom Services Inc.

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

2.28 Translation in INR

The amounts relating to Balance Sheet items appearing in Indian Rupees have been translated at Closing Rate of 1 USD = Rs. 66.255 (Previous year 1 USD = Rs. 62.500) and items relating to profit and loss have been translated at average rate of 1 USD = Rs. 65.456 and (Previous year 1 USD = Rs. 61.153).

The amounts have been converted in INR to comply with the financial reporting requirement in India.

2.29 Previous period figures are regrouped/ rearranged wherever found necessary.

As per our report attached

For Shridhar & Associates
Chartered Accountants
Firm Regn. No. 134427W

Jitendra Sawjany
Proprietor
Membership No : 050980

Place : Mumbai
Date : May 27, 2016

For and on behalf of the Board

Wilfred Kwan
Janet Troxell } **Directors**

YTV Inc.

Balance Sheet as at March 31, 2016

		Amount in INR	
		As at	As at
	Note	March 31, 2016	March 31, 2015
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2.01	66	63
1 ordinary share of US\$ 1 each			
TOTAL		<u>66</u>	<u>63</u>
ASSETS			
Current Assets:			
Cash and Bank Balances	2.02	<u>66</u>	63
		<u>66</u>	<u>63</u>
TOTAL		<u>66</u>	<u>63</u>
Significant Accounting Policies	1		
Notes forming part of Financial Statements	2		

As per our report attached

For and on behalf of the Board

For Shridhar & Associates
Chartered Accountants
Firm Regn. No. 134427W

B K Sinha

Director

Jitendra Sawjany
Proprietor
Membership No : 050980

Place : Mumbai
Date : May 27, 2016

YTV Inc.

Cash Flow Statement for the year ended March 31, 2016

Particulars	For the year ended March 31, 2016	Amount in INR For the year ended March 31, 2015
A) CASH FLOW FROM OPERATING ACTIVITIES:		
Profit/(Loss) Before Tax	-	-
Adjustments for:		
Foreign Exchange Adjustment	-	-
Finance Charges	-	-
	<u>-</u>	<u>-</u>
Operating Profit before Working Capital Changes	<u>-</u>	<u>-</u>
Adjustments for:		
Decrease in Trade and Other Receivables	-	-
Decrease in Trade Payables	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
Income Taxes Paid	-	-
	<u>-</u>	<u>-</u>
Net Cash (decrease)/Increase from Operating Activities (A)	<u>-</u>	<u>-</u>
B) CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets	-	-
	<u>-</u>	<u>-</u>
Net Cash Used in Investing Activities (B)	<u>-</u>	<u>-</u>
C) CASH FLOW FROM FINANCING ACTIVITIES:		
Interest Paid	-	-
Additional Paid in Capital	-	-
	<u>-</u>	<u>-</u>
Net Cash Used in Financing Activities (C)	<u>-</u>	<u>-</u>
Net (Decrease)/ Increase in Cash and Cash Equivalents (A+B+C)	-	-
Cash and Cash Equivalents at the Beginning of the year		
- Cash and Bank Balance	66.26	
- Cash Equivalents		
	<u>66.26</u>	62.50
Cash and Cash Equivalents at the End of the year		
- Cash and Bank Balance	66.26	
- Cash Equivalents		
	<u>66.26</u>	62.50
	<u>-</u>	<u>-</u>
Net Decrease/(Increase) in Cash and Cash Equivalents as Disclosed Above	<u>-</u>	<u>-</u>

As per our report attached

For and on behalf of the Board

For Shridhar & Associates

B K Sinha

Director

Chartered Accountants
Firm Regn. No. 134427W

Jitendra Sawjany

Proprietor
Membership No : 050980

Place : Mumbai
Date : May 27, 2016

Notes on Accounts to Balance Sheet and Statement of Profit and Loss**1. SIGNIFICANT ACCOUNTING POLICIES****a) Basis of Preparation of Financial Statements**

The financial statements are prepared under historical cost convention, in accordance with the generally accepted accounting principles (GAAP) in India and Comply with Accounting Standard specified under Section 133 of the Companies Act, 2013 ("the Act") read with Rule 7 of the Companies (Accounts) Rules, 2014 and other provisions of the Act, to the extent notified and applicable as well as applicable guidance note and pronouncements of the Institute of Chartered Accountants of India (the ICAI).

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Schedule III to the Companies Act, 2013. Based on the nature of the services and their realisation in cash & cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current or non-current classification of assets and liabilities.

b) Revenue Recognition and Cost of Revenue

The Company recognizes service revenue in the month in which the service is provided. Fees related to activation of services are deferred and recognized over the expected term of the related service agreement. Expenses related to services provided are expensed as incurred, except in the case of nonrecurring charges, which are deferred and recognized over the expected term of the underlying agreement.

c) Use of Estimates

The presentation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the consolidated financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known / materialised.

d) Accounting for Investment

Interest on investments which are reinvested in cash funds are treated as short term investments and are classified as current investments. The carrying amount for the current investments is lower of cost or fair value.

e) Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised when the company has legal and constructive obligation as a result of past events which it is probable that a cash outflow will be required and a reliable estimate can be made of the amount of obligation.

Contingent Liabilities are disclosed when the company has possible or present obligation and it is probable that a cash flow will not be required to settle the obligation.

In case of Ethernet services, the Company includes standard indemnification clauses within its various customer and supplier contracts. The terms of its indemnification obligations are generally perpetual from the effective date of the agreement. In certain cases, there are limits on and exceptions to its potential liability for indemnification. To date, there have been no known events or circumstances that have resulted in an indemnification-related liability to the Company pursuant to these customer and supplier contracts.

f) Foreign Currency Translation**Initial Recognition**

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Subsequent Recognition

As at the reporting date, non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. All non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined. All monetary assets and liabilities in foreign currency are restated at the end of accounting period.

YTV Inc.

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

	As at March 31, 2016	As at March 31, 2015
NOTE 2.01		
Share Capital		
Authorised		
1,000 ordinary shares of US\$ 1 each	66,255	62,500
	<u>66,255</u>	<u>62,500</u>

Issued, Subscribed and Paid up:

1 Share of US \$ 1 each fully paid up	<u>66</u>	<u>63</u>
	<u>66</u>	<u>63</u>

	As at March 31, 2016		As at March 31, 2015	
a) Reconciliation of number of Ordinary Shares	No. of Shares		No. of Shares	
Balance as at the beginning of the year	1	63	1	63
Add: Additional Paid-in Capital				
Add: Shares issued during the year		-		-
Add: Foreign Exchange Conversion		4		
Balance as at the end of the year	<u>1</u>	<u>66</u>	<u>1</u>	<u>63</u>

e) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company

	As at March 31, 2016		As at March 31, 2015	
Ordinary Shares				
Reliance Globalcom Services, Inc.		1		1
		(100%)		(100%)

NOTE # 2.02

Cash and Bank Balances

Cash on hand	<u>66</u>	<u>63</u>
	<u>66</u>	<u>63</u>

2.03 Earnings Per Share

	Year ended March 31, 2016		Year ended March 31, 2015	
Earnings per Share				
A Profit / (Loss) after Tax		0		0
B Weighted average number of share (class A Common shares) of US \$ 0.01 each used as denominator for calculating Basic and Diluted EPS		1		1
C Basic and Diluted Earnings / (Loss) per Share before Exceptional items (A/B)		0		0

INR except number of shares

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

2.04 Foreign Currency Translation

The amounts relating to Balance Sheet items appearing in Indian Rupees have been translated at Closing Rate of 1 USD = ₹ 66.255 (Previous year 1 USD = ₹ 62.500) and items relating to profit and loss have been translated at average rate of 1 USD = ₹ 65.456 and (Previous year 1 USD = ₹ 61.153).

The amounts have been converted in INR to comply with the financial reporting requirement in India.

2.05 Previous period figures are regrouped/ rearranged wherever found necessary.

As per our report attached

For and on behalf of the Board

For Shridhar & Associates

B K Sinha

Director

Chartered Accountants
Firm Regn. No. 134427W

Jitendra Sawjany

Proprietor
Membership No : 050980

Place : Mumbai

Date : May 27, 2016

Reliance Vanco Group Limited

Independent Auditor's Report

To
The Board of Directors of Reliance Vanco Group Limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Reliance Vanco Group Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India including Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion whether the Company has in place an adequate Internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements read together with the notes thereon give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016 and its Loss and its cash flows for the year ended on that date.

Other Reporting Requirements

We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account.

Other Matters

This report is issued for the information and use of the Board of Directors of the Company and of Reliance Communications Limited, the holding company in India to comply with the financial reporting requirements in India and should not be used for any other purposes without our prior written consent.

For Shridhar & Associates
Chartered Accountants
Firm Registration No.: 134427W

Jitendra Sawjany
Partner
Membership No. 050980

Place: Mumbai
Dated: May 27, 2016

Reliance Vanco Group Limited

Balance Sheet as at March 31, 2016

	Note	As at March 31, 2016	Amount in INR As at March 31, 2015
EQUITY AND LIABILITIES			
Shareholder's Fund			
Share Capital	2.01	2,96,03,499	2,86,72,352
Reserves and Surplus	2.02	<u>5,34,19,04,727</u>	<u>5,45,85,60,196</u>
		<u>5,37,15,08,226</u>	<u>5,48,72,32,548</u>
Current Liabilities			
Short Term Borrowings	2.03	6,34,81,96,487	5,89,92,89,237
Trade Payables	2.04	2,11,58,367	18,74,923
Other Current Liabilities	2.05	<u>77,31,05,082</u>	<u>1,14,32,067</u>
		<u>7,14,24,59,936</u>	<u>5,91,25,96,227</u>
Total		<u>12,51,39,68,162</u>	<u>11,39,98,28,775</u>
ASSETS			
Non Current Assets			
Non Current Investment	2.06	<u>4,63,45,632</u>	<u>4,48,87,942</u>
		<u>4,63,45,632</u>	<u>4,48,87,942</u>
Current Assets			
Cash & Bank Balance	2.07	20,99,51,859	6,92,87,808
Short Term Loan & Advances	2.08	47,75,263	3,90,44,111
Other Current Assets	2.09	<u>12,25,28,95,408</u>	<u>11,24,66,08,914</u>
		<u>12,46,76,22,530</u>	<u>11,35,49,40,833</u>
Total		<u>12,51,39,68,162</u>	<u>11,39,98,28,775</u>
Significant Accounting Policies	1		
Notes forming part of financials Statements	2		

As per our report attached

For and on behalf of the Board

For Shridhar & Associates
Chartered Accountants
Firm Regn. No. 134427W

Andrew Goldie **Director**

Jitendra Sawjany
Partner
Membership No : 050980

Place : Mumbai
Dated: May 27, 2016

Reliance Vanco Group Limited

Statement of Profit and Loss for the year ended March 31, 2016

Amount in INR

	Note	For the year ended March 31, 2016	For the year ended March 31, 2015
INCOME			
Service Revenue and Other Operating Income	2.10	87,42,30,366	93,03,96,912
Other Income	2.11	-	6,07,90,771
		<u>87,42,30,366</u>	<u>99,11,87,683</u>
EXPENDITURE			
Network Operation Expenses	2.12	86,63,62,992	91,72,25,018
Sale and General Administration Expenses	2.13	31,16,67,332	74,63,55,416
		<u>1,17,80,30,324</u>	<u>1,66,35,80,434</u>
PROFIT/ (LOSS) BEFORE TAX		(30,37,99,958)	(67,23,92,751)
Provision for:			
-Income Tax		-	-
PROFIT/ (LOSS) AFTER TAX		(30,37,99,958)	(67,23,92,751)
Basic and Diluted Earnings Per Share	2.15	(2.76)	(6.11)
Significant Accounting Policies	1		
Notes forming part of financials Statements	2		

As per our report attached

For Shridhar & Associates
Chartered Accountants
Firm Regn. No. 134427W

Jitendra Sawjany
Partner
Membership No : 050980

Place : Mumbai
Dated: May 27, 2016

For and on behalf of the Board

Andrew Goldie **Director**

Reliance Vanco Group Limited

Cash Flow Statement for the year ended March 31, 2016

	For the year ended March 31, 2016	Amount in INR For the year ended March 31, 2015
A CASH FLOW FROM OPERATING ACTIVITY		
Net Profit before tax as per Profit and Loss Account	(30,37,99,958)	(67,23,92,751)
Adjusted for:		
Effects of exchange difference on translation of assets & liabilities	<u>18,66,17,946</u>	<u>(43,71,55,662)</u>
Operating Profit before Working capital changes	(11,71,82,012)	(1,10,95,48,413)
Adjusted for:		
Receivables and other Advances	(97,20,17,646)	96,01,75,985
Trade Payables	<u>78,09,56,459</u>	<u>2,74,10,92,919</u>
	<u>(19,10,61,187)</u>	<u>3,70,12,68,904</u>
Cash Generated from operation	(30,82,43,199)	2,59,17,20,491
Income tax Paid	-	-
Net Cash from operating Activity	(30,82,43,199)	2,59,17,20,491
B CASH FLOW FROM INVESTING ACTIVITIES		
Financial Income	-	-
Net Cash used in Investing Activities	<u>-</u>	<u>-</u>
C CASH FLOW FROM FINANCING ACTIVITIES		
Net Proceeds/ (Repayment) from short term Borrowings	44,89,07,250	(2,52,38,93,504)
Net Cash Used In Financing Activities	<u>44,89,07,250</u>	<u>(2,52,38,93,504)</u>
Net Increase / (Decrease) in Cash and Cash Equivalents	14,06,64,051	6,78,26,987
Opening Balance of Cash and Cash Equivalent	6,92,87,808	14,60,821
Closing Balance of Cash and Cash Equivalent	<u>20,99,51,859</u>	<u>6,92,87,808</u>

As per our report attached

For Shridhar & Associates
Chartered Accountants
Firm Regn. No. 134427W

Jitendra Sawjany
Partner
Membership No : 050980

Place : Mumbai
Dated: May 27, 2016

For and on behalf of the Board

Andrew Goldie **Director**

1. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation of Financial Statements

The financial statements are prepared under historical cost convention, in accordance with the generally accepted accounting principles (GAAP) in India and Comply with Accounting Standard specified under Section 133 of the Companies Act, 2013 ("the Act") read with Rule 7 of the Companies (Accounts) Rules, 2014 and other provisions of the Act, to the extent notified and applicable as well as applicable guidance note and pronouncements of the Institute of Chartered Accountants of India (the ICAI).

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Schedule III to the Companies Act, 2013. Based on the nature of the services and their realisation in cash & cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current or non-current classification of assets and liabilities.

b) Revenue Recognition

A network contract typically covers the design, supply and installation of the network and thereafter the provision of Packaged Network Solutions. Turnover relating to the initial part of the contract is recognized over the contract implementation period. The remainder of the contract value is recognized evenly over the period of the contract.

To the extent that the recognition differs from the contractual billing terms, either turnover is accrued or amounts billed in advance are treated as deferred income.

c) Employee Benefits

Pension Obligations

Group companies operate employees' personal pension schemes. The schemes are funded through payments to insurance companies as defined contribution plans.

The group has no legal or constructive obligations to pay further contribution if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The contributions are recognized as employee benefit expense when they are due.

Bonus Plans

The Group recognizes a liability and an expense for bonuses. The Group recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Commissions

Commissions payable to staff on securing new contracts which are directly attributable to the contract, are recognized as a period cost as an when incurred.

d) Use of Estimates

The presentation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the consolidated financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known / materialised.

e) Accounting for Taxes on Income

Provision for Income Tax is made on the basis of estimated taxable income for the year at current rates after considering exemptions and deductions available under the Income Tax Laws of the respective countries of the subsidiaries. Tax expense comprises of both Current Tax and Deferred Tax at the applicable enacted or substantively enacted rates. Current tax represents the amount of Income Tax payable in respect of the taxable income for the reporting period. Deferred tax represents the effect of timing difference between taxable income and accounting income for the reporting period that originate in one period and are capable of reversal in one or more subsequent periods. The deferred tax asset is recognised and carried forward only to the extent that there is a reasonable certainty that the asset will be realised in future.

f) Effects of Changes in Foreign Currency Rates

Initial Recognition

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Reliance Vanco Group Limited

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

Subsequent Recognition

As at the reporting date, non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. All non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined. All monetary assets and liabilities in foreign currency are restated at the end of accounting period.

g) Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised when the company has legal and constructive obligation as a result of past events which it is probable that a cash outflow will be required and a reliable estimate can be made of the amount of obligation.

Contingent Liabilities are disclosed when the company has possible or present obligation and it is probable that a cash flow will not be required to settle the obligation. Contingent Assets are neither recognised nor disclosed in the financial statements.

	As at March 31, 2016	Amount in INR As at March 31, 2015
NOTE 2.01		
Share Capital		
Authorised		
20,00,00,000 (20,00,00,000) Ordinary Shares of £ 0.001 each	1,84,94,000	1,84,94,000
2,00,000 (2,00,000) Redeemable Preference Shares of £1 each	1,84,94,000	1,84,94,000
	<u>3,69,88,000</u>	<u>3,69,88,000</u>
Issued, Subscribed and Paid up:		
11,00,72,000 (11,00,72,000) Ordinary Shares of £ 0.001 each fully Paid up	1,05,08,899	1,01,78,352
2,00,000 (2,00,000) Redeemable Preference Shares of £1 each fully Paid up	1,90,94,600	1,84,94,000
	<u>2,96,03,499</u>	<u>2,86,72,352</u>

a) Shares held by Holding company and subsidiary of Holding Company

	<u>No. of Shares</u>	<u>No. of Shares</u>
Ordinary Shares		
Held by FLAG Telecom Group Services limited	11,00,72,000	11,00,72,000
Redeemable Preference Share		
Held by FLAG Telecom Group Services limited	2,00,000	2,00,000
	<u>11,02,72,000</u>	<u>11,02,72,000</u>

b) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company

	% of Holding	No. of Shares	% of Holding	No. of Shares
Ordinary Shares				
FLAG Telecom Group Services Limited	100%	11,00,72,000	100%	11,00,72,000
Redeemable Preference Share				
FLAG Telecom Group Services Limited	100%	2,00,000	100%	2,00,000

c) Rights, Preferences and Restriction attached to the shares

A) Redeemable Preference Share

The Company has Redeemable Preference Share (shares) having a par value of £ 1 each per share. The preference share are redeemable at par value at any time at the company's option upon delivery of 14 days notice to the shareholders. The shares carry no voting rights and no rights to dividends and on a return of capital, these shares get preference over all other classes of shares.

Reliance Vanco Group Limited

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

B) Ordinary Shares

The Company has Ordinary Shares (shares) having a par value of £ .001 each per share and each holder of Ordinary Shares is entitled to one vote per share. In the event of liquidation of the Company, the holder of shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of shares held by the shareholder.

Global cloudXChange limited (a ultimate holding company) had issued 7 % senior secured noted of USD 350 Millions. These Notes are guaranteed by Reliance Vanco Group limited and its material subsidiaries and secured by way of a pledge of Ordinary shares.

d) Reconciliation of share outstanding at the beginning and at the end of the year

Ordinary Share	No. of Shares		Amount in INR	
	No. of Shares	Amount	No. of Shares	Amount
Balance as at the beginning of the year	11,00,72,000	1,05,08,899	11,00,72,000	1,01,78,352
Add: Shares issued during the year	-	-	-	-
Balance as at the end of the year	<u>11,00,72,000</u>	<u>1,05,08,899</u>	<u>11,00,72,000</u>	<u>1,01,78,352</u>
Preference Share				
Balance as at the beginning of the year	2,00,000	1,90,94,600	2,00,000	1,84,94,000
Add: Shares issued during the year	-	-	-	-
Balance as at the end of the year	<u>2,00,000</u>	<u>1,90,94,600</u>	<u>2,00,000</u>	<u>1,84,94,000</u>

Note No 2.02

RESERVES AND SURPLUS

	As at March 31, 2016	As at March 31, 2015
Exchange Fluctuation Reserve	54,52,70,518	42,51,45,320
Securities Premium Account	2,13,07,13,532	2,06,36,94,241

Surplus in Statement of Profit and Loss

	As at March 31, 2016	As at March 31, 2015
As per last Balance Sheet	2,96,97,20,635	3,64,21,13,386
Add: Profit / (loss) during the year	(30,37,99,958)	(67,23,92,751)
	<u>2,66,59,20,677</u>	<u>2,96,97,20,635</u>
	<u>5,34,19,04,727</u>	<u>5,45,85,60,196</u>

Note No 2.03

SHORT TERM BORROWINGS

	As at March 31, 2016	As at March 31, 2015
Loans and Advances from Related Parties	6,34,81,96,487	5,89,92,89,237
	<u>6,34,81,96,487</u>	<u>5,89,92,89,237</u>

Note No 2.04

TRADE PAYABLE

	As at March 31, 2016	As at March 31, 2015
Trade Payable	2,11,58,367	18,74,923
	<u>2,11,58,367</u>	<u>18,74,923</u>

Note No 2.05

OTHER CURRENT LIABILITIES

	As at March 31, 2016	As at March 31, 2015
Other Liabilities/Accrued Expense	-	1,14,32,067
Payable to Related Parties	77,31,05,082	-
	<u>77,31,05,082</u>	<u>1,14,32,067</u>

Reliance Vanco Group Limited

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

	As at March 31, 2016	Amount in INR As at March 31, 2015
Note No 2.06		
Non Current Investments		
Investment in Subsidiaries (at cost fully paid up)		
5,000 (5,000) Vanco Sweden AB of SEK 100 Per Share	43,09,174	41,73,634
1,40,000 (1,40,000) Vanco (Shanghai) Co Limited of US \$ 1 Per Share	66,53,908	64,44,616
20,00,000 (20,00,000) Vanco Asia Pacific Pte limited of SG \$ 1 Per Share	1,52,83,376	1,48,02,654
180(180) Vanco Japan KK of JPY 50,000 Per Share	62,22,262	60,26,547
2,000 (2,000) Vanco Euronet Sp Zoo of PNL 50 Per Share	13,81,310	13,37,862
1,24,80,000 (1,24,80,000) Vanco Euronet SA of Euro 0.01 Per Share	1,24,95,602	1,21,02,629
30,000 (30,000) Vanco SAS of Euro 10 Per Share *	-	-
5,61,499(5,61,499) Vanco NV of Euro 1 Per Share *	-	-
31,00,000 (31,00,000) Vanco Australasia Pty limited of AU \$ 1 Per share *	-	-
7,99,999 (7,99,999) Vanco South America Ltda of BRL 1 Per Share *	-	-
99,000 (99,000) Vanco Srl of Euro 1 Per Share *	-	-
25,000 (25,000) Vanco Deutschland GmbH of Euro 1 Per Share *	-	-
20,00,000 (20,00,000) Vanco BV of Euro 0.01 Per Share *	-	-
3,66,89,751 (3,66,89,751) Vanco UK limited of GBP 0.01 Per Share *	-	-
52,00,00,000 (52,00,00,000) VNO Direct Limited of GBP 0.001 Per Share *	-	-
100 (100) Net Direct SA (Proprietary) Limited of ZAR 1 Per Share *	-	-
1,789 (1,789) Vanco GmbH of Euro 500 Per Share*	-	-
	4,63,45,632	4,48,87,942
* Investment Value Impaired		
Note No 2.07		
CASH AND BANK BALANCE		
Balance with Banks		
- Current Accounts	20,99,51,859	6,92,87,808
	20,99,51,859	6,92,87,808
Note No 2.08		
SHORT TERM LOANS AND ADVANCES		
Advances Recoverable in Cash or Kind or for Value to be Received	10,88,238	35,98,853
Unsecured Loans to Related Parties	-	3,54,45,258
Advances to Vendor	36,87,025	-
	47,75,263	3,90,44,111
Note No 2.09		
OTHER CURRENT ASSETS		
Receivables from Related Party	12,25,28,95,408	11,24,66,08,914
	12,25,28,95,408	11,24,66,08,914

Reliance Vanco Group Limited

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

	For the year ended March 31, 2016	Amount in INR For the year ended March 31, 2015
Note No 2.10		
SERVICE REVENUE AND OTHER OPERATING INCOME		
Enterprise Value Added Services	<u>87,42,30,366</u>	<u>93,03,96,912</u>
	<u>87,42,30,366</u>	<u>93,03,96,912</u>
Note No 2.11		
OTHER INCOME		
Dividend Income	-	6,07,90,771
	-	6,07,90,771
Note No 2.12		
NETWORK OPERATION EXPENSES		
Network Operating Expenses	<u>86,63,62,992</u>	<u>91,72,25,018</u>
	<u>86,63,62,992</u>	<u>91,72,25,018</u>
Note No 2.13		
SALES AND GENERAL ADMINISTRATION EXPENSES		
Bank Charges	7,44,468	3,59,149
Marketing	13,87,109	25,53,919
Legal Fees	51,68,729	42,16,005
Professional fees	5,41,914	39,05,300
Foreign Exchange Fluctuation Loss	30,27,71,743	73,43,34,735
Other General and Administrative Expenses	25,361	72,129
	<u>31,06,39,324</u>	<u>74,54,41,237</u>
Payment to Auditors	10,28,008	9,14,179
	<u>31,16,67,332</u>	<u>74,63,55,416</u>

Note 2.14 BACKGROUND AND ORGANISATION

Reliance Vanco Group Limited is a virtual Network operator. The Company provides enterprise clients with managed network solutions including the design, integration, implementation, security and management of global corporate networks. The Company provides IT Outsourcers enabling the sub-contract of the above service package as part of a wider IT outsourcing solution.

Reliance Vanco Group Limited is asset-light, instead purchasing infrastructure from the hundreds of carriers globally, the company gets the best prices for clients, design a solution using the most appropriate technology to meet customers' global requirements, and is 100% focused on delivering the highest quality customer service.

Note 2.15 Earnings Per Share

	FY 2015-16	Amount in INR FY 2014-15
Earnings per Share		
A Profit / (Loss) after Tax	(303,799,958)	(672,392,751)
B Weighted average number of share of GBP 0.001 each used as denominator for calculating Basic and Diluted EPS	110,072,000	110,072,000
C Basic and Diluted Earnings / (Loss) per Share (A/B)	(2.76)	(6.11)

Reliance Vanco Group Limited

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

Note 2.16 Segment Reporting

In accordance with Accounting Standard 17 "Segmental Reporting" issued by the Council of the Institute of Chartered Accountants of India. Since 100% of the Company's business is from telecommunication activities, there are no other primary reportable segments. Thus, the segment revenue, total carrying amount of segment assets, total carrying amount of segment liabilities, total cost incurred to acquire segment assets, total amount of charge of depreciation and amortization during the period are all as is reflected in the Financial Statements as of and for the period ended March 31, 2016.

Note 2.17 Related Party Transactions

In accordance with Accounting Standard 18 "Related Party Disclosures" issued by the Institute of Chartered Accountants of India, the company's related parties and transactions are disclosed below:

- a. Parties where control exist:
 - i) Reliance Communications Limited
 - ii) Flag Telecom Group Services limited

Enterprises as affiliated companies are:

- i) Vanco ROW Limited
- ii) Vanco International Limited
- iii) VNO Direct Limited
- iv) Vanco SAS
- v) Euronet Spain SA
- vi) Vanco Srl
- vii) Vanco GmbH
- viii) Vanco Deutschland GmbH
- ix) Vanco Switzerland A.G.
- x) Vanco B.V.
- xi) Vanco Benelux BV
- xii) Vanco NV
- xiii) Vanco US LLC
- xiv) Vanco Solutions Inc.
- xv) Vanco Australasia Pty. Limited
- xvi) Vanco (Asia Pacific) Pte. Limited
- xvii) Vanco Japan KK
- xviii) Vanco (Shanghai) Co. Ltd.
- xix) Vanco Global Limited
- xx) Vanco Euronet Sp Zoo
- xxi) Vanco Sweden AB
- xxii) Vanco South America Ltda
- xxiii) Net Direct SA (Proprietary) Limited
- xxiv) Vanco UK Limited
- xxv) Reliance Communication Inc
- xxvi) Reliance Global Services Inc
- xxvii) Reliance Globalcom BV

Reliance Vanco Group Limited

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

2.18 Translation in INR

The amounts relating to Balance Sheet items appearing in Indian Rupees have been translated at Closing Rate of 1 GBP = INR 95.473 (Previous year 1 GBP = INR 92.47) and items relating to profit and loss have been translated at average rate of 1 GBP = INR 98.6808 and (Previous year 1 GBP = INR 98.62).

The amounts have been converted in INR to comply with the financial reporting requirement in India.

2.19 The Pervious year's figures have been reworked, regrouped, rearrange and reclassified wherever necessary.

As per our report attached

For and on behalf of the Board

For Shridhar & Associates

Chartered Accountants
Firm Regn. No. 134427W

Andrew Goldie

Director

Jitendra Sawjany

Partner
Membership No : 050980

Place : Mumbai

Dated: May 27, 2016

Vanco UK Limited

Independent Auditor's Report

To
The Board of Directors of Vanco UK Limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Vanco UK Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India including Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion whether the Company has in place an adequate Internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements read together with the notes thereon give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016 and its Loss and its cash flows for the year ended on that date.

Other Reporting Requirements

We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account.

Other Matters

This report is issued for the information and use of the Board of Directors of the Company and of Reliance Communications Limited, the holding company in India to comply with the financial reporting requirements in India and should not be used for any other purposes without our prior written consent.

For Shridhar & Associates
Chartered Accountants
Firm Registration No.: 134427W

Jitendra Sawjany
Partner
Membership No. 050980

Place: Mumbai
Dated: May 27, 2016

Vanco UK Limited

Balance Sheet as at March 31, 2016

		As at		(Amount in INR)	
	Note	March 31 , 2016		As at March 31, 2015	
EQUITY AND LIABILITIES					
Shareholder's Funds					
Share Capital	2.01	35,02,881		33,92,724	
Reserves and Surplus	2.02	<u>(4,12,83,84,744)</u>	<u>(4,12,48,81,863)</u>	<u>(3,93,52,18,046)</u>	(3,93,18,25,322)
Current Liabilities					
Trade Payables	2.03	1,33,93,82,443		1,09,93,49,213	
Other Current Liabilities	2.04	<u>3,80,52,85,300</u>		<u>3,71,85,87,084</u>	
			5,14,46,67,743		4,81,79,36,297
TOTAL			<u>1,01,97,85,880</u>		<u>88,61,10,975</u>
ASSETS					
Non Current Assets					
Fixed Assets	2.05	4,00,84,769		7,09,11,752	
Non Current Investments	2.06	1,13,01,998		1,09,46,507	
Long-term Loans and Advances	2.07	<u>-</u>	5,13,86,767	<u>3,09,690</u>	8,21,67,949
Current Assets					
Trade Receivables	2.08	40,65,06,996		35,44,17,575	
Cash and Bank	2.09	17,99,69,529		8,35,46,549	
Short-term Loans and Advances	2.10	10,42,31,358		21,65,81,503	
Other Current Assets	2.11	<u>27,76,91,230</u>	96,83,99,113	14,93,97,399	80,39,43,026
TOTAL			<u>1,01,97,85,880</u>		<u>88,61,10,975</u>
Significant Accounting Policies	1				
Notes forming part of Financial Statement	2				

As per our report attached

For and on behalf of the Board

For Shridhar & Associates

Andrew Goldie

Director

Chartered Accountants
Firm Regn. No. 134427W

Jitendra Sawjany

Partner
Membership No : 050980

Place : Mumbai
Date : May 27, 2016

Vanco UK Limited

Statement of Profit and Loss for the year ended March 31, 2016

(Amount in INR)

	Note	For the year ended March 31, 2016		For the year ended March 31, 2015
INCOME				
Services Revenue and Other Operating Income	2.12	4,18,80,88,717		4,42,15,38,905
Other Income	2.13	8,52,977		-
		<u>4,18,89,41,694</u>		<u>4,42,15,38,905</u>
EXPENDITURE				
Network Operation Expenses	2.14	3,56,93,97,130		3,78,69,28,028
Employee Benefits Expense	2.15	24,01,70,924		30,08,37,899
Finance Charges	2.16	1,01,839		6,44,184
Depreciation and Amortization Expense	2.05	3,49,77,274		2,03,93,575
Sales and General Administration Expenses	2.17	41,18,59,809	4,25,65,06,976	46,19,79,974
				<u>4,57,07,83,660</u>
PROFIT/ (LOSS) BEFORE TAX			(6,75,65,282)	(14,92,44,755)
Provision for:				
- Current Tax		-	-	-
				<u>-</u>
PROFIT / (LOSS) FOR THE YEAR			<u>(6,75,65,282)</u>	<u>(14,92,44,755)</u>
Basic and Diluted Earning Per Share	2.19		(1.842)	(4.067)
Significant Accounting Policies	1			
Notes forming part of Financial Statement	2			

As per our report attached

For and on behalf of the Board

For Shridhar & Associates
Chartered Accountants
Firm Regn. No. 134427W

Andrew Goldie **Director**

Jitendra Sawjany
Partner
Membership No : 050980

Place : Mumbai
Date : May 27, 2016

Vanco UK Limited

Cash Flow Statement for the year ended March 31, 2016

	For the year ended March 31, 2016	(Amount in INR) For the year ended March 31, 2015
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax as per Profit and Loss Account	(6,75,65,282)	(14,92,44,755)
Adjusted for:		
Provisions/ Liabilities to the extent no longer required	(1,19,39,287)	-
Provision for Doubtful Debts	-	34,28,027
Depreciation/ Impairment and Amortisation	3,49,77,274	2,03,93,575
Effects of Exchange Difference on Translation of Assets and Liabilities	(12,54,91,259)	30,93,14,311
Financial Charges	1,01,839	6,44,184
	(10,23,51,433)	33,37,80,097
Operating Profit before Working Capital Changes	(16,99,16,715)	18,45,35,342
Adjusted for:		
Receivables and Other Advances	(16,84,43,964)	16,41,23,045
Trade Payables	32,67,31,446	(20,03,65,357)
	15,82,87,482	(3,62,42,312)
Cash Generated from Operations	(1,16,29,233)	14,82,93,030
Net Cash from Operating Activities	(1,16,29,233)	14,82,93,030
B CASH FLOW FROM INVESTING ACTIVITIES		
Additions of Fixed Assets and Capital Work in Progress	(41,50,292)	(6,79,57,508)
Non Current Investment	(3,55,491)	-
Net Cash Used in Investing Activities	(45,05,783)	(6,79,57,508)
C CASH FLOW FROM FINANCING ACTIVITIES		
Long term Loans and Advances	3,09,690	-
Short term Loans and Advances	11,23,50,145	-
Financial Charges	(1,01,839)	(6,44,184)
Net Cash from Financing Activities	11,25,57,996	(6,44,184)
Net Increase/ (Decrease) in Cash and Cash Equivalents	9,64,22,980	7,96,91,338
Opening Balance of Cash and Cash Equivalents	8,35,46,549	38,55,211
Closing Balance of Cash and Cash Equivalents	17,99,69,529	8,35,46,549

As per our report attached

For and on behalf of the Board

For Shridhar & Associates
Chartered Accountants
Firm Regn. No. 134427W

Andrew Goldie **Director**

Jitendra Sawjany
Partner
Membership No : 050980

Place : Mumbai
Date : May 27, 2016

Note 1

SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation of Financial Statements

The financial statements are prepared under historical cost convention, in accordance with the generally accepted accounting principles (GAAP) in India and Comply with Accounting Standard specified under Section 133 of the Companies Act, 2013 ("the Act") read with Rule 7 of the Companies (Accounts) Rules, 2014 and other provisions of the Act, to the extent notified and applicable as well as applicable guidance note and pronouncements of the Institute of Chartered Accountants of India (the ICAI).

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Schedule III to the Companies Act, 2013. Based on the nature of the services and their realisation in cash & cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current or non-current classification of assets and liabilities.

Financial Statements have been prepared on a going concern basis and financial support as may be required, shall be extended by associates and / or parent company.

b) Revenue Recognition

A network contract typically covers the design, supply and installation of the network and thereafter the provision of Packaged Network Solutions. Turnover relating to the initial part of the contract is recognized over the contract implementation period. The remainder of the contract value is recognized evenly over the period of the contract.

To the extent that the recognition differs from the contractual billing terms, either turnover is accrued or amounts billed in advance are treated as deferred income.

c) Employee Benefits

Pension Obligations

Group companies operate employees' personal pension schemes. The schemes are funded through payments to insurance companies as defined contribution plans.

The group has no legal or constructive obligations to pay further contribution if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The contributions are recognized as employee benefit expense when they are due.

Bonus Plans

The Group recognizes a liability and an expense for bonuses. The Group recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Commissions

Commissions payable to staff on securing new contracts which are directly attributable to the contract, are recognized as a period cost as an when incurred.

d) Use of Estimates

The presentation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the consolidated financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known / materialized.

e) Accounting for Taxes on Income

Provision for Income Tax is made on the basis of estimated taxable income for the year at current rates after considering exemptions and deductions available under the Income Tax Laws of the respective countries of the subsidiaries. Tax expense comprises of both Current Tax and Deferred Tax at the applicable enacted or substantively enacted rates. Current tax represents the amount of Income Tax payable in respect of the taxable income for the reporting period. Deferred tax represents the effect of timing difference between taxable income and accounting income for the reporting period that originate in one period and are capable of reversal in one or more subsequent periods. The deferred tax asset is recognised and carried forward only to the extent that there is a reasonable certainty that the asset will be realised in future.

f) Fixed Assets

Accounting of Tangible Fixed Assets

All Tangible Fixed Assets is shown at cost less subsequent depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the items.

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Profit & Loss Account during the financial period in which they are incurred.

Depreciation on assets is calculated using the straight-line method to allocate the cost of each asset to its residual value over its estimated useful life as follows:

Leasehold improvements..... Over the period of the lease

Computer equipment..... 3 to 5 years.

Fixtures, fittings and equipment..... 3 to 5 years.

Motor Vehicles..... 5 years.

Major renovations are depreciated over the remaining useful life of the related asset or to the date of the next major renovation, whichever is sooner.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement. Borrowing costs incurred for the construction of any qualifying assets are capitalized during the period of time that is required to complete and prepare the asset for its intended use.

Intangible Assets

Computer software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives (three to five years).

Costs that are directly associated with the production of identifiable and unique software products controlled by the Group and that will probably generate economic benefits exceeding costs beyond one year, are recognized as intangible assets. Direct costs include the costs of software development employees and an appropriate portion of relevant overheads.

Computer software development costs recognized as assets are amortized over their estimated useful lives (not exceeding five years).

g) Effects of Changes in Foreign Currency Rates

Initial Recognition

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Subsequent Recognition

As at the reporting date, non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. All non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined. All monetary assets and liabilities in foreign currency are restated at the end of accounting period.

h) Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised when the company has legal and constructive obligation as a result of past events which it is probable that a cash outflow will be required and a reliable estimate can be made of the amount of obligation.

Contingent Liabilities are disclosed when the company has possible or present obligation and it is probable that a cash flow will not be required to settle the obligation. Contingent Assets are neither recognised nor disclosed in the financial statements.

Vanco UK Limited

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

	As at March 31 , 2016	(Amount in INR) As at March 31, 2015		
Note 2.01				
SHARE CAPITAL				
Authorised				
40,000,000 Ordinary shares @£0.001 per share and 8,000,000 deferred shares @£0.001 per share	45,82,704	44,38,560		
	<u>45,82,704</u>	<u>44,38,560</u>		
Issued, Subscribed and Paid up				
34,081,765 Ordinary shares @£0.001 per share and 2,607,986 deferred shares @£0.001 per share	35,02,881	33,92,724		
	<u>35,02,881</u>	<u>33,92,724</u>		
a) Shares held by Holding Company and subsidiary of Holding Company				
	No. of Shares	No. of Shares		
Ordinary Shares				
Held by Reliance Vanco Group Limited	3,40,81,765	3,40,81,765		
Deferred Shares				
Held by Reliance Vanco Group Limited	26,07,986	26,07,986		
	<u>3,66,89,751</u>	<u>3,66,89,751</u>		
b) Details of Ordinary Shares held by shareholders holding more than 5% of the aggregate shares in the Company				
	% of Holding	No. of Shares	% of Holding	No. of Shares
Ordinary Shares				
Reliance Vanco Group Limited	100	3,40,81,765	100	3,40,81,765
Deferred Shares				
Reliance Vanco Group Limited	100	26,07,986	100	26,07,986
c) Terms/ Rights attached to the shares				
a) Ordinary Shares				
The Company has Ordinary Shares (shares) having a par value of £ .001 per share. Each holder of shares is entitled to one vote per share. In the event liquidation of the company, the holder of shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of shares held by the shareholder.				
During the year, Global Cloud X Change limited (a ultimate holding company) has issued 7 % senior secured noted of USD 350 Millions. These Notes are guaranteed by Vanco UK Limited and secured by way of a pledge of equity shares.				
b) Deferred Shares				
The Company has Ordinary Shares (shares) having a par value of £ .001 per share. The deferred shares carry no voting right.				
d) Reconciliation of ordinary shares outstanding at the beginning and at the end of the year				
	No. of Shares	Amount INR	No. of Shares	Amount INR
Ordinary Shares				
Balance as at the beginning of the year	3,40,81,765	32,53,889	3,40,81,765	31,51,564
Add: Movement for the year	-	-	-	-
At the end of the year	<u>3,40,81,765</u>	<u>32,53,889</u>	<u>3,40,81,765</u>	<u>31,51,564</u>
Deferred Shares				
Balance as at the beginning of the year	26,07,986	2,48,992	26,07,986	2,41,160
Add: Movement for the year	-	-	-	-
At the end of the year	<u>26,07,986</u>	<u>2,48,992</u>	<u>26,07,986</u>	<u>2,41,160</u>

Vanco UK Limited

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

	As at March 31 , 2016	(Amount in INR) As at March 31, 2015
Note2.02		
RESERVES AND SURPLUS		
Exchange Fluctuation Reserve	22,42,00,886	37,80,90,425
Securities Premium Account	86,28,97,958	83,57,56,436
Other Reserves	3,64,53,405	3,53,06,804
Surplus / Deficit in Statement of Profit and Loss		
As per last Balance Sheet	(5,18,43,71,711)	(5,03,51,26,956)
Add: Profit during the year	(6,75,65,282)	(14,92,44,755)
Balance Carried forward	- (5,25,19,36,993)	- (5,18,43,71,711)
	<u>(4,12,83,84,744)</u>	<u>(3,93,52,18,046)</u>
Note2.03		
TRADE PAYABLE		
Trade Payable	68,31,96,587	1,09,93,49,213
Trade Accruals	65,61,85,856	-
	<u>1,33,93,82,443</u>	<u>1,09,93,49,213</u>
Note2.04		
OTHER CURRENT LIABILITIES		
Unearned Income-current	27,43,88,374	34,86,64,453
Employee Benefits Payable	1,13,95,433	55,11,896
Statutory Dues Payable	7,90,06,335	4,67,95,963
Group Company Payable-Intercompany	3,44,04,95,158	3,31,76,14,772
	<u>3,80,52,85,300</u>	<u>3,71,85,87,084</u>
	<u>3,80,52,85,300</u>	<u>3,71,85,87,084</u>

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

**Note 2.05
Fixed Assets and Depreciation**

(Amount in INR)

Particulars	Gross Block			Depreciation			Net Block	
	As at April 01, 2015	Additions during the year	Adjustments on account of Foreign Exchange	As at March 31, 2016	Adjustments on account of Foreign Exchange	For the year	As at March 31, 2016	As at April 01, 2015
Tangible Assets								
Leasehold Assets	19,87,92,990	-	64,55,896	20,52,48,886	57,95,369	97,24,598	15,41,993	1,06,06,065
Furniture & Fixtures	2,26,70,747	-	7,36,219	2,34,06,966	7,36,219	-	-	-
Computer Equipment	66,13,71,501	-	2,22,34,907	68,36,06,408	1,87,45,163	2,52,52,676	3,85,42,776	6,03,05,687
Sub Total	88,28,35,238	-	2,94,27,022	91,22,62,260	2,52,76,751	3,49,77,274	4,00,84,769	7,09,11,752
Previous Year	87,86,93,942	7,29,31,265	4,61,19,267	88,28,35,238	6,38,15,993	2,03,93,575	7,09,11,752	2,33,47,818
Softwares and Licenses	-	-	-	-	-	-	-	-
Sub Total	-	-	-	-	-	-	-	-
Previous Year	14,00,27,602	-	-	14,00,27,602	-	-	14,00,27,602	-
Grand Total	88,28,35,238	-	2,94,27,022	91,22,62,260	2,52,76,751	3,49,77,274	4,00,84,769	7,09,11,752
Previous Year	1,01,87,21,544	7,29,31,265	4,61,19,267	1,02,28,62,840	6,38,15,993	2,03,93,575	7,09,11,752	2,33,47,818

Vanco UK Limited

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

	As at March 31 , 2016	(Amount in INR) As at March 31, 2015	
Note 2.06			
NON CURRENT INVESTMENT			
Trade Investment			
10,00,00,000 Vanco International Limited, £ 0.001 per Share			
	<u>1,13,01,998</u>		1,09,46,507
	<u>1,13,01,998</u>		<u>1,09,46,507</u>
Note 2.07			
LONG TERM LOANS AND ADVANCES			
Prepaid Expenses			
	-		3,09,690
	-		<u>3,09,690</u>
Note 2.08			
TRADE RECEIVABLE			
Due for More than Six months			
Considered Good			
	-		-
Considered Doubtful			
	<u>15,15,38,123</u>	16,88,77,406	
	<u>15,15,38,123</u>	16,88,77,406	
Less: Provision for doubtful debts			
	<u>15,15,38,123</u>	16,88,77,406	
	-		-
Others			
Considered Good			
	<u>40,65,06,996</u>	35,44,17,575	
Considered Doubtful			
	<u>1,51,03,079</u>	37,10,127	
	<u>42,16,10,075</u>	35,81,27,702	
Less: Provision for doubtful debts			
	<u>1,51,03,079</u>	37,10,127	35,44,17,575
	<u>40,65,06,996</u>	<u>35,44,17,575</u>	<u>35,44,17,575</u>
Note 2.09			
CASH AND BANK BALANCE			
Balance with Banks			
- Current Accounts			
	<u>17,99,69,529</u>		8,35,46,549
	<u>17,99,69,529</u>		<u>8,35,46,549</u>
Note 2.10			
SHORT TERM LOANS AND ADVANCES			
Deposits - Current			
	<u>79,096</u>		76,608
Prepaid Expenses - Current			
	<u>8,81,46,430</u>		18,59,53,652
Other Receivables			
	<u>1,60,05,832</u>		2,86,76,876
Advance to Vendors			
	-		18,74,367
	<u>10,42,31,358</u>		<u>21,65,81,503</u>
Note 2.11			
OTHER CURRENT ASSETS			
Others			
	<u>31,31,457</u>	4,96,779	
Receivable from Related Party			
	<u>27,45,59,773</u>	27,76,91,230	14,89,00,620
	<u>27,76,91,230</u>	<u>14,93,97,399</u>	<u>14,93,97,399</u>

Vanco UK Limited

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

	For the year ended March 31, 2016	(Amount in INR) For the year ended March 31, 2015
Note 2.12		
SERVICE REVENUE AND OTHER OPERATING INCOME		
Enterprise Value Added Services	<u>4,18,80,88,717</u>	4,42,15,38,905
	<u>4,18,80,88,717</u>	<u>4,42,15,38,905</u>
Note 2.13		
OTHER INCOME		
Miscellaneous Income	<u>8,52,977</u>	-
	<u>8,52,977</u>	<u>-</u>
Note 2.14		
NETWORK OPERATION EXPENSES		
Network Operating Expenses	<u>3,56,93,97,130</u>	3,78,69,28,028
	<u>3,56,93,97,130</u>	<u>3,78,69,28,028</u>
Note 2.15		
EMPLOYEE BENEFITS EXPENSE		
(Including Managerial Remuneration)		
Salaries	<u>22,18,04,539</u>	27,98,79,487
Contribution to Provident, Gratuity and Superannuation Fund	<u>1,68,44,562</u>	1,83,50,460
Employee Welfare and Other Amenities	<u>15,21,823</u>	26,07,952
	<u>24,01,70,924</u>	<u>30,08,37,899</u>
Note 2.16		
FINANCE CHARGES		
Financial Cost	<u>1,01,839</u>	6,44,184
	<u>1,01,839</u>	<u>6,44,184</u>
Note 2.17		
SALES AND GENERAL ADMINISTRATION EXPENSES		
Rent	10,11,76,309	12,76,23,411
Insurance	54,93,332	1,15,55,891
Rates & Taxes	3,80,83,175	4,22,32,121
Legal Fees	61,02,119	86,51,725
Professional Fees	27,85,245	17,36,509
Travelling	1,07,34,073	1,46,76,418
Communication Expenses	2,23,33,430	1,51,22,780
Information Technology Support	7,33,32,407	4,67,005
Bank Charges	12,64,030	10,98,492
Provisions/ Liabilities to the extent no longer required	-1,19,39,287	-
Provision for Doubtful Debts, Loans and Advances	-	34,28,027
Provision for Impairment Loss	-	1,07,02,482
Selling and Marketing	53,02,272	62,09,336
Other Repairing	-	79,025
Foreign Exchange Fluctuation Loss	9,57,45,196	8,29,42,305
Other General and Administrative Expenses	<u>5,79,57,171</u>	<u>13,15,26,413</u>
	<u>40,83,69,472</u>	45,80,51,940
Payment to Auditors	<u>34,90,337</u>	39,28,034
	<u>41,18,59,809</u>	<u>46,19,79,974</u>

Vanco UK Limited

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

Note 2.18

BACKGROUND AND ORGANISATION

Vanco UK Limited is a virtual Network operator. The Company provides enterprise clients with managed network solutions including the design, integration, implementation, security and management of global corporate networks. The Company provides IT Outsourcers enabling the sub-contract of the above service package as part of a wider IT outsourcing solution.

Vanco UK Limited is asset-light, instead purchasing infrastructure from the hundreds of carriers globally, the company get the best prices for clients, design a solution using the most appropriate technology to meet customers' global requirements, and is 100% focused on delivering the highest quality customer service.

Note 2.19

Earnings Per Share

Amount in INR except number of shares

Earnings per Share	For the year ended March 31,2016	For the year ended March 31,2015
A Profit / (Loss) after Tax	(67,565,282)	(149,244,755)
B Weighted average number of shares of GBP 0.001 each used as denominator for calculating Basic and Diluted EPS	36,689,751	36,689,751
C Basic and Diluted Earnings / (Loss) per share (A/B)	(1.842)	(4.067)

Note 2.20

Segment Reporting

In accordance with Accounting Standard 17 "Segmental Reporting" issued by the Council of the Institute of Chartered Accountants of India. Since 100% of the Company's business is from telecommunication activities, there are no other primary reportable segments. Thus, the segment revenue, total carrying amount of segment assets, total carrying amount of segment liabilities, total cost incurred to acquire segment assets, total amount of charge of depreciation and amortization during the period are all as is reflected in the Financial Statements as of and for the period ended March 31, 2016.

Note 2.21

Related Party Transactions

In accordance with Accounting Standard 18 "Related Party Disclosures" issued by the Institute of Chartered Accountants of India, the company's related parties and transactions are disclosed below:

- a) Parties where control exist:
 - i) Reliance Globalcom UK Limited
 - ii) Reliance Flag Telecom Ireland Limited
 - iii) FLAG Telecom Group Limited
 - iv) Reliance BPO
 - v) Reliance Vanco Group Limited
 - vi) Reliance Communication Limited
- b) Enterprises as affiliated companies are:
 - i) Vanco ROW Limited
 - ii) Vanco Global Limited
 - iii) Vanco International Limited
 - iv) VNO Direct Limited
 - v) Vanco SAS
 - vi) Euronet Spain SA

Vanco UK Limited

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

- vii) Vanco Srl
- viii) Vanco GmbH
- ix) Vanco Deutschland GmbH
- x) Vanco Switzerland A.G.
- xi) Vanco B.V.
- xii) Vanco Benelux BV
- xiii) Vanco NV
- xiv) Vanco US LLC
- xv) Vanco Solutions Inc.
- xvi) Vanco Australasia Pty. Limited
- xvii) Vanco (Asia Pacific) Pte. Limited
- xviii) Vanco Japan KK
- xix) Reliance RGMPL
- xx) Vanco (Shanghai) Co. Ltd.
- xxi) Vanco Euronet Sro
- xxii) Vanco Sp Zoo
- xxiii) Vanco Sweden AB
- xxiv) Vanco South America Ltda
- xxv) Vanco EpE
- xxvi) Net Direct SA (Proprietary) Limited
- xxvii) Reliance Globalcom Limited
- xxviii) Reliance Communication Infrastructure Limited

Vanco UK Limited

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

Note 2.22

The previous year's figures have been reworked, regrouped, rearranged and reclassified wherever necessary.

Note 2.23

The amounts relating to Balance Sheet items appearing in Indian Rupees have been translated at Closing Rate of 1 GBP = INR 95.473 (Previous year 1 GBP = INR 92.47) and items relating to profit and loss have been translated at average rate of 1 GBP = INR 98.6808 and (Previous year 1 GBP = INR 98.62).

The amounts have been converted in INR to comply with the financial reporting requirement in India.

As per our report attached

For and on behalf of the Board

For Shridhar & Associates

Chartered Accountants
Firm Regn. No. 134427W

Andrew Goldie

Director

Jitendra Sawjany

Partner
Membership No : 050980

Place : Mumbai

Date : May 27, 2016

Vanco Asia Pacific Pte Ltd.

Independent Auditor's Report

To
The Board of Directors of Vanco Asia Pacific Pte Ltd.

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Vanco Asia Pacific Pte Ltd. ("the Company"), which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India including Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion whether the Company has in place an adequate Internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements read together with the notes thereon give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016 and its profit and its cash flows for the year ended on that date.

Other Reporting Requirements

We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account.

Other Matters

This report is issued for the information and use of the Board of Directors of the Company and of Reliance Communications Limited, the holding company in India to comply with the financial reporting requirements in India and should not be used for any other purposes without our prior written consent.

For Shridhar & Associates
Chartered Accountants
Firm Registration No.: 134427W

Jitendra Sawjany
Partner
Membership No. 050980

Place: Mumbai
Dated: May 27, 2016

Vanco Asia Pacific Pte Ltd.

Balance Sheet as at March 31, 2016

(Amount in ₹)

	Note No.	As at March 31, 2016	As at March 31, 2015
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2.01	9,85,40,059	9,08,03,751
Reserves and Surplus	2.02	<u>(3,35,37,616)</u>	<u>(6,77,75,345)</u>
		6,50,02,443	2,30,28,406
Current Liabilities			
Trade Payable	2.03	18,79,74,227	5,15,63,401
Other Current Liabilities	2.04	<u>6,64,79,106</u>	<u>8,68,24,847</u>
		25,44,53,333	13,83,88,248
TOTAL		<u>31,94,55,776</u>	<u>16,14,16,654</u>
ASSETS			
Non Current Assets			
Fixed Assets	2.05	<u>4,99,450</u>	<u>7,32,518</u>
		4,99,450	7,32,518
Current Assets			
Trade Receivables	2.06	8,98,90,557	3,87,74,956
Cash and Bank Balances	2.07	98,31,588	7,21,23,470
Short-term loans and advances	2.08	2,43,91,769	2,57,53,749
Other Current Assets	2.09	<u>19,48,42,412</u>	<u>2,40,31,961</u>
		31,89,56,326	16,06,84,136
TOTAL		<u>31,94,55,776</u>	<u>16,14,16,654</u>
Significant Accounting Policies	1		
Notes forming part of the Financials Statements	2		

As per our report attached

For and on behalf of the Board

For Shridhar & Associates
Chartered Accountants
Firm Regn. No. 134427W

Hong Meng Lee
Andrew Goldie
Directors

Jitendra Sawjany
Partner
Membership No : 050980

Place : Mumbai
Date : May 27, 2016

Vanco Asia Pacific Pte Ltd.

Statement of Profit and Loss for the year ended March 31, 2016

		(Amount in ₹)	
	Note No.	For the Year ended March 31, 2016	For the Year ended March 31, 2015
Income			
Service Revenue and Other Operating Income	2.10	82,54,67,110	79,21,72,960
Other Income	2.11	65,00,198	-
Total		83,19,67,308	79,21,72,960
Expenditure			
Network Operation Expenses	2.12	70,47,76,169	69,04,01,779
Employee benefits Expenses	2.13	5,85,82,545	6,38,32,607
Depreciation	2.05	3,37,275	2,11,285
Sales and General Administration Expenses	2.14	2,99,42,272	2,95,76,777
Total		79,36,38,261	78,40,22,448
Profit/(Loss) before Tax		3,83,29,047	81,50,512
Provision for :			
- Current Tax		-	-
Profit / (Loss) for the year		3,83,29,047	81,50,512
Earning per Share (Basic and Diluted)	2.16	19.16	4.08

Significant Accounting Policies

1

Notes forming part of the Financials Statements

2

As per our report attached

For and on behalf of the Board

For Shridhar & Associates

Chartered Accountants
Firm Regn. No. 134427W

Hong Meng Lee

Andrew Goldie

Directors

Jitendra Sawjany

Partner
Membership No : 050980

Place : Mumbai

Date : May 27, 2016

Vanco Asia Pacific Pte Ltd.

Cash Flow Statement for the year ended March 31, 2016

	For the Year ended March 31, 2016	(Amount in ₹) For the Year ended March 31, 2015
A CASH FLOW FROM OPERATING ACTIVITIES		
Profit/ (Loss) before Income Tax	3,83,29,047	81,50,512
Adjustments for :		
Depreciation	3,37,275	2,11,285
Effect of Exchange difference on translation of Assets & Liabilities	35,95,060	(15,65,378)
Operation Profit before Working Capital Changes	4,22,61,382	67,96,419
Adjustment for :		
Decrease / (Increase) in Trade and other receivables	(5,11,15,601)	65,27,482
Decrease / (Increase) in Other Current assets	(17,08,10,451)	12,53,44,090
Increase / (Decrease) in Short Term Loans and Advances	13,61,980	79,45,801
Increase/ (Decrease) in Unearned Income	-	43,27,780
Increase / (Decrease) in Trade and other payables	13,64,10,826	(9,04,69,101)
Increase / (Decrease) in Other Current Liabilities	(2,03,45,741)	(15,57,058)
	(10,44,98,987)	5,21,18,994
Net Cash generated from / (used in) Operating Activities (A)	(6,22,37,605)	5,89,15,413
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment and Intangibles	(54,277)	(7,51,817)
Net Cash from/ (used in) Investing Activities (B)	(54,277)	(7,51,817)
C CASH FLOW FROM FINANCING ACTIVITIES		
Distribution to Parent	-	-
Net Cash from/ (used in) Financing Activities (C)	-	-
Net Increase (Decrease) in Cash & Cash Equivalent (A+ B+C)	(6,22,91,882)	5,81,63,596
Cash and Cash Equivalent at the beginning of the year	7,21,23,470	1,39,59,874
Cash & Cash Equivalent at the end of the Year	98,31,588	7,21,23,470

As per our report attached

For Shridhar & Associates
Chartered Accountants
Firm Regn. No. 134427W

Jitendra Sawjany
Partner
Membership No : 050980

Place : Mumbai
Date : May 27, 2016

For and on behalf of the Board

Hong Meng Lee
Andrew Goldie
Directors

Note No.1

SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation of Financial Statements

The financial statements are prepared under historical cost convention, in accordance with the generally accepted accounting principles (GAAP) in India and Comply with Accounting Standard specified under Section 133 of the Companies Act, 2013 ("the Act") read with Rule 7 of the Companies (Accounts) Rules, 2014 and other provisions of the Act, to the extent notified and applicable as well as applicable guidance note and pronouncements of the Institute of Chartered Accountants of India (the ICAI).

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Schedule III to the Companies Act, 2013. Based on the nature of the services and their realisation in cash & cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current or non-current classification of assets and liabilities.

b) Revenue Recognition

A network contract typically covers the design, supply and installation of the network and thereafter the provision of Packaged Network Solutions. Turnover relating to the initial part of the contract is recognized over the contract implementation period. The remainder of the contract value is recognized evenly over the period of the contract.

To the extent that the recognition differs from the contractual billing terms, either turnover is accrued or amounts billed in advance are treated as deferred income.

c) Employee Benefits

Pension Obligations

Group companies operate employees' personal pension schemes. The schemes are funded through payments to insurance companies as defined contribution plans.

The group has no legal or constructive obligations to pay further contribution if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The contributions are recognized as employee benefit expense when they are due.

Bonus Plans

The Group recognizes a liability and an expense for bonuses. The Group recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Commissions

Commissions payable to staff on securing new contracts which are directly attributable to the contract, are recognized as a period cost as an when incurred.

d) Use of Estimates

The presentation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the consolidated financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known / materialised.

e) Accounting for Taxes on Income

Provision for Income Tax is made on the basis of estimated taxable income for the year at current rates after considering exemptions and deductions available under the Income Tax Laws of the respective countries of the subsidiaries. Tax expense comprises of both Current Tax and Deferred Tax at the applicable enacted or substantively enacted rates. Current tax represents the amount of Income Tax payable in respect of the taxable income for the reporting period. Deferred tax represents the effect of timing difference between taxable income and accounting income for the reporting period that originate in one period and are capable of reversal in one or more subsequent periods. The deferred tax asset is recognised and carried forward only to the extent that there is a reasonable certainty that the asset will be realised in future.

f) Fixed Assets

Accounting of Tangible Fixed Assets

All Tangible Fixed Assets is shown at cost less subsequent depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the items.

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Profit & Loss Account during the financial period in which they are incurred.

Depreciation on assets is calculated using the straight-line method to allocate the cost of each asset to its residual value over its estimated useful life as follows:

Leasehold improvements..... Over the period of the lease

Computer equipment..... 3 to 5 years.

Fixtures, fittings and equipment..... 3 to 5 years.

Motor Vehicles..... 5 years.

Major renovations are depreciated over the remaining useful life of the related asset or to the date of the next major renovation, whichever is sooner.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement. Borrowing costs incurred for the construction of any qualifying assets are capitalized during the period of time that is required to complete and prepare the asset for its intended use.

Intangible Assets

Computer software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives (three to five years).

Costs that are directly associated with the production of identifiable and unique software products controlled by the Group and that will probably generate economic benefits exceeding costs beyond one year, are recognized as intangible assets. Direct costs include the costs of software development employees and an appropriate portion of relevant overheads.

Computer software development costs recognized as assets are amortized over their estimated useful lives (not exceeding five years).

g) Effects of Changes in Foreign Currency Rates

Initial Recognition

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Subsequent Recognition

As at the reporting date, non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. All non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined. All monetary assets and liabilities in foreign currency are restated at the end of accounting period.

h) Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised when the company has legal and constructive obligation as a result of past events which it is probable that a cash outflow will be required and a reliable estimate can be made of the amount of obligation.

Contingent Liabilities are disclosed when the company has possible or present obligation and it is probable that a cash flow will not be required to settle the obligation.

Contingent Assets are neither recognized nor disclosed in the financial statements.

Vanco Asia Pacific Pte Ltd.

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

Note No.	As at March 31, 2016	(Amount in ₹) As at March 31, 2015		
2.01 Share Capital				
Authorised				
2,000,000(2,000,000) Ordinary Shares of SGD 1 each	9,85,40,059	9,08,03,751		
	9,85,40,059	9,08,03,751		
Issued, Subscribed and Paid up				
2,000,000(2,000,000) Ordinary Shares of SGD 1 each fully paid up.	9,85,40,059	9,08,03,751		
	9,85,40,059	9,08,03,751		
a) Shares held by Holding Company and Subsidiary of Holding Company.				
	No. of Shares	No. of Shares		
Reliance Vanco Group Limited	19,99,000	19,99,000		
Vanco UK Limited	1,000	1,000		
	20,00,000	20,00,000		
b) Details of Shareholders holding more than 5% of the aggregate shares in the company.				
Particulars	% of Holding	No. of Shares	% of Holding	No. of shares
Reliance Vanco Group Limited	99.95	19,99,000	99.95	19,99,000
c) Terms/Rights attached to ordinary shares				
The company has Ordinary shares having a par Value of SGD 1 per share. Each Shareholder is entitled to one Vote per share. In the even of liquidation of the Company, the holder of shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of shares held by the Shareholders.				
d) Reconciliation of Shares outstanding at the beginning and at the end of the Year				
Ordinary Shares	No. of Shares	Amt	No. of Shares	Amt
Balance as at the beginning of the year	20,00,000	9,85,40,059	20,00,000	9,08,03,751
Add : Movement for the Year	-	-	-	-
At the end of the year	20,00,000	9,85,40,059	20,00,000	9,08,03,751
2.02 Reserves and Surplus				
Surplus (Deficit) in the statement of P & L				
Balance as at the beginning of the year		(7,28,73,299)		(8,10,23,811)
Profit / (Loss) for the Year		3,83,29,047		81,50,512
Balance as at the end of the Year		(3,45,44,252)		(7,28,73,299)
Foreign Currency Translation Reserve		(10,06,636)		(50,97,954)
		(3,35,37,616)		(6,77,75,345)
2.03 Trade Payables				
Trade Payables		18,79,74,227		5,15,63,401
(Refer Note 2.18)		18,79,74,227		5,15,63,401
2.04 Other Current Liabilities				
Statutory dues payable		16,08,814		-
Unearned Income		6,47,87,281		5,83,98,720
Payable to Related Party - (Refer Note 2.18)		83,011		-
Other Liabilities		-		2,84,26,127
		6,64,79,106		8,68,24,847

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

(Amount in ₹)

Note No. 2.05
Fixed Assets and Depreciation

Particulars	Gross Block As at April 01 ,2015	Addition during the Year	Effect of Exchange difference on translation of assets & Liabilities	As at 31st March,2016	Depreciation As at April 01 ,2015	For the year	Effect of Exchange difference on translation of assets & Liabilities	As at 31st March,2016	Net Block As at 31st March 2016	As at 31st March 2015
Tangible Assets										
Computer Equipment	2,01,30,265	54,277	17,02,382	2,18,86,924	1,95,42,346	2,67,369	16,59,876	2,14,69,591	4,17,334	5,87,919
Furniture & Fixture	2,41,992	-	20,617	2,62,609	97,393	69,906	13,194	1,80,492	82,117	1,44,599
Total	2,03,72,257	54,277	17,22,999	2,21,49,534	1,96,39,739	3,37,275	16,73,062	2,16,50,083	4,99,450	7,32,518
Previous Year	2,11,63,313	7,51,818	(15,42,874)	2,03,72,257	2,09,71,328	2,11,285	(15,42,874)	1,96,39,739	7,32,518	

Vanco Asia Pacific Pte Ltd.

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

	As at March 31, 2016	(Amount in ₹) As at March 31, 2015
2.06 Trade Receivables		
(Unsecured)		
Due for more than Six Months		
Considered Doubtful	-	2,12,144
Less : Provision for doubtful debts	-	(2,12,144)
	<u>-</u>	<u>-</u>
Others		
Considered Good	8,98,90,557	3,87,74,956
Less : Provision for Doubtful debts	-	-
	<u>8,98,90,557</u>	<u>3,87,74,956</u>
2.07 Cash and Bank Balances		
Balance with Banks		
Current Accounts	98,31,588	7,21,23,470
	<u>98,31,588</u>	<u>7,21,23,470</u>
2.08 Short Term Loans and Advances		
Advance for Supply of goods and rendering of services	12,03,026	34,90,974
Prepaid Expenses	12,45,251	20,42,053
Deposits	2,19,43,492	2,02,20,722
	<u>2,43,91,769</u>	<u>2,57,53,749</u>
2.09 Other Current Assets		
Receivable from Related Party- (Refer Note no.2.18)	19,48,42,412	2,40,31,961
	<u>19,48,42,412</u>	<u>2,40,31,961</u>
		(Amount in ₹)
	For the year ended March 31, 2016	For the year ended March 31, 2015
2.10 Service Revenue and Other Operating Income		
Enterprise Value added Services	82,54,67,110	79,21,72,960
	<u>82,54,67,110</u>	<u>79,21,72,960</u>
2.11 Other Income		
Forex Gain	65,00,198	-
	<u>65,00,198</u>	<u>-</u>
2.12 Network Operation Expenses		
Network Operation Expenses	70,47,76,169	69,04,01,779
	<u>70,47,76,169</u>	<u>69,04,01,779</u>
2.13 Employee benefits Expenses		
Salaries	5,32,27,879	5,51,30,677
Contribution to Provident, Gratuity & Superannuation fund	47,57,238	33,70,890
Employee Welfare and Other Amenities	5,97,428	53,31,040
	<u>5,85,82,545</u>	<u>6,38,32,607</u>

Vanco Asia Pacific Pte Ltd.

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

	For the year ended March 31, 2016	(Amount in ₹) For the year ended March 31, 2015
2.14 Sales and General Administration Expenses		
Rent	57,34,889	69,13,581
Insurance	-	5,97,636
Rates & Taxes	-	1,43,839
Audit Fees	4,62,537	5,43,954
Legal Fees	84,248	8,47,636
Professional Fees	8,20,012	12,80,599
Travelling	18,43,680	18,12,325
Bank Charges	23,09,427	40,572
Communication	16,57,864	23,47,450
Business Support Charge	1,43,80,032	-
Other General and Administrative Exp	26,49,583	1,50,49,185
	<u>2,99,42,272</u>	<u>2,95,76,777</u>

Note No. 2.15

BACKGROUND AND ORGANISATION

Vanco Asiapacific PTE Limited is a virtual Network operator. The Company provides enterprise clients with managed network solutions including the design, integration, implementation, security and management of global corporate networks. The Company provides IT Outsourcers enabling the sub-contract of the above service package as part of a wider IT outsourcing solution.

Vanco Asiapacific PTE Limited is asset-light, instead purchasing infrastructure from the hundreds of carriers globally, the company get the best prices for clients, design a solution using the most appropriate technology to meet customers' global requirements, and is 100% focused on delivering the highest quality customer service.

Note No. 2.16

Earnings per Share

Amount in ₹ except number of shares

Earnings per Share	For the Year ended March 31, 2016	For the Year ended March 31, 2015
A Profit / (Loss) after Tax	38,329,047	8,150,512
B Weighted average number of share of SG \$ 1each used as denominator for calculating Basic and Diluted EPS	2,000,000	2,000,000
C Basic and Diluted Earnings / (Loss) per Share(A/B)	19.16	4.08

Note No. 2.17

Segment Reporting

In accordance with Accounting Standard 17 "Segmental Reporting" issued by The Institute of Chartered Accountants of India. Since 100% of the Company's business is from telecommunication activities, there are no other reportable segments. Thus, the segment revenue, total carrying amount of segment assets, total carrying amount of segment liabilities, total cost incurred to acquire segment assets, total amount of charge of depreciation and amortization during the year are all as is reflected in the Financial Statements as of and for the year ended March 31, 2016.

Note No.2.18

Related Party Transactions

In accordance with Accounting Standard 18 "Related Party Disclosures" issued by the Institute of Chartered Accountants of India, the company's related parties and transactions are disclosed below:

- a) Parties where control exist:
 - i) Reliance Communication Limited.
 - ii) Reliance Vanco Group Limited

Vanco Asia Pacific Pte Ltd.

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

- b) Enterprises as affiliated companies are:
- i) Vanco ROW Limited
 - ii) Vanco UK Limited
 - iii) Vanco Global Limited
 - iv) Vanco International Limited
 - v) Vanco SAS
 - vi) Euronet Spain SA
 - vii) Vanco Srl
 - viii) Vanco GmbH
 - ix) Vanco Deutschland GmbH
 - x) Vanco Sweden AB.
 - xi) Vanco B.V.
 - xii) Vanco NV
 - xiii) Vanco US LLC
 - xiv) Vanco Solutions Inc.
 - xv) Vanco Australasia Pty. Limited
 - xvi) Vanco Japan KK
 - xvii) Reliance Flag Telecom Ireland Limited
 - xviii) Reliance Communication Infrastructure Limited.

Vanco Asia Pacific Pte Ltd.

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

c) Summarized below are the transactions entered into with related parties and closing balance at the end of the year.

Name of the Entity	Service Income		Network Operating Expenses		Other Current Assets		Other Current Liabilities		Year End Balances	
	2015-2016	2014-2015	2015-2016	2014-2015	2015-2016	2014-2015	2015-2016	2014-2015	2015-2016	2014-2015
	(Amount in ₹)	(Amount in ₹)	(Amount in ₹)	(Amount in ₹)	(Amount in ₹)	(Amount in ₹)	(Amount in ₹)	(Amount in ₹)	(Amount in ₹)	(Amount in ₹)
Vanco Australasia Pty Limited	6,12,68,042	8,39,56,661	21,57,300	23,59,637	1,10,49,044	-	-	-	-	-
Vanco Japan KK	-	-	5,25,128	7,11,033	-	-	-	-	-	-
Reliance Vanco Group Limited	-	-	7,53,39,337	2,01,02,540	8,97,37,657	-	-	-	-	-
Vanco UK Limited	17,07,50,192	22,69,70,729	1,57,57,385	7,67,65,667	2,91,68,346	2,40,31,961	-	-	-	-
Vanco Global Limited	5,17,40,787	7,30,69,421	-	-	1,43,70,833	-	-	-	-	-
Vanco International Limited	1,96,471	19,52,060	-	-	2,05,098	-	-	-	-	-
Vanco BV	82,37,480	1,66,99,910	-	-	22,84,676	-	-	-	-	-
Vanco GmbH	7,35,06,641	-	7,53,400	3,58,315	1,95,70,360	-	-	-	-	-
Vanco Deutschland GmbH	2,01,52,058	5,56,93,394	-	-	33,94,065	-	-	-	-	-
Vanco SAS	89,32,361	33,48,943	-	-	19,24,010	-	-	-	-	-
Vanco NV	1,56,406	2,29,714	-	-	21,722	-	-	-	-	-
Vanco Sit	1,75,12,524	1,18,91,570	-	-	35,22,755	-	-	-	-	-
Euronet Spain SA	3,99,379	5,60,197	-	1,36,68,140	45,553	-	-	-	-	-
Vanco Sweden AB	9,92,846	-	-	-	3,57,807	-	-	-	-	-
Vanco US LLC	8,37,12,901	5,63,19,529	7,31,764	4,06,783	1,62,31,841	-	-	-	-	-
VancoSolutions Inc	77,12,668	82,84,086	-	-	29,58,647	-	-	-	-	-
Vanco Row Limited	-	-	2,03,928	8,54,320	-	-	-	-	-	-
Reliance Flag Telecom Ireland Limited	-	-	27,88,434	26,05,403	-	-	-	-	-	40,82,551
Reliance Communication Infrastructure Limited	-	-	2,89,72,637	-	-	48,95,973	-	-	77,61,773	6,17,82,252

Note No. 2.19

The amounts relating to Balance Sheet items appearing in Indian Rupees have been translated at Closing Rate of 1 GBP = Rs.95.473 (Previous year 1 GBP = Rs. 92.470) and items relating to profit and loss have been translated at average rate of 1 GBP = Rs. 98.6808 and (Previous year 1 GBP = Rs. 98.620).

The amounts have been converted in INR to comply with the financial reporting requirement in India.

Note No. 2.20

The Previous year figures have been reworked, regrouped, rearranged and reclassified wherever necessary.

As per our report attached

For and on behalf of the Board

For Shridhar & Associates
Chartered Accountants
Firm Regn. No. 1 34427W

Hong Meng Lee
Andrew Goldie

Directors

Jitendra Sawjany
Partner

Membership No : 050980

Place : Mumbai

Date : May 27, 2016

Vanco Sweden AB

Independent Auditor's Report

To
The Board of Directors of Vanco Sweden AB

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Vanco Sweden AB ("the Company"), which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India including Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion whether the Company has in place an adequate Internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements read together with the notes thereon give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016 and its profit and its cash flows for the year ended on that date.

Other Reporting Requirements

We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account.

Other Matters

This report is issued for the information and use of the Board of Directors of the Company and of Reliance Communications Limited, the holding company in India to comply with the financial reporting requirements in India and should not be used for any other purposes without our prior written consent.

For Shridhar & Associates
Chartered Accountants
Firm Registration No.: 134427W

Jitendra Sawjany
Partner
Membership No. 050980

Place: Mumbai
Dated: May 27, 2016

Vanco Sweden AB

Balance Sheet as at March 31, 2016

	Note No.	As at March 31, 2016	Amount in ₹ As at March 31, 2015
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2.01	40,80,580	36,11,714
Reserves and Surplus	2.02	<u>(94,21,700)</u>	<u>(83,58,229)</u>
		(53,41,120)	(47,46,515)
Current Liabilities			
Trade Payable	2.03	2,17,45,385	34,70,505
Other Current Liabilities	2.04	4,08,35,668	2,16,99,782
Short term Provisions	2.05	<u>1,15,73,887</u>	-
		7,41,54,940	2,51,70,287
TOTAL		<u>6,88,13,820</u>	<u>2,04,23,773</u>
ASSETS			
Current Assets			
Trade receivables	2.06	10,74,835	-
Cash and Cash Equivalent	2.07	4,45,121	74,30,376
Short-term Loans and Advances	2.08	6,45,44,165	1,29,93,397
Other Current Assets	2.09	<u>27,49,699</u>	-
		6,88,13,820	2,04,23,773
TOTAL		<u>6,88,13,820</u>	<u>2,04,23,773</u>
Significant Accounting Policies	1		
Notes forming part of financials Statements	2		

As per our report attached

For Vanco Sweden AB

For Shridhar & Associates
Chartered Accountants
Firm Regn. No. 134427W

Janet Troxell }
Andrew Goldie } **Directors**

Jitendra Sawjany
Partner
Membership No : 050980

Place : Mumbai
Date : May 27, 2016

Vanco Sweden AB

Statement of Profit and Loss for the year ended March 31, 2016

	Note No.	For the Year ended March 31, 2016	Amount in ₹ For the Year ended March 31, 2015
INCOME			
Service Revenue and Other Operating Income	2.10	10,73,19,432	10,20,06,683
Other Income	2.11	15,31,605	44,274
TOTAL		10,88,51,037	10,20,50,957
EXPENDITURE			
Network Operation Expenses	2.12	7,00,69,143	9,82,29,161
Employee benefits expense	2.13	2,03,49,890	22,41,083
Finance Charges	2.14	59,063	53,845
Sales and General Administration Expenses	2.15	71,35,707	3,32,15,501
TOTAL		9,76,13,803	13,37,39,590
Profit / (Loss) Before Tax		1,12,37,234	(3,16,88,633)
Provision for:			
- Current Tax		1,12,16,801	46,384
Profit / (Loss) for the Year		20,433	(3,17,35,017)
Earning per Share (Basic and Diluted)	2.17	4.09	(6,347.00)
Significant Accounting Policies	1		
Notes forming part of Financial Statements	2		

As per our report attached

For Shridhar & Associates
Chartered Accountants
Firm Regn. No. 134427W

Jitendra Sawjany
Partner
Membership No : 050980

Place : Mumbai
Date : May 27, 2016

For Vanco Sweden AB

Janet Troxell }
Andrew Goldie } **Directors**

Vanco Sweden AB

Cash Flow Statement for the year ended March 31, 2016

	For the Year ended March 31, 2016	Amount in ₹ For the Year ended March 31, 2015
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit /(Loss) before tax as per Statement of Profit and Loss	1,12,37,234	(3,16,88,633)
Adjusted for:		
Effects of exchange difference on translation of assets & liabilities	(21,96,699)	46,36,711
Financial Income	-	(44,274)
Interest Expenses	59,063	53,845
	(21,37,636)	46,46,282
Operating Profit / (Loss) before Working Capital Changes	90,99,598	(2,70,42,351)
Adjusted for:		
other Advances	(5,53,75,302)	2,79,29,865
Trade Payables & Other Current liabilities	4,89,84,653	29,04,512
	(63,90,649)	3,08,34,377
Cash Generated from Operations	27,08,949	37,92,026
Tax Paid	(96,35,140)	(10,53,796)
Net Cash from / (used in) Operating Activities	(69,26,191)	27,38,230
B CASH FLOW FROM INVESTING ACTIVITIES		
Financial Income	-	44,274
Net Cash from / (used in) Investing Activities	-	44,274
C CASH FLOW FROM FINANCING ACTIVITIES		
Financial Charges	(59,063)	(53,845)
Net Cash from / (used in) Financing Activities	(59,063)	(53,845)
Net Increase/ (Decrease) in Cash and Cash Equivalents (A+B+C)	(69,85,254)	27,28,658
Opening Balance of Cash and Cash Equivalents	74,30,376	47,01,717
Closing Balance of Cash and Cash Equivalents	4,45,121	74,30,376

As per our report attached

For Shridhar & Associates
Chartered Accountants
Firm Regn. No. 134427W

Jitendra Sawjany
Partner
Membership No : 050980

Place : Mumbai
Date : May 27, 2016

For Vanco Sweden AB

Janet Troxell
Andrew Goldie } **Directors**

Note 1

SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation of Financial Statements

The financial statements are prepared under historical cost convention, in accordance with the generally accepted accounting principles (GAAP) in India and Comply with Accounting Standard specified under Section 133 of the Companies Act, 2013 ("the Act") read with Rule 7 of the Companies (Accounts) Rules, 2014 and other provisions of the Act, to the extent notified and applicable as well as applicable guidance note and pronouncements of the Institute of Chartered Accountants of India (the ICAI).

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Schedule III to the Companies Act, 2013. Based on the nature of the services and their realisation in cash & cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current or non-current classification of assets and liabilities

b) Revenue Recognition

A network contract typically covers the design, supply and installation of the network and thereafter the provision of Packaged Network Solutions. Turnover relating to the initial part of the contract is recognized over the contract implementation period. The remainder of the contract value is recognized evenly over the period of the contract.

To the extent that the recognition differs from the contractual billing terms, either turnover is accrued or amounts billed in advance are treated as deferred income.

c) Employee Benefits

Pension Obligations

Group companies operate employees' personal pension schemes. The schemes are funded through payments to insurance companies as defined contribution plans.

The group has no legal or constructive obligations to pay further contribution if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The contributions are recognized as employee benefit expense when they are due.

Bonus Plans

The Group recognizes a liability and an expense for bonuses. The Group recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Commissions

Commissions' payable to staff on securing new contracts which are directly attributable to the contract, are recognized as a period cost as and when incurred.

d) Use of Estimates

The presentation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the consolidated financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known / materialised.

e) Accounting for Taxes on Income

Provision for Income Tax is made on the basis of estimated taxable income for the year at current rates after considering exemptions and deductions available under the Income Tax Laws of the respective countries of the subsidiaries. Tax expense comprises of both Current Tax and Deferred Tax at the applicable enacted or substantively enacted rates. Current tax represents the amount of Income Tax payable in respect of the taxable income for the reporting period. Deferred tax represents the effect of timing difference between taxable income and accounting income for the reporting period that originate in one period and are capable of reversal in one or more subsequent periods. The deferred tax asset is recognised and carried forward only to the extent that there is a reasonable certainty that the asset will be realised in future.

f) Foreign Currency Translation

Initial Recognition

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Notes on Accounts to the Balance Sheet and Statement of Profit and Loss

Subsequent Recognition

As at the reporting date, non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. All non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined. All monetary assets and liabilities in foreign currency are restated at the end of accounting period.

g) Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised when the company has legal and constructive obligation as a result of past events which it is probable that a cash outflow will be required and a reliable estimate can be made of the amount of obligation.

Contingent Liabilities are disclosed when the company has possible or present obligation and it is probable that a cash flow will not be required to settle the obligation. Contingent Assets are neither recognised nor disclosed in the financial statements.

	As at March 31, 2016	Amount in ₹ As at March 31, 2015		
Note 2.01				
Share Capital				
Authorised				
2,000,000(2,000,000) Ordinary shares @SEK100 per share	1,63,22,31,935	1,44,46,85,600		
	<u>1,63,22,31,935</u>	<u>1,44,46,85,600</u>		
Issued, Subscribed and Paid up				
5,000 Ordinary Shares @SEK100 per share, fully paid up	40,80,580	36,11,714		
	<u>40,80,580</u>	<u>36,11,714</u>		
Shares held by Holding Company				
	No. of shares	No. of shares		
Reliance Vanco Group Limited	5,000	5,000		
	<u>5,000</u>	<u>5,000</u>		
Details of Shareholders holding more than 5% of the aggregate shares in the Company				
Particulars	% of Holding	No. of shares	% of Holding	No. of shares
Reliance Vanco Group Limited	100	5,000	100	5,000

Terms/Rights attached to the shares

The Company has Ordinary Shares having a par value of SEK 100 per share. Each holder of shares is entitled to one vote per share. In the event of liquidation of the Company, the holder of shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of shares held by the shareholder.

Reconciliation of shares outstanding at the beginning and at the end of the year

	No. of shares	Amount	No. of shares	Amount
Shares				
Balance as at the beginning of the year	5,000	40,80,580	5,000	36,11,714
Add: Movement for the year	-	-	-	-
At the end of the year	<u>5,000</u>	<u>40,80,580</u>	<u>5,000</u>	<u>36,11,714</u>

Vanco Sweden AB

Notes on Accounts to the Balance Sheet and Statement of Profit and Loss

	As at March 31, 2016	Amount in ₹ As at March 31, 2015
Note 2.02		
Reserves and Surplus		
Foreign Exchange Translation Reserve	14,92,875	26,00,224
Securities Premium Account	2,04,029	1,80,586
Surplus / (Deficit) – Opening Balance	(1,11,39,037)	2,05,95,980
Add: Profit / (Loss) for the Year	20,433	(3,17,35,017)
Surplus / (Deficit) – Closing Balance	<u>(1,11,18,604)</u>	<u>(1,11,39,037)</u>
Total Reserves and Surplus	<u>(94,21,700)</u>	<u>(83,58,229)</u>
Note 2.03		
Trade Payables		
Trade Payables	2,17,45,385	34,70,505
	<u>2,17,45,385</u>	<u>34,70,505</u>
Note 2.04		
Other Current Liabilities		
Payable to Related Parties (Refer Note No. 2.19)	1,75,15,467	1,98,99,636
Other Liabilities	2,33,20,201	18,00,146
	<u>4,08,35,668</u>	<u>2,16,99,782</u>
Note 2.05		
Short term Provisions		
Income Tax	1,15,73,887	-
	<u>1,15,73,887</u>	<u>-</u>
Note 2.06		
Trade Receivable		
(Unsecured)		
Due for More than Six months		
Considered Good	-	-
Considered Doubtful	-	-
	<u>-</u>	<u>-</u>
Less: Provision for doubtful debts	-	-
	<u>-</u>	<u>-</u>
Others		
Considered Good	10,74,835	-
Considered Doubtful	10,74,835	-
	<u>21,49,670</u>	<u>-</u>
Less: Provision for doubtful debts	10,74,835	-
	<u>10,74,835</u>	<u>-</u>
	<u>10,74,835</u>	<u>-</u>

Vanco Sweden AB

Notes on Accounts to the Balance Sheet and Statement of Profit and Loss

	As at March 31, 2016	Amount in ₹ As at March 31, 2015
Note 2.07		
Cash and Cash Equivalent		
Balance with Banks		
- Current Accounts	<u>4,45,121</u>	<u>74,30,376</u>
	4,45,121	74,30,376
Note 2.08		
Short-term Loans and Advances		
(Unsecured, Considered good – unless stated otherwise)		
Advances to Vendors	6,95,762	53,11,449
Advance Tax and Tax deducted at source	92,63,609	76,81,948
Receivable from Related Parties (Refer Note No. 2.19)	3,33,58,845	-
Other loans and advances	2,12,25,949	-
	<u>6,45,44,165</u>	<u>1,29,93,397</u>
Note 2.09		
Other Current Assets		
Unbilled Debtors	<u>27,49,699</u>	-
	<u>27,49,699</u>	-
	For the Year ended March 31, 2016	Amount in ₹ For the Year ended March 31, 2015
Note 2.10		
Service Revenue and Other Operating Income		
Enterprise Value Added Services	<u>10,73,19,432</u>	<u>10,20,06,683</u>
	<u>10,73,19,432</u>	<u>10,20,06,683</u>
Note 2.11		
Other Income		
Interest Income	-	44,274
Foreign Exchange Fluctuation Gain	<u>15,31,605</u>	-
	<u>15,31,605</u>	<u>44,274</u>
Note 2.12		
Network Operating Expenses		
Other Network Operating Expenses	<u>7,00,69,143</u>	<u>9,82,29,161</u>
	<u>7,00,69,143</u>	<u>9,82,29,161</u>
Note 2.13		
Employee Benefits Expense		
Salaries	1,90,79,159	21,89,951
Employee Welfare and Other Amenities	<u>12,70,731</u>	<u>51,132</u>
	<u>2,03,49,890</u>	<u>22,41,083</u>

Vanco Sweden AB

Notes on Accounts to the Balance Sheet and Statement of Profit and Loss

	For the Year ended March 31, 2016	Amount in ₹ For the Year ended March 31, 2015
Note 2.14		
Finance Charges		
Interest and Financial Charges	<u>59,063</u>	53,845
	<u>59,063</u>	<u>53,845</u>

Note 2.15

Sales and General Administration Expenses

Rent	9,81,545	-
Rates & Taxes	8,502	-
Professional Fees	27,47,303	26,22,907
Travelling	10,83,087	-
Communication	2,29,539	1,142
Bank Charges	1,04,415	53,209
Provision for Doubtful Debts, Loans and Advances	10,17,888	-
Foreign Exchange Fluctuation Loss	-	2,94,79,147
Other General and Administrative Expenses	<u>2,27,650</u>	<u>8,26,296</u>
	<u>63,99,929</u>	<u>3,29,82,701</u>
Payment to Auditors	<u>7,35,778</u>	<u>2,32,800</u>
	<u>71,35,707</u>	<u>3,32,15,501</u>

Note 2.16

Background and Organization

Vanco Sweden AB is a virtual Network operator. The Company provides enterprise clients with managed network solutions including the design, integration, implementation, security and management of global corporate networks. The Company provides IT Outsourcers enabling the sub-contract of the above service package as part of a wider IT outsourcing solution.

Vanco Sweden AB is asset-light, instead purchasing infrastructure from the hundreds of carriers globally, the company get the best prices for clients, design a solution using the most appropriate technology to meet customers' global requirements, and is 100% focused on delivering the highest quality customer service.

Note 2.17

Earnings per Share

Amount in ₹ except number of shares

Earnings per Share	For the year ended March 31, 2016	For the year ended March 31, 2015
A Profit / (Loss) after Tax	20,433	(31,735,017)
B Weighted average number of share of SEK 100 each used as denominator for calculating Basic and Diluted EPS	5,000	5,000
C Basic and Diluted Earnings / (Loss) per Share(A/B)	4.09	(6,347)

Note 2.18

Segment Reporting

In accordance with Accounting Standard 17 "Segmental Reporting" issued by the Institute of Chartered Accountants of India. Since 100% of the Company's business is from telecommunication activities, there are no other primary reportable segments. Thus, the segment revenue, total carrying amount of segment assets, total carrying amount of segment liabilities, total cost incurred to acquire segment assets, total amount of charge of depreciation and amortization during the period are all as is reflected in the Financial Statements as of and for the year ended March 31, 2016.

Note 2.19

Related Party Transactions

In accordance with Accounting Standard 18 "Related Party Disclosures" issued by the Institute of Chartered Accountants of India, the company's related parties and transactions are disclosed below:

- a. Parties where control exist:
 - i) Reliance Communications Limited
 - ii) Reliance Vanco Group Limited
- b) Enterprises as affiliated companies are:
 - i) Vanco ROW Limited
 - ii) Vanco UK Limited
 - iii) Vanco Global Limited
 - iv) Vanco International Limited
 - v) VNO Direct Limited
 - vi) Vanco SAS
 - vii) Euronet Spain SA
 - viii) Vanco Srl
 - ix) Vanco GmbH
 - x) Vanco Deutschland GmbH
 - xi) Vanco Switzerland A.G.
 - xii) Vanco B.V.
 - xiii) Vanco Benelux BV
 - xiv) Vanco NV
 - xv) Vanco US LLC
 - xvi) Vanco Solutions Inc.
 - xvii) Vanco Australasia Pty. Limited
 - xviii) Vanco (Asia Pacific) Pte. Limited
 - xix) Vanco Japan KK
 - xx) Vanco (Shanghai) Co. Ltd.
 - xxi) Vanco Sp Zoo
 - xxii) Vanco South America Ltda.

Vanco Sweden AB

Notes on Accounts to the Balance Sheet and Statement of Profit and Loss

c. Summarized below are the transactions entered into with related parties:

Amount in ₹

Entity Name	During the Year 2015-2016		During the Year 2014-2015		Year End Balances as on 31.03.2016		Year End Balances as on 31.03.2015
	Service Income	Network Expenses & Overhead recharge	Service Income	Network Expenses & Overhead recharge	Short term loans and advances	Other Current Liabilities	Other Current Liabilities
Reliance Vanco Group Limited	22,010,259	-	-	8,192,015	21,396,168	-	19,899,636
Vanco UK Limited	61,678,520	687,009	10,145,954	-	-	13,468,417	-
Vanco International Limited	-	-	69,901	-	-	-	-
Vanco Global Limited	7,743,327	-	38,157,175	-	5,351,868	-	-
Vanco Deutschland GmbH	192,198	-	514,126	-	69,939	-	-
Vanco GmbH	2,273,615	-	10,312,628	-	1,669,266	-	-
Vanco SAS	4,285,037	-	22,096,536	-	2,794,155	-	-
Vanco US LLC	584,038	-	2,876,429	-	402,795	-	-
Vanco Solutions Inc	462,150	-	2,201,166	-	325,361	-	-
Vanco Srl	253,456	-	1,008,551	-	194,223	-	-
Vanco BV	1,515,622	-	7,822,128	-	1,005,186	-	-
Vanco Australasia Pty Limited	-	8,199,009	-	-	-	3,689,243	-
Vanco Asia Pacific Pte Limited	-	992,846	-	-	-	357,807	-
Euronet Spain SA	215,270	-	273,439	-	149,884	-	-

Note 2.20

The previous year's figures have been reworked, regrouped, rearranged and reclassified wherever necessary

Note 2.21

The amounts relating to Balance Sheet items appearing in Indian Rupees have been translated at Closing Rate of 1 GBP = INR 95.473 (Previous year 1 GBP = INR 92.47) and items relating to profit and loss have been translated at average rate of 1 GBP = INR 98.6808 and (Previous year 1 GBP = INR 98.62). The amounts have been converted in INR to comply with the financial reporting requirement in India.

As per our report attached

For Shridhar & Associates
Chartered Accountants
Firm Regn. No. 134427W

Jitendra Sawjany
Partner
Membership No : 050980

Place : Mumbai
Date : May 27, 2016

For Vanco Sweden AB

Janet Troxell
Andrew Goldie } **Directors**

RELIANCE INFOCOMM INFRASTRUCTURE LIMITED

Independent Auditor's Report

To the Members of Reliance Infocomm Infrastructure Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Reliance Infocomm Infrastructure Limited ('the Company'), which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2016, and its profit and cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

As required by 'the Companies (Auditor's Report) Order, 2016', issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (hereinafter referred to as 'the Order'), we give in the 'Annexure A' statement on the matters specified in paragraphs 3 & 4 of the Order.

As required by Section 143 (3) of the Act, we report that:

- (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- (c) the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- (d) in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- (e) on the basis of the written representations received from the directors as on March 31, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) 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 does not have any pending litigations as at March 31, 2016
 - ii. The Company did not have any long-term contracts including derivative contracts as at 31st March, 2016 for which there were any material foreseeable losses; and
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2016.

For Chaturvedi & Shah
Chartered Accountants
(Firm's Registration No.101720W)

Lalit R. Mhalsekar
Partner
Membership No. 103418

Place: Mumbai
Dated: May 6, 2016

RELIANCE INFOCOMM INFRASTRUCTURE LIMITED

Annexure A to Independent Auditor's Report – 31st March 2016

With reference to the 'Annexure A' referred to in the Independent Auditors' Report to the Members of Reliance Infocomm Infrastructure Limited ('the Company') on the financial statements for the year ended March 31, 2016, we report the following:

1. (a) The company has maintained proper records showing full particulars, including quantitative details and location of fixed assets.
 - (b) As explained to us, the fixed assets have been physically verified by the management during the year in a phased periodic manner, which in our opinion is reasonable, having regard to the size of the company and nature of its asset and no material discrepancies were noticed on such verification.
 - (c) As represented/explained the title deeds of immovable properties are held in the name of the company.
2. The Company does not have inventories at the end of Financial year . Accordingly paragraphs 2 of the orders are not applicable to the company.
 3. 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 paragraphs 3(iii) (a), (b) and (c) of the Order are not applicable to the Company.
 4. In our opinion and according to the information and explanations given to us, the company has not given loans, investments, guarantees, and any security under provisions of section 185 and 186 of the Companies Act, 2013. Accordingly, Paragraph 3(iv) of the Order is not applicable to the Company.
 5. In our opinion, and information and explanations given to us, the Company has not accepted deposits as per directives issued by the Reserve Bank of India under the provisions of Section 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Accordingly, Paragraph 3(v) of the Order is not applicable to the Company.
 6. The Central Government has not prescribed maintenance of cost records under Sub- Section (1) of section 148 of the Companies Act, 2013. Accordingly the clause 3(vi) is not applicable.
 7. (a) According to the information and explanation given to us and on the basis of our examination of the records of the company, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, sales tax, service tax, customs duty, excise duty, value added tax (VAT), income tax, wealth tax, cess, and other material statutory dues applicable to the Company According to the information and explanations given to us, no undisputed amounts payable in respect of sales tax, service tax, customs duty, excise duty, value added tax, income tax, wealth tax, and cess were in arrears as at March 31, 2016 for a period of more than six months from the date they became payable.
 - (b) According to the information and explanation given to us, there are no dues of sales tax, service tax, custom duty, excise duty, value added tax, income tax, wealth tax and cess which have not been deposited on account of dispute.
8. The company has not raised loans from Financial Institutions or Banks or Government or debenture holders. Hence clause 3(viii) of the order requiring comment on repayment of the dues to them is not applicable.
 9. In our opinion and according to the information and explanations given to us, the company has not raised money by way of Initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, the provision of Clause 3(ix) of the order is not applicable to the company.
 10. According to the information and explanations given to us, no significant fraud on or by the company by its officers or employees, that causes a material misstatement to the financial statements, has been noticed or reported during the year.
 11. According to the information and explanations given to us, the company has not paid or provided managerial remuneration during the year. Accordingly, the provision of Clause 3(xi) of the order is not applicable to the company.
 12. As the company is not the Nidhi company, the provision of Clause 3(xii) of the order is not applicable to the company.
 13. According to the information and explanations given to us, the company has made all the transactions with the related parties in compliance with sections 177 & 188 of Companies Act and the details have been disclosed in the Financial Statements as required by the applicable Accounting Standards.
 14. According to the information and explanations given to us, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year as per section 42 of the Companies Act.2013. Accordingly, the provision of Clause 3(xiv) of the order is not applicable to the company.
 15. According to the information and explanations given to us, the company has not entered into any non cash transactions with the directors or persons connected with them as per section 192 of Companies Act, 2013.
 16. The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the clause 3(xvi) is not applicable.

For Chaturvedi & Shah
Chartered Accountants
(Firm's Registration No.101720W)

Lalit R. Mhalsekar
Partner
Membership No. 103418

Place: Mumbai
Dated: May 6, 2016

RELIANCE INFOCOMM INFRASTRUCTURE LIMITED

Annexure B to Independent Auditor's Report – 31st March 2016

Annexure B to Independent Auditor's Report – 31st March 2016 on the Financial Statements of Reliance Infocomm Infrastructure Limited

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 Infocomm Infrastructure Limited ('the Company') as of March 31, 2016 in conjunction with our audit of the 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'. 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 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 Companies Act, 2013, 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 Institute of Chartered Accountants of India. 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 judgement, 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 Institute of Chartered Accountants of India".

For Chaturvedi & Shah
Chartered Accountants
(Firm's Registration No.101720W)

Lalit R. Mhalsekar
Partner
Membership No. 103418

Place: Mumbai
Dated: May 6, 2016

RELIANCE INFOCOMM INFRASTRUCTURE LIMITED

Balance Sheet as at March 31, 2016

	Notes	As at March 31, 2016		(Amount in ₹) As at March 31, 2015	
EQUITY AND LIABILITIES					
Shareholders' Funds					
(a) Share Capital	2.01	5 00 00 000		5 00 00 000	
(b) Reserves and Surplus	2.02	<u>433 09 68 169</u>	<u>438 09 68 169</u>	<u>450 00 84 644</u>	455 00 84 644
Non Current Liabilities					
(a) Long Term Provisions	2.03	<u>19 59 149</u>	<u>19 59 149</u>	<u>5 87 647</u>	5 87 647
Current Liabilities					
(a) Short Term Borrowings	2.04	1073 00 00 000		980 07 21 577	
(b) Trade Payables	2.05				
Due to Micro and Small Enterprises		23 34 403		30 17 201	
Due to Others		66 82 56 484		6 94 28 265	
(c) Other Current Liabilities	2.06	60 80 80 317		71 08 74 933	
(d) Short Term Provisions	2.07	<u>3 22 764</u>	<u>1200 89 93 968</u>	<u>1 63 64 862</u>	1060 04 06 838
TOTAL			<u><u>1639 19 21 286</u></u>		<u><u>1515 10 79 129</u></u>
ASSETS					
Non Current Assets					
(a) Fixed Assets					
Tangible Assets	2.08	577 20 70 567		601 73 62 463	
Capital Work in Progress		<u>1 55 69 709</u>	<u>578 76 40 276</u>	-	601 73 62 463
(b) Non Current Investment	2.09		<u>17 48 83 400</u>		17 48 83 400
(c) Long Term Loans and Advances	2.10		<u>115 34 70 590</u>		10 63 00 000
(d) Other Non Current Assets	2.11		<u>214 82 46 172</u>		10 24 46 165
Current Assets					
(b) Trade Receivables	2.12	127 84 07 232		116 68 62 114	
(c) Cash and Bank Balances	2.13	19 36 913		31 88 921	
(d) Short Term Loans and Advances	2.14	584 73 16 455		757 99 71 923	
(e) Other Current Assets	2.15	<u>20 248</u>	<u>712 76 80 848</u>	<u>64 143</u>	875 00 87 101
TOTAL			<u><u>1639 19 21 286</u></u>		<u><u>1515 10 79 129</u></u>

Significant Accounting Policies 1
Notes on Accounts 2

Notes referred to above form an integral part of the Financial Statements.

As per our report of even date

For and on behalf of the Board

For Chaturvedi & Shah
Chartered Accountants
Firm Regn. No. 101720W

Anil C Shah
DIN: 00004368

Prakash Shenoy
DIN: 00005394

} **Directors**

Lalit R. Mhalsekar
Partner
Membership No 103418

Tunu Sahu

Asst. Company Secretary

Place : Mumbai
Date : May 6, 2016

RELIANCE INFOCOMM INFRASTRUCTURE LIMITED

Statement of Profit and Loss for the year ended March 31, 2016

	Notes	For the year ended March 31, 2016	(Amount in ₹) For the year ended March 31, 2015
INCOME			
Revenue from Operation	2.16	203 23 49 142	224 23 89 998
Other Income	2.17	1 02 62 356	6 80 00 851
Total Revenue		<u>204 26 11 498</u>	<u>231 03 90 849</u>
EXPENDITURE			
Employee Benefit Expenses	2.18	6 12 41 070	1 10 47 691
Finance Costs	2.19	1 93 18 471	28 72 15 382
Depreciation Expenses	2.08	24 53 68 869	27 56 49 196
Other Expenses	2.20	188 57 99 563	133 46 93 227
Total Expenses		<u>221 17 27 973</u>	<u>190 86 05 496</u>
Profit before Tax		(16 91 16 475)	40 17 85 353
Provision for:			
- Current Tax		-	12 00 00 000
Less: MAT Credit Entitlement		-	<u>(10 63 00 000)</u>
		(16 91 16 475)	1 37 00 000
Income Tax /(reversal) of earlier year		-	(56 367)
Profit After tax		<u>(16 91 16 475)</u>	<u>38 81 41 720</u>
Earning per share of face value of ₹ 10 each fully paid			
	2.22		
Basic (₹)		(33.82)	77.63
Diluted (₹)		(33.82)	77.63
Earning per Share			
Significant Accounting Policies			
	1		
Notes on Accounts			
	2		
Notes referred to above form an integral part of the Financial Statements.			
As per our report of even date		For and on behalf of the Board	
For Chaturvedi & Shah		Anil C Shah	} Directors
Chartered Accountants Firm Regn. No. 101720W		DIN: 00004368	
Lalit R. Mhalsekar		Prakash Shenoy	} Directors
Partner Membership No 103418		DIN: 00005394	
		Tunu Sahu	Asst. Company Secretary
Place : Mumbai Date : May 6, 2016			

RELIANCE INFOCOMM INFRASTRUCTURE LIMITED

Cash Flow Statement for the year ended March 31, 2016

	For the year ended March 31, 2016	(Amount in ₹) For the year ended March 31, 2015
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax as per statement of Profit and Loss	(16 91 16 475)	40 17 85 353
Adjusted for:		
Depreciation	24 53 68 869	27 56 49 196
Finance Cost	1 93 18 471	28 59 62 325
Interest Income	(5 82 354)	(1 13 206)
Write Back of Creditors no longer required	-	-
	26 41 04 986	(5 08 77 771)
Operating Profit before Working Capital Changes	9 49 88 511	91 24 05 897
Adjusted for:		
Receivables and other Advances	(224 95 04 620)	(24 02 17 021)
Inventories	-	5 62 277
Trade Payable & Other Liabilities	46 70 22 374	(81 26 880)
Cash Generated from Operations	(168 74 93 735)	66 46 24 274
Income Tax Refund	-	3 17 09 356
Income Tax Paid	(6 34 89 968)	(2 70 35 084)
Net Cash from Operating Activities	(175 09 83 703)	66 92 98 546
B CASH FLOW FROM INVESTING ACTIVITIES		
Additions to Fixed Assets and Capital Work in Progress	(101 56 46 682)	-
Purchase of Investment	-	(10 60 00 000)
Loan Given to Body Corporate	184 02 22 986	(754 86 03 548)
Interest Received	6 26 248	97 856
Fixed Deposit Made	(3 94 356)	-
Financial Income	-	(40 00 000)
Net Cash Used in Investing Activities	82 48 08 196	(765 85 05 692)
C CASH FLOW FROM FINANCING ACTIVITIES		
Short Term Borrowings (net)	92 92 78 423	714 74 09 449
Interest Paid (net)	(43 54 924)	(15 94 11 271)
Net Cash from / (Used in) Financing Activities	92 49 23 499	698 79 98 178
Net Increase/ (Decrease) in Cash and Bank Balances	(12 52 008)	(12 08 968)
Opening Balance of Cash and Bank Balances	31 88 921	43 97 889
Closing Balance of Cash and Bank Balances (Refer Note 2.13)	19 36 913	31 88 921

Note

- (1) Figures in brackets indicate cash outgo.
- (2) Cash and cash equivalents includes cash on hand and bank balances including Fixed Deposits.
- (3) Cash Flow Statement has been prepared under the Indirect Method set out in Accounting Standard 3 "Cash Flow Statements".

As per our report of even date

For and on behalf of the Board

For Chaturvedi & Shah
Chartered Accountants
Firm Regn. No. 101720W

Anil C Shah
DIN: 00004368

Prakash Shenoy
DIN: 00005394

Directors

Lalit R. Mhalsekar
Partner
Membership No 103418

Tunu Sahu

Asst. Company Secretary

Place : Mumbai
Date : May 6, 2016

RELIANCE INFOCOMM INFRASTRUCTURE LIMITED

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

Significant Accounting Policies to Balance sheet and statement of Profit and Loss

1.01 Basis of Preparation of Financial Statements

- i) The Financial Statements are prepared under historical cost convention and / fair valuation under a Scheme approved by the Hon'ble High Court, in accordance with the generally accepted accounting principles (GAAP) in India and Comply with Accounting Standard specified under Section 133 the Companies Act, 2013 ("the Act") read with Rule 7 of the 'Companies (Accounts) Rules 2014 and other provision of the Act to the extent notified and applicable as well as applicable guidance note and pronouncements of the Institute of Chartered Accountants of India (ICAI).
- ii) All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Schedule III to the Companies Act, 2013. Based on the nature of the services and their realisation in cash & cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current of non-current classification of assets and liabilities.

1.02 Use of Estimates

The presentation of Financial Statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the Financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known / materialised.

1.03 Fixed Assets and Depreciation

- i) Fixed assets are stated at cost net of Modvat / Cenvat , Value Added Tax wherever applicable and includes amount added on revaluation less accumulated depreciation, amortisation and impairment loss if any. All cost including finance costs till commencement of operation are capitalised.
- ii) Depreciation on fixed assets is provided on Written Down Value method at the rates and in the manner prescribed in Schedule XIV of Companies Act, 1956 except for Interiors, forming part of building where the useful life of asset is estimated as 15 years. Premium on leasehold land is amortised over the remaining life of the lease.

1.04 Pre-operative Expenditure

Expenditure during construction / installation period are included under Capital Work-in-Progress and are allocated to the fixed assets on completion of the project.

1.05 Revenue Recognition

- i) Revenue (Income) is recognized when it is earned and no significant uncertainty exists as to its ultimate realisation and collections. Revenue from Infrastructure, Facility Usages Charges is recognized as a service which is charged on the basis of actual usage of infrastructure facility in accordance with the respective contractual terms specified in the Agreements.
- ii) Interest on Investment is booked on time proportion basis taking into account the amounts invested and the rate of interest and in case of Fixed Maturity Plans, the gains are accrued.
- iii) Dividend income on investments is accounted for when the right to receive the payment is established.

1.06 Employee Retirement Benefits

- i) Short-term employee benefits are recognized as an expense at the undiscounted amount in the statement of Profit and Loss of the year in which the related service is rendered.
- ii) Post employment and other long term employee benefits are recognized as an expense in the statement of Profit and Loss for the year in which the employee has rendered services. The expense is recognized at the present value of the amount payable determined using actuarial valuation techniques. Actuarial gains and losses in respect of post employment and other long term benefits are charged to the statement of Profit and Loss.

1.07 Investments

Long term investments are carried at cost and provision for diminution in value is made only if such decline is other than temporary in the opinion of the management. Current investments are carried at the lower of cost and quoted / fair value.

1.08 Inventories

Items of inventories are measured at lower of cost (determined on weighted average basis) or net realisable value.

1.09 Taxes on Income and Deferred Tax

Provision for Income Tax is made on the basis of taxable income for the year at current rates. Tax expense comprises of Current Tax and Deferred Tax at the applicable enacted or substantively enacted rates. Current Tax represents the amount of Income Tax payable/ recoverable in respect of the taxable income/ loss for the reporting period. Deferred Tax represents the effect of timing difference between taxable income and accounting income for the reporting period that originate in one period and are capable of reversal in one or more subsequent periods. The Deferred Tax Asset is recognised and carried forward only to the extent that there is a reasonable certainty that the assets will be realised in future. However, where there is unabsorbed depreciation or carried forward loss under taxation laws, Deferred Tax Assets are recognised only if there is virtual certainty of realisation of assets.

1.10 Borrowing Costs

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets.

RELIANCE INFOCOMM INFRASTRUCTURE LIMITED

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

1.11 Impairment of Assets

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the statement of Profit and Loss in the year in which an asset is identified as impaired. The impairment loss recognised in prior accounting period is increased/ reversed where there has been change in the estimate of recoverable value. The recoverable value is the higher of the asset's net selling price and value in use.

1.12 Provision, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognised but are disclosed in the notes. Contingent Assets are neither recognised nor disclosed in the Financial Statements.

	As at March 31, 2016	(Amount in ₹) As at March 31, 2015
Note 2.01		
Share Capital		
Authorised		
1 00 00 000 Equity Shares of ₹ 10 each (1 00 00 000)	10 00 00 000	10 00 00 000
	<u>10 00 00 000</u>	<u>10 00 00 000</u>
Issued, Subscribed and Paid up		
50 00 000 Equity Shares of ₹ 10 each fully paid up (50 00 000)	5 00 00 000	5 00 00 000
	<u>5 00 00 000</u>	<u>5 00 00 000</u>
2.01.1 Share held by Holding Company	No. of shares	No. of shares
Reliance Communications Limited, and its Nominee	50 00 000	50 00 000
2.01.2 Details of Share Holders Holding more than 5% Shares in the company		
Reliance Communications Limited, and its Nominee	50 00 000	50 00 000
2.01.3 Type of Equity Share		
The Company has only one class of Equity Share having at par value of ₹ 10 per share. Each holder of Equity share is entitled to one vote per share. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all the preferential amounts, in proportion to their shareholdings.		
2.01.4 Reconciliation of shares outstanding at the beginning and at the end of the reporting year		
Equity Shares		
	No. of shares	No. of shares
At the beginning of the Year	50 00 000	50 00 000
Add / (Less) : Changes during the year	-	-
At the end of the year	<u>50 00 000</u>	<u>50 00 000</u>

RELIANCE INFOCOMM INFRASTRUCTURE LIMITED

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

	As at		(Amount in ₹)	
	March 31, 2016		As at March 31, 2015	
Note 2.02				
Reserves and Surplus				
General Reserve				
As per last Balance Sheet	17 00 62 284		-	
Add: Transferred from Revaluation Reserve (To the extent depreciation on revaluation)	<u>16 34 88 496</u>	<u>33 35 50 780</u>	<u>17 00 62 284</u>	17 00 62 284
Revaluation Reserve				
As per last Balance Sheet	395 01 40 540		412 02 02 824	
Less: Transferred to statement of Profit and Loss on account of Depreciation on revaluation surplus (Refer Note 2.02.01)	<u>16 34 88 496</u>	<u>378 66 52 044</u>	<u>17 00 62 284</u>	395 01 40 540
Surplus / (Deficit) in the statement of Profit and Loss				
As per last Balance Sheet	37 98 81 820		(82 59 900)	
Add / (Less) : Profit / (Loss) during the year	<u>(16 91 16 475)</u>		<u>38 81 41 720</u>	
Balance Carried forward		<u>21 07 65 345</u>		37 98 81 820
		<u><u>433 09 68 169</u></u>		<u><u>450 00 84 644</u></u>

Note 2.02.01

The Company, based on the report by external valuers, has revalued Buildings situated at Dhirubhai Ambani Knowledge City, Navi Mumbai as at 1st April 2006 by an amount of ₹ 1007 92 00 000 and an equivalent amount has been credited to Revaluation Reserve. Consequent to the revaluation, there is an additional charge of depreciation of ₹ 16,34,88,496 (Previous year ₹ 17,00,62,284) for the year and an equivalent amount has been withdrawn from Revaluation Reserve and credited to the General Reserve.

Note 2.03

Long Term Provision

Retirement Benefits	19 59 149	5 87 647
	<u>19 59 149</u>	<u>5 87 647</u>

Note 2.04

Short Term Borrowings

Unsecured

Loan repayable on demand

Loan from Holding Company	-	980 07 21 577
Loan from Body Corporate	1073 00 00 000	-
	<u>1073 00 00 000</u>	<u>980 07 21 577</u>

RELIANCE INFOCOMM INFRASTRUCTURE LIMITED

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

	As at March 31, 2016	(Amount in ₹) As at March 31, 2015
Note 2.05		
Trade Payables		
Due to Micro and Small Enterprises (Refer Note Below)	23 34 403	30 17 201
Others	66 82 56 484	6 94 28 265
	<u>67 05 90 887</u>	<u>7 24 45 466</u>

Disclosure under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED)

Under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED) which came into force from 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
a. Principal amount due to any supplier as at the year end	23 34 403	30 17 201
b. Interest due on the principal amount unpaid at the year end to any supplier	4 29 328	3 29 312
c. Amount of Interest paid by the Company in terms of Section 16 of the MSMED, along with the amount of the payment made to the supplier beyond the appointed day during the accounting year	-	-
d. Payment made to the enterprises beyond appointed date under section 16 of MSMED	46 39 602	68 56 181
e. Amount of Interest due and payable for the period of delay in making payment, which has been paid but beyond the appointed day during the year, but without adding the interest specified under MSMED	4 78 427	12 62 987
f. The amount of interest accrued and remaining unpaid at the end of each accounting year; and	9 10 187	15 92 445
g. The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under Section 23 of the MSMED	2 74 749	8 07 016

RELIANCE INFOCOMM INFRASTRUCTURE LIMITED

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

	As at March 31, 2016	(Amount in ₹) As at March 31, 2015
Note 2.06		
Other Current Liabilities		
Payable to tax Authorities	15 67 999	36 96 622
Other Statutory Dues	2 40 65 689	6 45 83 960
Deposit received from vendors	1 23 46 968	1 23 46 968
Interest Payable	41 69 02 631	40 32 44 795
Other Liabilities*	15 31 97 030	22 70 02 588
	<u>60 80 80 317</u>	<u>71 08 74 933</u>
* Includes advance received from customers, amounts due towards material & service received, payable to employees and other payable		
Note 2.07		
Short Term Provisions		
Provision for employee benefit		
Retirement Benefits	3 22 764	45 484
Others		
Provision for Income Tax (net of advance Tax)	-	1 63 19 378
	<u>3 22 764</u>	<u>1 63 64 862</u>

RELIANCE INFOCOMM INFRASTRUCTURE LIMITED

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

Note 2.08 Fixed Assets

(Amount in ₹)

Description	Gross Block		As at April 1, 2015	As at March 31, 2016	Depreciation for the Year	As at March 31, 2016	Net Block	
	As at April 1, 2015	Additions / Adjustments					As at March 31, 2016	As at March 31, 2015
Tangible Assets								
Leasehold Land	2 72 82 127	-	53 14 231	2 72 82 127	3 28 369	56 42 600	2 16 39 527	2 19 67 896
Buildings	1636 48 15 633	-	1049 18 04 577	1636 48 15 633	23 56 28 776	1072 74 33 353	563 73 82 280	587 30 11 056
Electrical Installations	151 68 87 343		143 57 49 021	151 68 87 343	32 71 913	143 90 20 934	7 78 66 409	8 11 38 322
Office Equipments	18 36 49 434	76 973	17 43 85 213	18 37 26 407	15 81 516	17 59 66 729	77 59 678	92 64 221
Furniture and Fixtures	43 30 36 255		40 21 20 200	43 30 36 255	43 23 293	40 64 43 493	2 65 92 762	3 09 16 055
Computers	33 66 30 432		33 64 11 195	33 66 30 432	-	33 64 11 195	2 19 237	2 19 237
Vehicles	65 25 787		56 80 111	65 25 787	2 35 002	59 15 113	6 10 674	8 45 676
Total	1886 88 27 011	76 973	1285 14 64 548	1886 89 03 984	24 53 68 869	1309 68 33 417	577 20 70 567	601 73 62 463
Previous year	1886 88 27 011		1257 58 15 352	1886 88 27 011	27 56 49 196	1285 14 64 548	601 73 62 463	629 30 11 659
Capital Work- in - Progress							1 55 69 709	-

Notes : 2.08 1 Gross Block of Electrical installations includes ₹ 2 65 59 000 towards Metering equipments (Previous year ₹ 2 65 59 000) which are under custody and control of Maharashtra State Electricity Board.

RELIANCE INFOCOMM INFRASTRUCTURE LIMITED

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

	As at March 31, 2016	(Amount in ₹) As at March 31, 2015
Note 2.09		
Non Current Investments		
In Equity Shares of Companies		
Unquoted, fully paid up		
1 80 19 900 Reliance Telecom Limited of ₹ 10 each (1 80 19 900)	17 48 83 400	17 48 83 400
	<u>17 48 83 400</u>	<u>17 48 83 400</u>

2.09.01 Equity Shares of Reliance Telecom Limited, held by the Company, has been pledged against Loans and /or Debentures availed by Reliance Communications Limited (Holding Company) and Reliance Telecom Limited(Fellow Subsidiary).

Note 2.10

Long Term Loans and Advances

Unsecured

Advance taxes and Tax deducted at source (Net)	4 71 70 590	-
Capital Advances	100 00 00 000	-
MAT Credit Entitlement	10 63 00 000	10 63 00 000
	<u>115 34 70 590</u>	<u>10 63 00 000</u>

Note 2.11

Other Non Current Assets

(Unsecured, Considered good - unless stated otherwise)

Long Term Receivables

Electricity and other deposits (Refer note no 2.25)	214 38 51 815	9 84 46 165
Bank Deposit with Maturity for more than 12 months	43 94 357	40 00 000
	<u>214 82 46 172</u>	<u>10 24 46 165</u>

RELIANCE INFOCOMM INFRASTRUCTURE LIMITED

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

	As at March 31, 2016		(Amount in ₹) As at March 31, 2015	
Note 2.12				
Trade Receivables (Unsecured)				
Due for More than Six months from the date they are due for payment.				
Considered Good	51 68 25 161		46 83 35 132	
Considered Doubtful	-		-	
	<u>51 68 25 161</u>		<u>46 83 35 132</u>	
Less: Provision for doubtful debts	-	51 68 25 161	-	46 83 35 132
Others				
Considered Good	76 15 82 071		69 85 26 982	
Considered Doubtful	-		-	
	<u>76 15 82 071</u>		<u>69 85 26 982</u>	
Less: Provision for doubtful debts	-	76 15 82 071	-	69 85 26 982
		<u><u>127 84 07 232</u></u>		<u><u>116 68 62 114</u></u>
Note 2.13				
Cash and Bank Balances				
Balances with Banks		4 73 759		18 36 415
Fixed Deposit		14 63 154		13 52 506
		<u>19 36 913</u>		<u>31 88 921</u>
Note 2.14				
Short Term Loans and Advances				
(Unsecured, Considered good - unless stated otherwise)				
Loan to Body Corporate		177 97 77 014		755 74 46 575
Loan to Related Party		397 83 26 605		-
Others				
Considered good				
Advance to vendor	52 78 904		1 10 21 337	
Prepaid expenses	45 92 642		82 050	
Advance to Employees	10 510		16 860	
Service Tax/ Cenvat Credit	7 93 25 356		1 14 05 101	
Other Receivable	5 424	8 92 12 836	-	2 25 25 348
		<u>584 73 16 455</u>		<u>757 99 71 923</u>
Note 2.15				
Other Current Assets				
Interest accrued on Fixed Deposit		20 248		64 143
		<u>20 248</u>		<u>64 143</u>

RELIANCE INFOCOMM INFRASTRUCTURE LIMITED

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

	(Amount in ₹)	
	For the year ended March 31, 2016	For the year ended March 31, 2015
Note 2.16		
Revenue From Operations		
Service Revenue	231 47 23 663	251 82 19 447
Less: Service Tax	<u>28 23 74 521</u>	<u>27 58 29 449</u>
	<u>203 23 49 142</u>	<u>224 23 89 998</u>
	<u>203 23 49 142</u>	<u><u>224 23 89 998</u></u>
Note 2.17		
Other Income		
Interest Income	5 82 354	1 71 23 080
Write back of Creditors / Provisions no longer required	-	5 08 77 771
Miscellaneous Income	96 80 002	-
	<u>1 02 62 356</u>	<u>6 80 00 851</u>
	<u>1 02 62 356</u>	<u><u>6 80 00 851</u></u>
Note 2.18		
Employee Benefit Expenses		
Salaries (Including Managerial Remuneration)	5 57 70 223	92 99 865
Contribution to Provident, Gratuity and Superannuation Fund and Others	54 70 847	17 47 826
	<u>6 12 41 070</u>	<u>1 10 47 691</u>
	<u>6 12 41 070</u>	<u><u>1 10 47 691</u></u>
2.18.1 Employee Benefits :		
The following table set out the status of the Employee benefit Plan as required under Accounting Standard ("AS") 15 of "Employee Benefits" (Revised).		
2.18.2 Defined Contribution Plan		
Contribution of Defined Contribution Plan, recognized as expense for the year are as under :		
	March 31, 2016	March 31, 2015
Employer's Contribution to Provident Fund	16 32 016	2 34 458
Employer's contribution to Pension Scheme	8 69 471	1 38 830

RELIANCE INFOCOMM INFRASTRUCTURE LIMITED

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

2.19.3 Defined benefit Plan

The employees' gratuity fund scheme managed by Self Managed Fund and is a defined benefit plan. The present value of obligation is determined based on the actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for leave encashment is recognized in the same manner as gratuity.

	(Amount in ₹)			
	Gratuity	Gratuity	Leave	Leave
	As at	As at	As at	As at
	March 31,	March 31,	March 31,	March 31,
	2016	2015	2016	2015
	(Funded)	(Funded)	(Unfunded)	(Unfunded)
i) Reconciliation of Opening and Closing balances of the present value of the defined benefit obligation				
Obligation at beginning of the year	10 28 227	10 73 349	6 33 131	10 04 007
Service Cost	3 50 104	1 37 132	2 81 655	2 19 603
Interest Cost	3 20 064	99 821	1 59 729	93 373
Liability Transferred In\ Acquisitions	29 82 595		13 68 481	
Actuarial (gain)/ loss - Due to Change in Financial Assumptions	71 279	17 971	-	92 969
Actuarial (gain)/ loss - Due to Experience	(1 30 829)		5 45 982	
Benefits Paid	(5 33 408)	(3 00 046)	(7 07 065)	(7 76 821)
Obligation at end of the year	40 88 032	10 28 227	22 81 913	6 33 131
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	80 59 408	77 03 197	-	-
Expected return on plan assets	6 43 141	7 16 397	-	-
Expected Contributions by the Employee	3 65 711	-	-	-
Actuarial gain/ (loss) - Due to Experience	10 144	(60 140)	-	-
Contributions	-	-	-	-
Benefits Paid from the Fund	(5 33 408)	(3 00 046)	-	-
Plan assets at year end, at fair value	85 44 996	80 59 408	-	-
iii) Reconciliation of present value of the obligation and the fair value of the plan assets,				
	As at	As at	As at	As at
	March 31,	March 31,	March 31,	March 31,
	2016	2015	2016	2015
	(Gratuity -Funded)		(Leave - Unfunded)	
Fair value of plan assets at the end of the year	85 44 996	80 59 408	-	-
Present value of the defined benefit obligations at the end of the year	(40 88 032)	10 28 227	(22 81 913)	(6 33 131)
Asset / (Liability) recognized in the balance sheet	44 56 964	70 31 181	(22 81 913)	(6 33 131)
iv) Cost for the year				
Service Cost	3 50 104	1 37 132	2 81 655	2 19 603
Net Interest Cost	(3 23 077)	99 821	1 59 729	93 373
Expected return on plan assets	6 43 141	(7 16 397)	-	-
Actuarial (gain) / loss	(69 694)	78 111	5 45 982	92 969
Net Cost	6 00 474	(4 01 333)	9 87 366	4 05 945
v) Actual return on plan assets	6 53 285	6 56 257	-	-

RELIANCE INFOCOMM INFRASTRUCTURE LIMITED

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

	As at March 31, 2016 (Gratuity -Funded)	As at March 31, 2015	As at March 31, 2016 (Leave - Unfunded)	As at March 31, 2015
vi) Assumptions				
Interest rate	7.79%	7.98%	7.79%	9.30%
Estimated return on plan assets	7.79%	7.98%	-	-
Salary Escalation	8.00%	8.00%	8.00%	8.00%

vii) Particulars of the amounts for the year and Previous years

	Gratuity for the year ended March 31,				
	2016	2015	2014	2013	2012
Present Value of benefit obligation	40 88 032	10 28 227	10 73 349	9 27 286	7 31 762
Fair Value of Plan assets	85 44 996	80 59 408	77 03 197	73 53 935	52 21 204
Excess of obligation over plan assets (plan assets over obligation)	(44 56 964)	(70 31 181)	(66 29 848)	(64 26 649)	(44 89 442)

The estimates, of future salary increases, considered in actuarial valuation, take into account inflation, seniority and other relevant factors such as supply and demand factors in the employment market.

	For the year ended March 31, 2016	(Amount in ₹) For the year ended March 31, 2015
Note 2.19		
Finance Costs		
Interest and Other Charges (Net)	1 93 18 471	28 72 15 382
	<u>1 93 18 471</u>	<u>28 72 15 382</u>

Note 2.20

Other Expenses

Insurance	31 47 944	34 25 774	
Rent, Rates & Taxes	2 89 07 543	2 37 30 824	
Electricity Expenses	107 15 69 544	102 14 33 561	
Repairs and Maintenance	16 23 33 198	17 52 69 980	
Hire Charges	48 00 00 000	-	
Professional Fees	2 51 95 434	32 62 528	
Water Charges	1 15 78 953	1 84 53 314	
Postages and Telegram	21 51 634	19 59 981	
Horticulture Expenses	1 43 02 401	1 71 33 612	
Guest House Exp	4 08 09 255	3 02 83 195	
Catering/Lunch/Canteen Expenses	1 01 96 658	1 12 50 841	
Corporate Social Responsibilities	28 00 000	-	
Other General and Administrative Expenses	<u>3 24 56 999</u>	<u>188 54 49 563</u>	133 43 43 227
Payment to Auditors	3 50 000		3 50 000
	<u>188 57 99 563</u>		<u>133 46 93 227</u>

Note 2.20.1

Payment to Auditors :

Audit Fees	2 50 000	2 50 000
Tax Audit Fees	1 00 000	1 00 000
	<u>3 50 000</u>	<u>3 50 000</u>

RELIANCE INFOCOMM INFRASTRUCTURE LIMITED

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

2.21 Previous year

Figures of the previous year have been regrouped and reclassified, wherever required. Amount in Financial Statements are presented in Rupee.

	For the year ended March 31, 2016	(Amount in ₹) For the year ended March 31, 2015
2.22 Earnings per share		
Profit / (Loss) attributable to Equity Shareholders (₹) (used as numerator for calculating EPS)	(16 91 16 475)	38 81 41 720
Weighted average number of Equity Shares (used as denominator for calculating EPS)	50 00 000	50 00 000
Basic EPS of ₹ 10 each	(33.82)	77.63
Diluted EPS of ₹ 10 each	(33.82)	77.63

2.23 Deferred Tax Assets and Liabilities

Deferred Tax Asset of the company is as under

(i) Related to timing difference on depreciation of Fixed Assets	4 92 19 196	10 75 30 817
(ii) Related to others	5 74 72 908	36 19 205
Net Deferred Tax Assets	<u>10 66 92 104</u>	<u>11 11 50 022</u>

In absence of virtual certainty of realisability of deferred tax assets, the company on a conservative basis has restricted deferred tax asset NIL.

2.24 Segment Reporting

The Company is mainly engaged in the business of providing business centre facilities and other income is incidental in nature, hence in the opinion of the management there are no other reportable segments as per Accounting Standard - 17 "Segment Reporting" issued by the Institute of Chartered Accountants of India.

2.25 Contingent Liability

Maharashtra State Electricity Distribution Co. Limited has served assessment orders, during the month of April 2015, claiming ₹ 1184.23 crore considering commercial rate of alleged use of power at its premises for the activities other than IT\ITES service as per its registration. Against the said demand the company has paid ₹ 200 crore under protest. The matter is pending before the Bombay High Court and as legally advised, no provision is required.

2.26 Sharing of Expenses

Financial Cost includes interest of ₹ 109,91,52,641 (previous year 29,34,08,900) charged by the holding company and ₹ 3,86,37,133 (previous year ₹ Nil) charged by fellow company for the funds used by the company for its business.

RELIANCE INFOCOMM INFRASTRUCTURE LIMITED

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

2.27 Corporate Social Responsibility :

Corporate Social Responsibility Expenditure (as per section 135 of the Companies Act, 2013 read with Schedule VII)

	In Cash	Amount in ₹ Yet to be paid in cash
(a) Gross amount required to be spent by the company during the year ₹ 28 00 000.	-	-
(b) Amount spent during the year on:		
(i) Construction / acquisition of any asset	-	-
(ii) On purposes other than (i) above	28 00 000	-

2.28 Related Parties

As per Accounting Standard 18, issued by the Institute of Chartered Accountants of India, the disclosures of transactions with the related parties are given below :

i) List of related parties and their relationships :

Ultimate Holding Company

- 1 Reliance Innoventures Private Limited

Holding Company

- 2 Reliance Communications Limited

Name of the Fellow Subsidiary Companies with whom transactions have taken place

- 1 Reliance Webstore Limited
- 2 Reliance Communications Infrastructure Limited
- 3 Reliance Infratel Limited
- 4 Reliance Big TV Limited
- 5 Reliance Tech Services Limited
- 6 Reliance Telecom Limited
- 7 Reliance IDC Limited
- 8 Reliance Globalcom Limited
- 9 Reliance Big Entertainment Private Limited
- 10 Big Flicks Private Limited
- 11 Reliance Tours and Travel Limited

Enterprise over which promoter of holding control with effect from March 28, 2015. Fellow subsidiary up to March 27, 2015

- 1 Reliance Capital Limited. (Includes Consumer Finance Division)
- 2 Reliance General Insurance Company Limited
- 3 Reliance Money Express Limited
- 4 Reliance Home Finance Limited
- 5 Reliance Commodities Limited
- 6 Reliance Composite Insurance Broking Limited
- 7 Reliance Wealth Management Limited
- 8 Reliance Financial Limited
- 9 Reliance Money Solutions Private Limited
- 10 Reliance Securities Limited

Key Managerial Personnel

- 1 Tunu Sahu

Note :

Related party transaction is as identified by the company and relied upon by the Auditors.

RELIANCE INFOCOMM INFRASTRUCTURE LIMITED

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

ii) Transaction with the related parties :-

April 1, 2015 to March 31, 2016

Amount in ₹

Sr. No.	Nature of Transactions	Holding Co.	Fellow Subsidiaries	Enterprise over which promoter of holding Company having control	Key Managerial Personnel	Total
A	Allotment of Shares					
	Equity Shares					
	Balance as at April 1, 2015	5 00 00 000	-	-	-	5 00 00 000
		5 00 00 000	-	-	-	5 00 00 000
	Allotted during the year	-	-	-	-	-
		-	-	-	-	-
	Balance as at March 31, 2016	5 00 00 000	-	-	-	5 00 00 000
		5 00 00 000	-	-	-	5 00 00 000
B	Short Term Borrowings (Unsecured Loans)					
	Opening Balance	980 07 21 577	-	-	-	980 07 21 577
		219 86 42 128	45 46 70 000	-	-	265 33 12 128
	Unsecured Loan taken during year	539 62 80 794	1073 00 00 000	-	-	1612 62 80 794
		764 70 00 000	-	-	-	764 70 00 000
	Repayment/Adjustment of Loan	1519 70 02 371	-	-	-	1519 70 02 371
		4 49 20 551	45 46 70 000	-	-	49 95 90 551
	Closing Balance	-	1073 00 00 000	-	-	1073 00 00 000
		980 07 21 577	-	-	-	980 07 21 577
C	Trade Receivables as on March 31, 2016	-	89 12 24 245	5 87 38 382	-	94 99 62 627
		-	65 33 32 458	4 89 57 573	-	70 22 90 031
D	Trade Payable as on March 31, 2016	-	54 98 81 931	2 99 084	-	55 01 81 015
		2 48 031	13 52 960	-	-	16 00 991
E	Advance From Customer as on March 31, 2016	-	75 12 861	-	-	75 12 861
		-	8 28 50 857	-	-	8 28 50 857
F	Interest Payable as on March 31, 2016	37 82 65 497	3 86 37 133	-	-	41 69 02 631
		40 32 44 795	-	-	-	40 32 44 795
G	Advance to Vendors as on March 31, 2016	-	397 83 26 605	-	-	397 83 26 605
		-	51 192	-	-	51,192.00
H	Income					
	Facility usage charges / Rent	13 78 31 580	171 15 62 708	1 34 91 815	-	186 28 86 103
		18 48 05 394	192 47 96 850	-	-	210 96 02 244
I	Managerial Remuneration	-	-	-	14 57 013	14 57 013
		-	-	-	11 95 251	11 95 251
J	Sharing of Expenses	109 91 52 641	3 86 37 133	-	-	113 77 89 774
		29 34 08 900	-	-	-	29 34 08 900
K	Recovery of Expenses	-	54 90 803	-	-	54 90 803
		-	-	-	-	-

Note : Figures in bold represents current year figures.

RELIANCE INFOCOMM INFRASTRUCTURE LIMITED

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

Significant Related Party Transactions :-

i) Trade Receivables from fellow subsidiaries includes :-

- ₹ 8,94,65,280 (Previous year ₹ 5,33,65,118) receivable from Reliance Communications Infrastructure Limited.
- ₹ 68,36,16,357 (Previous year ₹ Nil) receivable from Reliance IDC Limited
- ₹ 2,43,69,783 (Previous year ₹ 57,13,27,032) receivable from Reliance Tech Services Private Limited
- ₹ 7,46,91,066 (Previous year ₹ Nil) receivable from Reliance GlobalCom Limited
- ₹ 92,52,189 (Previous year ₹ Nil) receivable from Reliance BIG TV Limited
- ₹ 87,67,241 (Previous year ₹ Nil) receivable from Reliance Infratel Limited
- ₹ 3,50,078 (Previous year ₹ NIL) receivable from Reliance Telecom Limited.

ii) Trade Payable from fellow subsidiaries includes :-

- ₹ 8,15,201 (Previous year ₹ 7,85,409) Payable to Reliance Big TV Limited
- ₹ 54,90,66,730 (Previous year ₹ 5,60,244) Payable to Reliance Communications Infrastructure Limited

iii) Advance from Customer from fellow subsidiaries as detailed below :-

- ₹ 75,12,867 (Previous year ₹ 75,12,867) payable to Reliance Web Stores Limited
- ₹ Nil (Previous year ₹ 7,53,37,990) Payable to Reliance IDC Limited

iv) Advance to Vendors includes from fellow subsidiaries as detailed below :-

- ₹ 4,19,30,469 (Previous year ₹ Nil) payable to Reliance Infratel Limited
- ₹ 293,41,73,652 (Previous year ₹ Nil) receivable from Reliance IDC Limited
- ₹ 100,13,97,151 (Previous year ₹ Nil) payable to Reliance Web Stores Limited
- ₹ 7,44,000 (Previous year ₹ Nil) payable to Reliance Tech Services Limited
- ₹ 81,333 (Previous year ₹ Nil) receivable from Reliance GlobalCom Limited

v) Income billed to fellow subsidiaries includes :-

- ₹ 7,64,03,100 (Previous year ₹ 5,02,47,380) billed to Reliance Communications Infrastructure Limited
- ₹ 141,70,79,685 (Previous year ₹ 125,87,93,417) billed to Reliance IDC Limited
- ₹ 71,82,840 (Previous year ₹ 26,58,945) billed to Reliance Infratel Limited
- ₹ 5,41,56,710 (Previous year ₹ 5,07,92,636) billed to Reliance Globalcom Limited
- ₹ 3,41,78,160 (Previous year ₹ 70,46,201) billed to Reliance Big TV Limited
- ₹ 12,27,97,800 (Previous year ₹ 54,50,00,682) billed to Reliance Tech Services Limited.
- ₹ 3,81,480 (Previous year ₹ NIL) billed to Reliance Telecom Limited.

vi) Sharing of Expenses includes :-

- ₹ 109,91,52,641 (Previous year ₹ 29,34,08,900) interest Cost to Reliance Communications Limited
- ₹ 3,86,37,133 (Previous year ₹ Nil) interest Cost to Reliance Infratel Limited

vii) Recovery of Expenses includes :-

- ₹ 13,97,151 (Previous year ₹ Nil) interest Cost from Reliance Webstores Limited
- ₹ 40,93,652 (Previous year ₹ Nil) interest Cost from Reliance IDC Limited

viii) Hire Charges includes :-

- ₹ 48,00,00,000 (Previous year ₹ Nil) to Reliance Communications Infrastructure Limited

As per our report of even date

For and on behalf of the Board

For Chaturvedi & Shah

Chartered Accountants
Firm Regn. No. 101720W

Lalit R. Mhalsekar

Partner

Membership No 103418

Anil C Shah

DIN: 00004368

Prakash Shenoy

DIN: 00005394

} Directors

Tunu Sahu

Asst. Company Secretary

Place : Mumbai

Date : May 6, 2016

Independent Auditor's Report

To
The Board of Directors of Vanco GmbH

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Vanco GmbH ("the Company"), which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India including Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion whether the Company has in place an adequate Internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements read together with the notes thereon give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016 and its profit and its cash flows for the year ended on that date.

Other Reporting Requirements

We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account.

Other Matters

This report is issued for the information and use of the Board of Directors of the Company and of Reliance Communications Limited, the holding company in India to comply with the financial reporting requirements in India and should not be used for any other purposes without our prior written consent.

For Shridhar & Associates
Chartered Accountants
Firm Registration No.: 134427W

Jitendra Sawjany
Partner
Membership No. 050980

Place: Mumbai
Dated: May 27, 2016

Vanco GmbH

Balance Sheet as at March 31, 2016

	Note	As at	
		March 31, 2016	March 31, 2015
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2.01	6,73,98,244	5,98,70,327
Reserves and Surplus	2.02	<u>(1,21,34,32,422)</u>	<u>(1,14,92,61,980)</u>
		(1,14,60,34,178)	(1,08,93,91,653)
Current Liabilities			
Trade Payable	2.03	14,80,23,000	97,49,373
Other Current Liabilities	2.04	<u>1,41,23,40,943</u>	<u>1,41,94,06,706</u>
		1,56,03,63,943	1,42,91,56,079
TOTAL		<u>41,43,29,765</u>	<u>33,97,64,426</u>
ASSETS			
Non Current Assets			
Fixed Assets	2.05	<u>7,25,353</u>	<u>10,05,765</u>
		7,25,353	10,05,765
Current Assets			
Long Term Loans & Advances	2.06	3,14,72,865	-
Trade Receivables	2.07	30,83,83,691	30,91,07,431
Cash and Bank Balances	2.08	2,82,98,850	2,93,12,559
Short-term Loans and Advances	2.09	79,28,569	3,38,671
Other Current Assets	2.10	<u>3,75,20,437</u>	<u>-</u>
		41,36,04,412	33,87,58,661
TOTAL		<u>41,43,29,765</u>	<u>33,97,64,426</u>
Significant Accounting Policies	1		
Notes forming part of Financial Statements	2		

As per our report attached

For Shridhar & Associates
Chartered Accountants
Firm Regn. No. 134427W

Jitendra Sawjany
Partner
Membership No : 050980

Place : Mumbai
Date : May 27, 2016

For and on behalf of the Board

Andrew Goldie
Janet Troxell } **Directors**

Vanco GmbH

Statement of Profit and Loss for the year ended March 31, 2016

			Amounts in ₹
	Note	For the Year ended March 31, 2016	For the Year ended March 31, 2015
Income			
Service Revenue and Other Operating Income	2.11	1,73,47,95,015	1,76,91,05,266
Other Income	2.12	6,86,20,108	31,19,448
		<u>1,80,34,15,123</u>	<u>1,77,22,24,714</u>
Expenditure			
Network Operation Expenses	2.13	1,40,65,82,882	1,42,22,73,861
Employee benefits Expenses	2.14	21,87,11,737	21,44,74,889
Depreciation	2.05	3,90,143	5,67,880
Sales and General Administration Expenses	2.15	10,04,19,629	28,68,60,003
		<u>1,72,61,04,391</u>	<u>1,92,41,76,633</u>
Profit/(Loss) before Tax		<u>7,73,10,732</u>	<u>(15,19,51,919)</u>
Provision for :			
- Current Tax		-	20,638
- Tax for Earlier Years		2,86,763	-
Profit / (Loss) for the year		<u>7,70,23,969</u>	<u>(15,19,72,557)</u>
Earnings per Share (Basic and Diluted)	2.17	43,030	(84,901)
Significant Accounting Policies	1		
Notes forming part of Financial Statements	2		

As per our report attached

For Shridhar & Associates
Chartered Accountants
Firm Regn. No. 134427W

Jitendra Sawjany
Partner
Membership No : 050980

Place : Mumbai
Date : May 27, 2016

For and on behalf of the Board

Andrew Goldie
Janet Troxell } **Directors**

Vanco GmbH

Cash Flow Statement for the year ended March 31, 2016

	For the Year ended March 31, 2016	Amounts in ₹ For the Year ended March 31, 2015
A) CASH FLOW FROM OPERATING ACTIVITIES:		
Profit/(Loss) Before Tax	7,73,10,732	(15,19,51,919)
Adjustments for:		
Depreciation and Amortisation	3,90,143	5,67,880
Provision for Taxation/ Advance Tax Written Off	-	20,638
Effects of Exchange Difference on Translation of Assets & Liabilities	<u>(13,36,66,492)</u>	<u>9,60,15,106</u>
	(13,32,76,349)	9,66,03,624
Operating Profit/(Loss) before Working Capital Changes	<u>(5,59,65,617)</u>	<u>(5,53,48,295)</u>
Adjustments for:		
(Increase) in Other Current Liabilities	(70,65,763)	-
Decrease / (Increase) in Other Assets	(6,89,93,302)	-
Increase / (Decrease) in Trade Payables	13,82,73,627	9,27,12,402
Decrease / (Increase) in Trade Receivables	7,23,740	-
(Decrease) in Short Term Loans and Advances	(75,89,899)	(2,68,50,062)
Effects of Exchange Difference on Translation of Fixed Assets	(1,09,732)	-
	5,52,38,671	6,58,62,340
Net cash generated from operating activities before income tax	<u>(7,26,946)</u>	<u>1,05,14,045</u>
Income tax paid	(2,86,763)	(20,637)
Net Cash generated from/ (Used in) Operating Activities (A)	<u>(10,13,709)</u>	<u>1,04,93,408</u>
B) CASH FLOW FROM INVESTING ACTIVITIES:		
Additions of Fixed Assets and Capital Work in Progress	-	41,629
Net Cash from / (Used in) Investing Activities (B)	<u>-</u>	<u>41,629</u>
C) CASH FLOW FROM FINANCING ACTIVITIES:		
Net Cash from / (Used in) Financing Activities (C)	<u>-</u>	<u>-</u>
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	(10,13,709)	1,05,35,037
Cash and Cash Equivalents at the Beginning of the Year	<u>2,93,12,559</u>	<u>1,87,77,522</u>
Cash and Cash Equivalents at the End of the Year	<u>2,82,98,850</u>	<u>2,93,12,559</u>

As per our report attached

For Shridhar & Associates
Chartered Accountants
Firm Regn. No. 134427W

Jitendra Sawjany
Partner
Membership No : 050980

Place : Mumbai
Date : May 27, 2016

For and on behalf of the Board

Andrew Goldie
Janet Troxell } **Directors**

Note 1

SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation of Financial Statements

The financial statements are prepared under historical cost convention, in accordance with the generally accepted accounting principles (GAAP) in India and Comply with Accounting Standard specified under Section 133 of the Companies Act, 2013 ("the Act") read with Rule 7 of the Companies (Accounts) Rules, 2014 and other provisions of the Act, to the extent notified and applicable as well as applicable guidance note and pronouncements of the Institute of Chartered Accountants of India (the ICAI).

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Schedule III to the Companies Act, 2013. Based on the nature of the services and their realisation in cash & cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current or non-current classification of assets and liabilities.

b) Revenue Recognition

A network contract typically covers the design, supply and installation of the network and thereafter the provision of Packaged Network Solutions. Turnover relating to the initial part of the contract is recognized over the contract implementation period. The remainder of the contract value is recognized evenly over the period of the contract.

To the extent that the recognition differs from the contractual billing terms, either turnover is accrued or amounts billed in advance are treated as deferred income.

c) Employee Benefits

Pension Obligations

Group companies operate employees' personal pension schemes. The schemes are funded through payments to insurance companies as defined contribution plans.

The group has no legal or constructive obligations to pay further contribution if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The contributions are recognized as employee benefit expense when they are due.

Bonus Plans

The Group recognizes a liability and an expense for bonuses. The Group recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Commissions

Commissions payable to staff on securing new contracts which are directly attributable to the contract, are recognized as a period cost as an when incurred.

d) Use of Estimates

The presentation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the consolidated financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known / materialised.

e) Accounting for Taxes on Income

Provision for Income Tax is made on the basis of estimated taxable income for the year at current rates after considering exemptions and deductions available under the Income Tax Laws of the respective countries of the subsidiaries. Tax expense comprises of both Current Tax and Deferred Tax at the applicable enacted or substantively enacted rates. Current tax represents the amount of Income Tax payable in respect of the taxable income for the reporting period. Deferred tax represents the effect of timing difference between taxable income and accounting income for the reporting period that originate in one period and are capable of reversal in one or more subsequent periods. The deferred tax asset is recognised and carried forward only to the extent that there is a reasonable certainty that the asset will be realised in future.

f) Fixed Assets

Accounting of Tangible Fixed Assets

All Tangible Fixed Assets is shown at cost less subsequent depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the items.

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Profit & Loss Account during the financial period in which they are incurred.

Depreciation on assets is calculated using the straight-line method to allocate the cost of each asset to its residual value over its estimated useful life as follows:

Leasehold improvements..... Over the period of the lease

Computer equipment..... 3 to 5 years.

Fixtures, fittings and equipment..... 3 to 5 years.

Motor Vehicles..... 5 years.

Major renovations are depreciated over the remaining useful life of the related asset or to the date of the next major renovation, whichever is sooner.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement. Borrowing costs incurred for the construction of any qualifying assets are capitalized during the period of time that is required to complete and prepare the asset for its intended use.

Intangible Assets

Computer software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives (three to five years).

Costs that are directly associated with the production of identifiable and unique software products controlled by the Group and that will probably generate economic benefits exceeding costs beyond one year, are recognized as intangible assets. Direct costs include the costs of software development employees and an appropriate portion of relevant overheads.

Computer software development costs recognized as assets are amortized over their estimated useful lives (not exceeding five years).

g) Foreign Currency Translation

Initial Recognition

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Subsequent Recognition

As at the reporting date, non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. All non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined. All monetary assets and liabilities in foreign currency are restated at the end of accounting period.

h) Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised when the company has legal and constructive obligation as a result of past events which it is probable that a cash outflow will be required and a reliable estimate can be made of the amount of obligation.

Contingent Liabilities are disclosed when the company has possible or present obligation and it is probable that a cash flow will not be required to settle the obligation.

Contingent Assets are neither recognised nor disclosed in the financial statements.

Vanco GmbH

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

	As at 31st March, 2016	Amount in ₹ As at 31st March, 2015
Note 2.01		
Share Capital		
Authorised		
1790 (1790) Ordinary shares of 500 Euro each	6,73,98,244	5,98,70,327
	6,73,98,244	5,98,70,327
Issued, Subscribed and Paid up		
1790 (1790) Ordinary shares of 500 Euro each fully paid up	6,73,98,244	5,98,70,327
	6,73,98,244	5,98,70,327

a) Ordinary Shares held by Holding Company and subsidiary of Holding Company

	No. of Shares	No of Shares
Reliance Vanco Group Limited	1,789	1,789
Reliance Vanco UK Limited	1	1
	1,790	1,790

b) Details of Shareholders holding more than 5% of the aggregate shares in the Company

Particulars	% of Holding	No. of Shares	% of Holding	No. of Shares
Reliance Vanco Group Limited	99.94	1,789	99.94	1,789

c) Terms/Rights attached to the shares

The Company has only Ordinary Shares having a par value of Euro 500 each . Each holder of shares is entitled to one vote per share.

In the event of liquidation of the Company, the holder of shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of shares held by the shareholder.

"Global CloudXChange Limited (a ultimate holding company) had issued 7 % senior secured notes of USD 350 Million. These Notes are guaranteed by Reliance Vanco Group limited and its material subsidiaries (including the Company) and secured by way of a pledge of equity shares."

d) Reconciliation of ordinary shares outstanding at the beginning and at the end of the year

	No of Shares	Amount ₹	No of Shares	Amount ₹
Ordinary Shares				
Balance as at the beginning of the year	1,790	6,73,98,244	1,790	5,98,70,327
Add: Movement for the year	-	-	-	-
At the end of the year	1,790	6,73,98,244	1,790	5,98,70,327

Note 2.02

Reserves and Surplus

Securities Premium Account	8,47,17,859	7,52,55,461
Foreign Exchange Translation Reserves	(5,30,17,528)	9,76,39,281

Surplus / (Deficit) in the Statement of Profit and Loss

Balance as at the Beginning of the Year	(1,32,21,56,722)	(1,17,01,84,165)
Profit / (Loss) for the Year	7,70,23,969	(15,19,72,557)
Balance as at the End of the Year	(1,24,51,32,753)	(1,32,21,56,722)
Total Reserves & Surplus	(1,21,34,32,422)	(1,14,92,61,980)

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

	As at 31st March, 2016	Amount in ₹ As at 31st March, 2015
Note 2.03		
Trade Payables		
Trade Payables	14,80,23,000	97,49,373
	<u>14,80,23,000</u>	<u>97,49,373</u>
Note 2.04		
Other Current Liabilities		
Statutory Dues Payable	73,51,089	12,69,800
Unearned Income	29,61,15,779	25,52,55,457
Other Liabilities	53,46,772	6,86,65,882
Payable to Related Party (Refer Note No. 2.19)	<u>1,10,35,27,303</u>	<u>1,09,42,15,567</u>
	<u>1,41,23,40,943</u>	<u>1,41,94,06,706</u>

Note 2.05											
Fixed Assets and Depreciation											
Amount in ₹											
Sr	Particulars	Gross Block			Depreciation			Net Block			
		As at April 01, 2015	Additions	Adjustments on account of Foreign Exchange	As at March 31, 2016	As at April 01, 2015	For the year	Deductions/ adjustments	As at March 31, 2016	As at March 31, 2016	As at March 31, 2015
Tangible Assets											
1	Computer Equipment	57,19,797	-	-	57,19,797	50,99,705	1,72,503	3,27,646	55,99,854	1,19,943	6,20,093
2	Furniture & Fixture	17,07,093	-	-	17,07,093	15,76,847	22,928	(12,250)	15,87,525	1,19,568	1,30,247
3	Leasehold Improvement	67,71,008	-	-	67,71,008	65,15,582	1,94,712	(4,25,128)	62,85,166	4,85,842	6,20,093
	Total	1,41,97,898	-	-	1,41,97,898	1,31,92,134	3,90,143	(1,09,732)	1,34,72,545	7,25,353	13,70,433
	Previous Year	1,41,97,898	-	-	1,41,97,898	1,25,82,623	5,67,880	41,631	1,31,92,134	10,05,765	-

Note 2.06		
Long Term Loans & Advances		
Group Company Receivable-Interco (Refer Note No. 2.19)	3,14,72,865	-
	<u>3,14,72,865</u>	<u>-</u>

Note 2.07		
Trade Receivables		
(Unsecured)		
Due for more than Six Months		
Considered Doubtful	-	-
Less : Provision for doubtful debts	-	-
	<u>-</u>	<u>-</u>
Others		
Considered Good	30,83,83,691	30,91,07,431
Considered Doubtful	-	-
Less : Provision for Doubtful debts	-	-
	<u>30,83,83,691</u>	<u>30,91,07,431</u>

Note 2.08		
Cash and Bank Balances		
Balance with Banks		
Current Accounts	2,82,75,876	2,92,29,538
Cash on Hand	22,974	83,021
	<u>2,82,98,850</u>	<u>2,93,12,559</u>

Vanco GmbH

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

	As at 31st March, 2016	Amount in ₹ As at 31st March, 2015
Note 2.09		
Short Term Loans and Advances		
Prepaid Expenses	-	3,38,671
Deposits – Current	49,47,195	-
Balances with Govt. Authorities	15,69,174	-
Advances to SG&A vendor	14,12,201	-
	<u>79,28,569</u>	<u>3,38,671</u>
Note 2.10		
Other Current Assets		
Unbilled Debtors	3,75,20,437	-
	<u>3,75,20,437</u>	<u>-</u>
	For the year ended March 31, 2016	For the year ended March 31, 2015
Note 2.11		
Service Revenue and Other Operating Income		
Enterprise Value added Services	1,32,64,55,757	1,76,91,05,266
Group Company Revenue	40,83,39,258	-
	<u>1,73,47,95,015</u>	<u>1,76,91,05,266</u>
Note 2.12		
Other Income		
Gain on Foreign Exchange Fluctuation	6,86,20,108	-
Miscellaneous Income	-	31,19,448
	<u>6,86,20,108</u>	<u>31,19,448</u>
Note 2.13		
Network Operation Expenses		
Network Operation Expenses	57,84,94,957	1,42,22,73,861
Group Company COGS	82,80,87,925	-
	<u>1,40,65,82,882</u>	<u>1,42,22,73,861</u>
Note 2.14		
Employee Benefits Expenses		
Salaries	21,25,80,286	21,44,74,889
Contribution to Provident, Gratuity & Superannuation fund	30,33,866	-
Employee Welfare and Other Amenities	30,97,585	-
	<u>21,87,11,737</u>	<u>21,44,74,889</u>

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

	For the year ended March 31, 2016	Amount in ₹ For the year ended March 31, 2015
Note 2.15		
Sales and General Administration Expenses		
Rent	1,48,24,488	1,76,89,139
Insurance	-	5,32,693
Audit Fees	25,99,714	23,36,285
Legal Fees	18,17,783	73,15,470
Professional Fees	71,81,607	21,54,099
Travelling	41,32,272	49,15,065
Bank Charges	4,56,946	5,49,537
Communication	27,20,031	45,67,326
Provision/ Reversal of Doubtful Debts	-	(10,53,205)
Other General and Administrative Expenses	-	8,87,61,030
Forex Gain/(loss)	-	15,90,92,564
SG&A Group Recharge	6,03,75,824	-
Repairing & Maintances Building	16,41,724	-
Repairing & Maintances Others	2,76,075	-
Facility Usage charges	11,59,237	-
Sales and Marketing Expenses	1,19,483	-
Miscellaneous	31,14,445	-
	<u>10,04,19,629</u>	<u>28,68,60,003</u>

Note 2.16

BACKGROUND AND ORGANISATION

Vanco GmbH is a virtual Network operator with presence across major countries through 26 corporate entities. The Company provides enterprise clients with managed network solutions including the design, integration, implementation, security and management of global corporate networks. The Company provides IT Outsourcers enabling the sub-contract of the above service package as part of a wider IT outsourcing solution.

Vanco GmbH is asset-light, instead purchasing infrastructure from the hundreds of carriers globally, the company get the best prices for clients, design a solution using the most appropriate technology to meet customers' global requirements, and is 100% focused on delivering the highest quality customer service.

Note 2.17

Earnings Per Share

	Earnings per Share	For the year ended March 31, 2016	Amount In ₹ For the year ended March 31, 2015
A Profit / (Loss) after Tax		77,023,969	(151,972,557)
B Weighted average number of shares of Euro 500 each used as denominator for calculating Basic and Diluted EPS(Previous year 1790 shares of Euro 500)		1790	1790
C Basic and Diluted Earnings / (Loss) per Share (A/B)		43,030	(84,901)

Note 2.18

Segment Reporting

In accordance with Accounting Standard 17 "Segmental Reporting" issued by the Institute of Chartered Accountants of India. Since 100% of the Company's business is from telecommunication activities, there are no other reportable segments. Thus, the segment revenue, total carrying amount of segment assets, total carrying amount of segment liabilities, total cost incurred to acquire segment assets, total amount of charge of depreciation and amortization during the year are all as is reflected in the Financial Statements as of and for the year ended March 31, 2016.

Note 2.19

Related Party Transactions

In accordance with Accounting Standard 18 "Related Party Disclosures" issued by the Institute of Chartered Accountants of India, the Company's related parties and transactions are disclosed below:

- a) Parties where control exist:
 - i) Reliance Vanco Group Limited
 - ii) Reliance Communications Limited
 - iii) Global Cloud Xchange Limited
- b) Enterprises as affiliated companies are:
 - i) Vanco ROW Limited
 - ii) Vanco UK Limited
 - iii) Vanco Global Limited
 - iv) Vanco International Limited
 - v) Vanco SAS
 - vi) Euronet Spain SA
 - vii) Vanco Srl
 - viii) Vanco Deutschland GmbH
 - ix) Vanco Switzerland A.G.
 - x) Vanco B.V.
 - xi) Vanco NV
 - xii) Vanco US LLC
 - xiii) Vanco Solutions Inc.
 - xiv) Vanco Australasia Pty. Limited
 - xv) Vanco (Asia Pacific) Pte. Limited
 - xvi) Vanco Japan KK
 - xvii) Vanco Sweden AB

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

b) Summarized below are the transactions entered into with related parties and closing balances:

Amount In ₹

Name of the Entity	During the Year 2015-2016		During the Year 2014-2015		During the Year 2015-2016		During the Year 2014-2015		Year End Balances as on 31.03.2016		Year End Balances as on 31.03.2015	
	Service Revenue and Other Operating Income	Service Revenue and Other Operating Income	Network Operating Expenses and other expenses	Network Operating Expenses and other expenses	Transfer Pricing Cost	Transfer Pricing Cost	Other Current Liabilities	Other Current Liabilities	Long Term Loans & Advances	Long Term Loans & Advances	Other Current Liabilities	Other Current Liabilities
Vanco Global Limited	29,50,600	32,76,620	-	-	-	3,74,41,666	-	-	5,39,709	-	-	-
Reliance Vanco Group Limited	-	-	-	-	11,60,67,765	-	1,09,42,15,567	-	-	-	-	-
Vanco UK Limited	17,38,52,965	16,71,43,724	21,88,53,810	21,21,38,578	-	-	71,15,532	-	-	-	-	-
Vanco (Asia Pacific) Pte. Limited	7,53,400	3,58,315	7,35,06,641	2,70,21,081	-	-	1,95,70,360	-	-	-	-	-
Vanco Sweden AB	-	-	22,73,615	1,03,12,628	-	-	16,69,266	-	-	-	-	-
Vanco Deutschland GmbH	9,57,52,803	11,13,23,197	-	-	-	-	-	-	1,37,96,708	-	-	-
Vanco SRL	1,90,60,851	1,61,47,433	1,55,93,632	2,27,83,390	-	-	-	-	17,94,606	-	-	-
Vanco BV	4,44,56,806	5,14,41,399	1,98,02,773	1,93,13,149	-	-	-	-	50,37,442	-	-	-
Euronet Spain SA	47,33,876	48,34,620	4,78,91,758	3,89,38,868	-	-	78,32,095	-	-	-	-	-
Vanco SAS	5,18,22,919	6,20,51,269	2,06,95,756	2,26,30,935	-	-	-	-	87,50,100	-	-	-
Vanco Australasia Pty Limited	13,10,843	31,98,712	4,60,00,635	7,88,71,324	-	-	63,83,691	-	-	-	-	-
Vanco NV	-	-	2,53,48,727	2,64,47,404	-	-	44,77,626	-	-	-	-	-
Vanco Japan KK	-	-	8,06,820	12,71,792	-	-	1,18,804	-	-	-	-	-
Vanco Solutions Inc.	55,51,099	45,01,915	-	-	-	-	-	-	15,54,300	-	-	-
Vanco US LLC	80,93,096	45,33,511	26,61,40,935	20,33,05,464	-	-	4,21,09,626	-	-	-	-	-
Vanco International Limited	-	-	20,61,1,128	14,04,573	-	-	2,97,847	-	-	-	-	-
Vanco ROW Limited	-	-	8,91,11,695	8,98,90,020	-	-	1,07,94,063	-	-	-	-	-

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

Note 2.20

The Previous year's figures have been reworked, regrouped, rearranged and reclassified wherever necessary

Note 2.21

The amounts relating to Balance Sheet items appearing in Amount in ₹ have been translated at Closing Rate of 1 GBP = ₹ 95.473 (Previous year 1 GBP = ₹ 92.470) and items relating to profit and loss have been translated at average rate of 1 GBP = ₹ 98.6808 (Previous year 1 GBP = ₹ 98.62).

Note 2.22

The amounts have been converted in INR to comply with the financial reporting requirement in India.

As per our report attached

For Shridhar & Associates
Chartered Accountants
Firm Regn. No. 134427W

Jitendra Sawjany
Partner
Membership No : 050980

Place : Mumbai
Date : May 27, 2016

For and on behalf of the Board

Andrew Goldie
Janet Troxell } **Directors**

Vanco Deutschland GmbH

Independent Auditor's Report

To
The Board of Directors of Vanco Deutschland GmbH

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Vanco Deutschland GmbH ("the Company"), which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India including Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion whether the Company has in place an adequate Internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements read together with the notes thereon give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016 and its profit and its cash flows for the year ended on that date.

Other Reporting Requirements

We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account.

Other Matters

This report is issued for the information and use of the Board of Directors of the Company and of Reliance Communications Limited, the holding company in India to comply with the financial reporting requirements in India and should not be used for any other purposes without our prior written consent.

For Shridhar & Associates
Chartered Accountants
Firm Registration No.: 134427W

Jitendra Sawjany
Partner
Membership No. 050980

Place: Mumbai
Dated: May 27, 2016

Vanco Deutschland GmbH

Balance Sheet as at March 31, 2016

			Amount in ₹
	Note No.	As at March 31, 2016	As at March 31, 2015
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2.01	18,82,948	16,72,636
Reserves and Surplus	2.02	<u>(87,71,73,166)</u>	<u>(83,83,46,891)</u>
		(87,52,90,218)	(83,66,74,255)
Current Liabilities			
Other Current Liabilities	2.03	<u>95,75,50,096</u>	<u>90,11,10,999</u>
		95,75,50,096	90,11,10,999
TOTAL		<u>8,22,59,878</u>	<u>6,44,36,744</u>
ASSETS			
Current Assets			
Trade receivables	2.04	7,68,56,120	4,61,19,571
Cash and Bank Balances	2.05	9,66,556	1,40,10,619
Short-term loans and advances	2.06	<u>44,37,202</u>	<u>43,06,554</u>
		8,22,59,878	6,44,36,744
TOTAL		<u>8,22,59,878</u>	<u>6,44,36,744</u>
Significant Accounting Policies	1		
Notes forming part of Financial Statements	2		
As per our report attached			For and on behalf of the Board
For Shridhar & Associates			Janet Troxell
Chartered Accountants			Andrew Goldie
Firm Regn. No. 134427W			} Directors
Jitendra Sawjany			
Partner			
Membership No : 050980			
Place : Mumbai			
Date : May 27, 2016			

Vanco Deutschland GmbH

Statement of Profit and Loss for the year ended March 31, 2016

	Note No.	For the Year ended March 31, 2016	Amount in ₹ For the Year ended March 31, 2015
Income			
Service Revenue and Other Operating Income	2.07	27,61,18,760	30,38,62,577
Other Income	2.08	6,57,08,843	-
Total		34,18,27,603	30,38,62,577
Expenditure			
Network Operation Expenses	2.09	26,50,07,961	29,09,61,485
Sales and General Administration Expenses	2.10	1,29,78,469	12,04,40,018
Total		27,79,86,430	41,14,01,503
Profit/(Loss) before Tax		6,38,41,173	(10,75,38,926)
Provision for :			
- Current Tax		-	-
Profit / (Loss) after Tax		6,38,41,173	(10,75,38,926)
Earnings per Share (Basic and Diluted)	2.12	2,554	(4,302)
Significant Accounting Policies	1		
Notes forming part of Financial Statements	2		

As per our report attached

For Shridhar & Associates
Chartered Accountants
Firm Regn. No. 134427W

Jitendra Sawjany
Partner
Membership No : 050980

Place : Mumbai
Date : May 27, 2016

For and on behalf of the Board

Janet Troxell
Andrew Goldie } **Directors**

Vanco Deutschland GmbH

Cash Flow Statement for the year ended March 31, 2016

	For the Year ended March 31, 2016	Amounts in ₹ For the Year ended March 31, 2015
A) CASH FLOW FROM OPERATING ACTIVITIES:		
Profit/(Loss) Before Tax	6,38,41,173	(10,75,38,926)
Adjustments for:		
Provision for Tax/Advance Tax written off	-	(43,06,554)
Effects of exchange difference on translation of assets & liabilities.	(10,24,57,137)	7,31,47,729
	<u>(10,24,57,137)</u>	<u>6,88,41,175</u>
Operating Profit/(Loss) before Working Capital Changes	(3,86,15,964)	(3,86,97,751)
Adjustments for:		
Decrease / (Increase) in Other Current Liabilities	5,64,39,098	2,03,91,212
Decrease / (Increase) in Trade Receivables	(3,07,36,548)	-
Increase / (Decrease) in Short Term Loans and Advances	(1,30,649)	2,83,57,680
Net cash generated from operating activities before income tax	<u>2,55,71,901</u>	<u>4,87,48,892</u>
Net Cash from/ (Used in) Operating Activities (A)	(1,30,44,063)	1,00,51,141
B) CASH FLOW FROM INVESTING ACTIVITIES:		
Net Cash from / (Used in) Investing Activities (B)	<u>-</u>	<u>-</u>
C) CASH FLOW FROM FINANCING ACTIVITIES:		
Net Cash from / (Used in) Financing Activities (C)	<u>-</u>	<u>-</u>
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	(1,30,44,063)	1,00,51,141
Cash and Cash Equivalents at the Beginning of the Year	1,40,10,619	39,59,478
Cash and Cash Equivalents at the End of the Year	<u><u>9,66,556</u></u>	<u><u>1,40,10,619</u></u>

As per our report attached

For Shridhar & Associates
Chartered Accountants
Firm Regn. No. 134427W

Jitendra Sawjany
Partner
Membership No : 050980

Place : Mumbai
Date : May 27, 2016

For and on behalf of the Board

Janet Troxell
Andrew Goldie } **Directors**

Note 1

SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation of Financial Statements

The financial statements are prepared under historical cost convention, in accordance with the generally accepted accounting principles (GAAP) in India and Comply with Accounting Standard specified under Section 133 of the Companies Act, 2013 ("the Act") read with Rule 7 of the Companies (Accounts) Rules, 2014 and other provisions of the Act, to the extent notified and applicable as well as applicable guidance note and pronouncements of the Institute of Chartered Accountants of India (the ICAI).

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Schedule III to the Companies Act, 2013. Based on the nature of the services and their realisation in cash & cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current or non-current classification of assets and liabilities.

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A network contract typically covers the design, supply and installation of the network and thereafter the provision of Packaged Network Solutions. Turnover relating to the initial part of the contract is recognized over the contract implementation period. The remainder of the contract value is recognized evenly over the period of the contract.

To the extent that the recognition differs from the contractual billing terms, either turnover is accrued or amounts billed in advance are treated as deferred income.

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Group companies operate employees' personal pension schemes. The schemes are funded through payments to insurance companies as defined contribution plans.

The group has no legal or constructive obligations to pay further contribution if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

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The Group recognizes a liability and an expense for bonuses. The Group recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

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Commissions payable to staff on securing new contracts which are directly attributable to the contract, are recognized as a period cost as an when incurred.

d) Use of Estimates

The presentation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the consolidated financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known / materialised.

e) Accounting for Taxes on Income

Provision for Income Tax is made on the basis of estimated taxable income for the year at current rates after considering exemptions and deductions available under the Income Tax Laws of the respective countries of the subsidiaries. Tax expense comprises of both Current Tax and Deferred Tax at the applicable enacted or substantively enacted rates. Current tax represents the amount of Income Tax payable in respect of the taxable income for the reporting period. Deferred tax represents the effect of timing difference between taxable income and accounting income for the reporting period that originate in one period and are capable of reversal in one or more subsequent periods. The deferred tax asset is recognised and carried forward only to the extent that there is a reasonable certainty that the asset will be realised in future.

f) Foreign Currency Translation

Initial Recognition

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Subsequent Recognition

As at the reporting date, non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. All non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined. All monetary assets and liabilities in foreign currency are restated at the end of accounting period.

g) Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised when the company has legal and constructive obligation as a result of past events which it is probable that a cash outflow will be required and a reliable estimate can be made of the amount of obligation.

Contingent Liabilities are disclosed when the company has possible or present obligation and it is probable that a cash flow will not be required to settle the obligation.

Contingent Assets are neither recognised nor disclosed in the financial statements.

Vanco Deutschland GmbH

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

	As at March 31, 2016	Amount in ₹ As at March 31, 2015		
2.01 Share Capital				
Authorised				
25,000 (25,000) Ordinary share of EURO 1 each	<u>18,82,948</u>	16,72,636		
	<u>18,82,948</u>	<u>16,72,636</u>		
Issued, Subscribed and Paid up				
25,000 (25,000) Ordinary shares of 1 Euro each fully paid up	<u>18,82,948</u>	16,72,636		
Of the above:				
25,000 (25,000) Ordinary Shares held by Reliance Vanco Group Limited, the Holding Company	<u>18,82,948</u>	<u>16,72,636</u>		
a) Ordinary Shares held by Holding Company				
	No. of Shares	No. of Shares		
Reliance Vanco Group Limited	<u>25,000</u>	<u>25,000</u>		
	<u>25,000</u>	<u>25,000</u>		
b) Details of Shareholders holding more than 5% of the aggregate shares in the company				
Particulars	% of Holding	No. of Shares	% of Holding	No. of Shares
Reliance Vanco Group Limited	100	25,000	100	25,000
c) Terms/Rights attached to the shares				
The Company has Shares having a par value of EURO 1 per share. Each holder of shares is entitled to one vote per share. In the event of liquidation of the Company, the holder of shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of shares held by the shareholder.				
d) Reconciliation of ordinary shares outstanding at the beginning and at the end of the year				
	No. of Shares	Amount ₹	No. of Shares	Amount ₹
Ordinary Shares				
Balance as at the beginning of the year	<u>25,000</u>	<u>18,82,948</u>	25,000	16,72,636
Add: Movement for the year	-	-	-	-
At the end of the year	<u>25,000</u>	<u>18,82,948</u>	<u>25,000</u>	<u>16,72,636</u>
2.02 Reserves and Surplus				
Foreign Exchange Translation Reserves	<u>(2,93,87,764)</u>			7,32,79,684
Surplus / (Deficit) in the Statement of Profit and Loss				
Balance as at the Beginning of the Year	<u>(91,16,26,575)</u>			(80,40,87,649)
Profit / (Loss) for the Year	<u>6,38,41,173</u>			<u>(10,75,38,926)</u>
Balance as at the End of the Year	<u>(84,77,85,402)</u>			<u>(91,16,26,575)</u>
Total Reserves & Surplus	<u>(87,71,73,166)</u>			<u>(83,83,46,891)</u>

Vanco Deutschland GmbH

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

	As at March 31, 2016	Amount in ₹ As at March 31, 2015
2.03 Other Current Liabilities		
Statutory Dues Payable	96,94,068	-
Unearned Income	4,17,01,862	6,23,62,502
Other Liabilities	-	2,00,714
Payable to Related Party (Refer Note No 2.14)	90,57,02,491	83,85,47,783
Provision for SG&A Exp	4,51,675	-
	<u>95,75,50,096</u>	<u>90,11,10,999</u>
2.04 Trade Receivables		
(Unsecured)		
Due for more than Six Months		
Considered Doubtful	-	-
Less : Provision for doubtful debts	-	-
	<u>-</u>	<u>-</u>
Others		
Considered Good	7,68,56,120	4,61,19,571
Considered Doubtful	-	-
Less : Provision for Doubtful debts	-	-
	<u>7,68,56,120</u>	<u>4,61,19,571</u>
2.05 Cash and Bank Balances		
Balance with Banks		
Current Accounts	9,66,556	1,40,10,619
	<u>9,66,556</u>	<u>1,40,10,619</u>
2.06 Short Term Loans and Advances		
Advance Tax and Tax deducted at source (Net of Income Tax Provision)	44,21,735	43,06,554
Receivable from Related Party (Refer Note No. 2.14)	15,467	-
	<u>44,37,202</u>	<u>43,06,554</u>
		Amount in ₹
	For the year ended March 31, 2016	For the year ended March 31, 2015
2.07 Service Revenue and Other Operating Income		
Enterprise Value added Services	27,61,18,760	30,38,62,577
	<u>27,61,18,760</u>	<u>30,38,62,577</u>
2.08 Other Income		
Forex Gain	6,57,08,843	-
	<u>6,57,08,843</u>	<u>-</u>
2.09 Network Operation Expenses		
Network Operation Expenses	2,10,65,839	29,09,61,485
Group Company COGS	24,39,42,122	-
	<u>26,50,07,961</u>	<u>29,09,61,485</u>

Vanco Deutschland GmbH

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

	For the year ended March 31, 2016	Amount in ₹ For the year ended March 31, 2015
2.10 Sales and General Administration Expenses		
Legal Fees	57,319	-
Professional Fees	2,31,591	(1,80,878)
Bank Charges	1,16,575	1,85,302
Other General and Administrative Expenses	1,25,68,000	1,60,23,086
Forex Loss	-	10,44,12,508
Miscellaneous Expenses	4,984	-
	<u>1,29,78,469</u>	<u>12,04,40,018</u>

Note 2.11

BACKGROUND AND ORGANISATION

Vanco Deutschland GmbH is a virtual Network operator. The Company provides enterprise clients with managed network solutions including the design, integration, implementation, security and management of global corporate networks. The Company provides IT Outsourcers enabling the sub-contract of the above service package as part of a wider IT outsourcing solution.

Vanco Deutschland GmbH is asset-light, instead purchasing infrastructure from the hundreds of carriers globally, the company get the best prices for clients, design a solution using the most appropriate technology to meet customers' global requirements, and is 100% focused on delivering the highest quality customer service.

Note 2.12

Earnings per Share

	For the year ended March 31, 2016	Amount In ₹ For the year ended March 31, 2015
Earnings per Share		
A Profit / (Loss) after Tax	63,841,173	(107,538,926)
B Weighted average number of share of each used as denominator for calculating Basic and Diluted EPS	25,000	25,000
C Basic and Diluted Earnings / (Loss) per Share (A/B)	2,554	(4,302)

Note 2.13

Segment Reporting

In accordance with Accounting Standard 17 "Segmental Reporting" issued by the Institute of Chartered Accountants of India. Since 100% of the Company's business is from telecommunication activities, there are no other reportable segments. Thus, the segment revenue, total carrying amount of segment assets, total carrying amount of segment liabilities, total cost incurred to acquire segment assets, total amount of charge of depreciation and amortization during the year are all as is reflected in the Financial Statements as of and for the year ended March 31, 2016.

Note 2.14

Related Party Transactions

In accordance with Accounting Standard 18 "Related Party Disclosures" issued by the Institute of Chartered Accountants of India, the Company's related parties and transactions are disclosed below:

- a. Parties where control exist:
 - i) Reliance Communications Limited
 - ii) Reliance Vanco Group Limited
- b. Enterprises as affiliated companies are:
 - i) Vanco ROW Limited
 - ii) Vanco UK Limited
 - iii) Vanco International Limited

Vanco Deutschland GmbH

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

- iv) VNO Direct Limited
- v) Vanco SAS
- vi) Euronet Spain SA
- vii) Vanco Srl
- viii) Vanco GmbH
- ix) Vanco B.V.
- x) Vanco US LLC
- xi) Vanco Australasia Pty. Limited
- xii) Vanco (Asia Pacific) Pte. Limited
- xiii) Vanco Japan KK
- xiv) Vanco Sweden AB

Independent Auditor's Report

To
The Board of Directors of Vanco Srl

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Vanco Srl ("the Company"), which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India including Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion whether the Company has in place an adequate Internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements read together with the notes thereon give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016 and its profit and its cash flows for the year ended on that date.

Other Reporting Requirements

We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account.

Other Matters

This report is issued for the information and use of the Board of Directors of the Company and of Reliance Communications Limited, the holding company in India to comply with the financial reporting requirements in India and should not be used for any other purposes without our prior written consent.

For Shridhar & Associates
Chartered Accountants
Firm Registration No.: 134427W

Jitendra Sawjany
Partner
Membership No. 050980

Place: Mumbai
Dated: May 27, 2016

Vanco Srl

Balance Sheet as at March 31, 2016

	Note	As at		Amount in ₹
		March 31, 2016	March 31, 2015	As at March 31, 2015
EQUITY AND LIABILITIES				
Shareholders' Funds				
Share Capital	2.01	74,56,474	66,23,638	
Reserves and Surplus	2.02	<u>(7,35,08,414)</u>	<u>(8,88,20,836)</u>	
		(6,60,51,940)		(8,21,97,198)
Current Liabilities				
Trade Payable	2.03	1,81,04,971	2,48,89,012	
Other Current Liabilities	2.04	91,49,21,956	58,07,47,291	
Short Term Provisions	2.05	<u>78,61,685</u>	<u>61,21,044</u>	
		94,08,88,612		61,17,57,347
TOTAL		<u>87,48,36,672</u>		<u>52,95,60,149</u>
ASSETS				
Non Current Assets				
Fixed Assets	2.06			
Tangible assets		3,37,699	9,05,643	
Intangible assets		<u>24,49,94,181</u>	<u>21,76,29,947</u>	
		24,53,31,880		21,85,35,590
Long-term loans and advances	2.07	-	-	1,36,18,501
Current Assets				
Trade receivables	2.08	28,69,90,189	23,00,88,631	
Cash and Cash Equivalent	2.09	4,47,03,988	2,81,54,445	
Short-term loans and advances	2.10	29,18,17,567	3,91,62,982	
Other Current Assets	2.11	<u>59,93,048</u>	<u>-</u>	
		62,95,04,792		29,74,06,058
TOTAL		<u>87,48,36,672</u>		<u>52,95,60,149</u>
Significant Accounting Policies	1			
Notes forming part of Financial Statements	2			

As per our report attached

For and on behalf of the Board

For Shridhar & Associates
Chartered Accountants
Firm Regn. No. 134427W

Andrew Goldie
Janet Troxell } **Directors**

Jitendra Sawjany
Partner
Membership No : 050980

Place : Mumbai
Date : May 27, 2016

Vanco Srl

Statement of Profit and Loss for the year ended March 31, 2016

	Note	For the Year ended March 31, 2016		Amount in ₹ For the Year ended March 31, 2015
INCOME				
Service Revenue and Other Operating Income	2.12	80,56,93,174		71,60,87,565
Other Income	2.13	89,06,673		19,020
TOTAL		81,45,99,847		71,61,06,585
EXPENDITURE				
Network Operation Expenses	2.14	61,16,35,848	50,29,38,167	
Employee benefits expense	2.15	11,09,04,657	14,27,85,038	
Finance Charges	2.16	-	4,12,129	
Depreciation and amortization expense	2.06	14,58,521	34,41,838	
Sales and General Administration Expenses	2.17	6,12,10,708	6,36,41,827	
TOTAL		78,52,09,734		71,32,18,999
PROFIT BEFORE TAX AND EXCEPTIONAL ITEM		2,93,90,113		28,87,586
Profit / (Loss) Before Tax		2,93,90,113		28,87,586
Provision for:				
- Current Tax		98,00,386	70,73,733	
- Tax for earlier years		(57,99,571)	(77,31,870)	
		40,00,815		(6,58,137)
Profit / (Loss) for the Year		2,53,89,298		35,45,723
Basic and Diluted Earning per Share	2.19	256.46		33.58
Significant Accounting Policies	1			
Notes forming part of Financial Statements	2			

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Chartered Accountants
Firm Regn. No. 134427W

Jitendra Sawjany
Partner
Membership No : 050980

Place : Mumbai
Date : May 27, 2016

For and on behalf of the Board

Andrew Goldie
Janet Troxell } **Directors**

Cash Flow Statement for the year ended March 31, 2016

	For the Year ended March 31, 2016	Amount in ₹ For the Year ended March 31, 2015
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax as per Statement of Profit and Loss	2,93,90,113	28,87,586
Adjusted for:		
Provision for Doubtful Debts, Loans & Advances and Bad Debts Written off (Net of Reversal)	6,86,743	15,35,019
Depreciation/ Impairment and Amortisation	14,58,521	34,41,838
Effects of exchange difference on translation of assets & liabilities	(1,65,48,523)	2,57,14,303
Interest Expenses	-	4,12,129
Financial Income	(31,633)	(19,020)
	(1,44,34,892)	3,10,84,269
Operating Profit before Working Capital Changes	1,49,55,221	3,39,71,855
Adjusted for:		
Receivables and other Advances	31,55,49,191	5,89,74,506
Trade Payables	(32,91,31,265)	(8,80,10,354)
	(1,35,82,074)	(2,90,35,848)
Cash Generated from Operations	13,73,147	49,36,007
Tax Refund	1,51,56,813	1,51,31,320
	1,51,56,813	-
Net Cash from Operating Activities	1,65,29,960	2,00,67,327
B CASH FLOW FROM INVESTING ACTIVITIES		
Additions of Fixed Assets and Capital Work in Progress	(12,051)	(24,915)
Financial Income	31,633	19,020
Net Cash Used in Investing Activities	19,582	(5,895)
C CASH FLOW FROM FINANCING ACTIVITIES		
Financial Charges	-	(4,12,129)
Net Cash from Financing Activities	-	(4,12,129)
Net Increase/ (Decrease) in Cash and Cash Equivalents (A + B + C)	1,65,49,542	1,96,49,303
Opening Balance of Cash and Cash Equivalents	2,81,54,446	85,05,142
Closing Balance of Cash and Cash Equivalents	4,47,03,988	2,81,54,445

As per our report attached

For Shridhar & Associates
Chartered Accountants
Firm Regn. No. 134427W

Jitendra Sawjany
Partner
Membership No : 050980

Place : Mumbai
Date : May 27, 2016

For and on behalf of the Board

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Janet Troxell } **Directors**

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b) Revenue Recognition

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e) Accounting for Taxes on Income

Provision for Income Tax is made on the basis of estimated taxable income for the year at current rates after considering exemptions and deductions available under the Income Tax Laws of the respective countries of the subsidiaries. Tax expense comprises of both Current Tax and Deferred Tax at the applicable enacted or substantively enacted rates. Current tax represents the amount of Income Tax payable in respect of the taxable income for the reporting period. Deferred tax represents the effect of timing difference between taxable income and accounting income for the reporting period that originate in one period and are capable of reversal in one or more subsequent periods. The deferred tax asset is recognised and carried forward only to the extent that there is a reasonable certainty that the asset will be realised in future.

f) Fixed Assets

Accounting of Tangible Fixed Assets

All Tangible Fixed Assets is shown at cost less subsequent depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the items.

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Profit & Loss during the financial period in which they are incurred.

Depreciation on assets is calculated using the straight-line method to allocate the cost of each asset to its residual value over its estimated useful life as follows:

Leasehold improvements..... Over the period of the lease

Computer equipment..... 3 to 5 years.

Fixtures, fittings and equipment..... 3 to 5 years.

Motor Vehicles..... 5 years.

Major renovations are depreciated over the remaining useful life of the related asset or to the date of the next major renovation, whichever is sooner.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement. Borrowing costs incurred for the construction of any qualifying assets are capitalized during the period of time that is required to complete and prepare the asset for its intended use.

Intangible Assets

Computer software acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives (three to five years). Costs that are directly associated with the production of identifiable and unique software products controlled by the Group and that will probably generate economic benefits exceeding costs beyond one year, are recognized as intangible assets. Direct costs include the costs of software development employees and an appropriate portion of relevant overheads. Computer software development costs recognized as assets are amortized over their estimated useful lives (not exceeding five years).

License fees are fully amortised in the year of purchase.

Goodwill arising on consolidation or acquisition is not amortised but is tested for impairment.

g) Foreign Currency Translation

Initial Recognition

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Subsequent Recognition

As at the reporting date, non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. All non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined. All monetary assets and liabilities in foreign currency are restated at the end of accounting period.

h) Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised when the company has legal and constructive obligation as a result of past events which it is probable that a cash outflow will be required and a reliable estimate can be made of the amount of obligation.

Contingent Liabilities are disclosed when the company has possible or present obligation and it is probable that a cash flow will not be required to settle the obligation. Contingent Assets are neither recognised nor disclosed in the financial statements.

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

	As at March 31, 2016	Amount in ₹ As at March 31, 2015		
Note 2.01				
Share Capital				
Authorised				
99,000 (99,000) Ordinary shares of Euro 1 each	74,56,474	66,23,638		
	74,56,474	66,23,638		
Issued, Subscribed and Paid up				
99,000 (99,000) Ordinary shares of Euro 1 each fully paid up	74,56,474	66,23,638		
	74,56,474	66,23,638		
a) Ordinary Shares held by Holding Company and subsidiary of Holding Company				
	No. of shares	No. of shares		
Reliance Vanco Group Limited	99,000	99,000		
b) Details of Shares held by shareholders holding more than 5% of the aggregate shares in the Company				
Particulars	% of Holding	No. of shares	% of Holding	No. of shares
Reliance Vanco Group Limited	100	99,000	100	99,000
c) Terms/Rights attached to the shares				
The Company has Ordinary Shares (shares) having a par value of Euro 1 each per share. Each holder of shares is entitled to one vote per share. In the event of liquidation of the Company, the holder of shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of shares held by the shareholder.				
d) Reconciliation of shares outstanding at the beginning and at the end of the year				
	No of Shares	Amount ₹	No of Shares	Amount ₹
Ordinary Shares				
Balance as at the beginning of the year	99,000	74,56,474	99,000	66,23,638
Add: Movement for the year	-	-	-	-
At the end of the year	99,000	74,56,474	99,000	66,23,638
Note 2.02				
Reserves and Surplus				
Foreign Currency Translation Reserve	(53,97,832)	98,99,183		
Other Reserves	4,67,36,464	4,15,16,325		
Surplus / (Deficit) - Opening Balance	(14,02,36,344)	(14,37,82,067)		
Add: Profit / (Loss) for the Year	2,53,89,298	35,45,723		
Surplus / (Deficit) - Closing Balance	(11,48,47,046)	(14,02,36,344)		
	(7,35,08,414)	(8,88,20,836)		
Note 2.03				
Trade Payables				
Others	1,81,04,971	2,48,89,012		
	1,81,04,971	2,48,89,012		

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

	As at March 31, 2016	Amount in ₹ As at March 31, 2015
Note 2.04		
Other Current Liabilities		
Unearned Income	14,12,47,508	13,51,40,771
Payable to Related Parties (Refer Note No. 2.21)	59,27,86,100	-
Other Liabilities	18,08,88,349	44,56,06,520
	<u>91,49,21,956</u>	<u>58,07,47,291</u>
Note 2.05		
Short term Provisions		
Provision for Income Tax	78,61,685	61,21,044
	<u>78,61,685</u>	<u>61,21,044</u>

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

Particulars	Gross Block						Depreciation				Net Block	
	As at April 01, 2015	Additions during the year	Deductions/adjustments	Forex	As at Mar 31, 2016	As at April 01, 2015	Forex	For the year/	Deductions/Adjustments	As at Mar 31, 2016	As at Mar 31, 2016	As at March 31, 2015
Tangible Assets												
Computer Equipments	8,20,121	12,051	-	1,03,120	9,35,292	6,97,341	90,120	54,331	-	8,41,791	93,500	1,22,780
Network Assets	9,15,82,464	-	-	1,15,16,400	10,30,98,864	9,08,25,788	1,06,53,552	13,89,433	-	10,28,68,773	2,30,091	7,56,676
Furniture & Fixtures	9,15,567	-	-	1,15,121	10,30,687	8,89,381	1,12,442	14,757	-	10,16,580	14,108	26,187
Sub Total	9,33,18,152	12,051	-	1,17,34,640	10,50,64,843	9,24,12,510	1,08,56,113	14,58,521	-	10,47,27,144	3,37,699	9,05,643
Previous Year	10,06,53,905	24,915	-	(73,60,667)	9,33,18,152	9,64,89,723	(75,19,052)	34,41,838	-	9,24,12,510	9,05,643	
Intangible Assets												
Softwares and Licenses	12,68,251	-	-	-	12,68,251	12,68,251	-	-	-	12,68,251	-	-
Indefeasible Right of Connectivity	7,86,72,080	-	-	-	7,86,72,080	7,86,72,080	-	-	-	7,86,72,080	-	-
Goodwill	21,76,29,947	-	-	2,73,64,234	24,49,94,181	-	-	-	-	-	24,49,94,181	21,76,29,947
Sub Total	29,75,70,278	-	-	2,73,64,234	32,49,34,512	7,99,40,331	-	-	-	7,99,40,331	24,49,94,181	21,76,29,947
Previous Year	32,61,51,069	-	-	(2,85,80,791)	29,75,70,279	9,13,40,478	(1,14,00,146)	-	-	7,99,40,331	21,76,29,947	
Grand Total	39,08,88,430	12,051	-	3,90,98,875	42,99,99,355	17,23,52,841	1,08,56,113	14,58,521	-	18,46,67,475	24,53,31,880	21,85,35,590
Previous Year	42,68,04,973	24,915	-	(3,59,41,457)	39,08,88,430	18,78,30,201	(1,89,19,198)	34,41,838	-	17,23,52,841	21,85,35,590	

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

	As at March 31, 2016	Amount in ₹ As at March 31, 2015
Note 2.07		
Long term loans and Advances		
Prepaid Expenses	-	1,36,18,501
	-	1,36,18,501
Note 2.08		
Trade Receivable (Unsecured)		
Due for More than Six months		
Considered Good	-	-
Considered Doubtful	33,91,871	44,78,975
	33,91,871	44,78,975
Less: Provision for doubtful debts	33,91,871	44,78,975
	-	-
Others		
Considered Good	28,69,90,189	23,00,88,631
Considered Doubtful	23,67,921	1,230
	28,93,58,110	23,00,89,861
Less: Provision for doubtful debts	23,67,921	1,230
	28,69,90,189	23,00,88,631
Note 2.09		
Cash and Cash Equivalent		
Cash on hand	19,124	34,006
Balance with Banks		
- Current Accounts	4,46,84,864	2,81,20,439
	4,47,03,988	2,81,54,445
Note 2.10		
Short-term loans and advances		
(Advances Recoverable in Cash or Kind or for Value to be Received)		
Prepaid Expenses	2,69,04,158	2,54,16,571
Advance Tax and Tax deducted at source	1,10,78,169	97,80,673
Deposits	44,64,378	39,65,738
Receivables from Related Parties (Refer Note No. 2.21)	16,23,65,745	-
Others	8,70,05,117	-
	29,18,17,567	3,91,62,982
Note 2.11		
Other Current Assets		
Unbilled Debtors	59,93,048	-
	59,93,048	-

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

	For the Year ended March 31, 2016	Amount in ₹ For the Year ended March 31, 2015
Note 2.12		
Service Revenue and Other Operating Income		
Enterprise Value Added Services	75,56,84,795	64,64,57,236
Lease Capacity Services	2,72,53,424	2,74,34,129
Operation and Maintenance Charges	2,27,54,955	4,21,96,200
	<u>80,56,93,174</u>	<u>71,60,87,565</u>
Note 2.13		
Other Income		
Interest Income	31,633	19,020
Foreign Exchange Fluctuation Gain	80,81,886	-
Miscellaneous Income	7,93,154	-
	<u>89,06,673</u>	<u>19,020</u>
Note 2.14		
Network Operation Expenses		
Other Network Operating Expenses	61,16,35,848	50,29,38,167
	<u>61,16,35,848</u>	<u>50,29,38,167</u>
Note 2.15		
Employee benefits expense		
Salaries	10,38,01,674	13,38,46,735
Contribution to Provident, Gratuity and Superannuation Fund	61,56,487	82,36,654
Employee Welfare and Other Amenities	9,46,496	7,01,649
	<u>11,09,04,657</u>	<u>14,27,85,038</u>
Note 2.16		
Finance Charges		
Other Financial Cost	-	4,12,129
	<u>-</u>	<u>4,12,129</u>
Note 2.17		
Sales and General Administration Expenses		
Rent	73,73,442	78,96,205
Insurance	-	5,34,353
Rates & Taxes	65,68,044	64,36,633
Legal Fees	12,91,713	20,10,346
Professional Fees	46,49,225	51,28,120
Travelling	42,75,830	40,08,939
Communication	5,77,077	5,48,927
Bank Charges	5,59,758	2,05,906
Provision for Doubtful Debts, Loans and Advances	6,86,743	15,35,019
Selling and Marketing	-	3,78,082
Other Repairing	3,09,363	2,07,565
Foreign Exchange Fluctuation Loss	-	2,64,56,993
Miscellaneous	3,49,19,513	82,94,739
	<u>6,12,10,708</u>	<u>6,36,41,827</u>
	<u>6,12,10,708</u>	<u>6,36,41,827</u>

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

Note 2.18

BACKGROUND AND ORGANISATION

Vanco Srl is a virtual Network operator. The Company provides enterprise clients with managed network solutions including the design, integration, implementation, security and management of global corporate networks. The Company provides IT Outsourcers enabling the sub-contract of the above service package as part of a wider IT outsourcing solution.

Vanco Srl is asset-light, instead purchasing infrastructure from the hundreds of carriers globally, the company get the best prices for clients, design a solution using the most appropriate technology to meet customers' global requirements, and is 100% focused on delivering the highest quality customer service.

Note 2.19

Earnings Per Share

Amount in ₹ except number of shares

Earnings per Share	For the year ended March 31, 2016	For the year ended March 31, 2015
A Profit / (Loss) after Tax and minority interest	25,389,298	3,545,723
B Weighted average number of share of Euro 1 each used as denominator for calculating Basic and Diluted EPS	99,000	99,000
C Basic and Diluted Earnings / (Loss) per Share before Exceptional items (E/G)	256.46	33.58

Note 2.20

Segment Reporting

In accordance with Accounting Standard 17 "Segmental Reporting" issued by the the Institute of Chartered Accountants of India. Since 100% of the Company's business is from telecommunication activities, there are no other primary reportable segments. Thus, the segment revenue, total carrying amount of segment assets, total carrying amount of segment liabilities, total cost incurred to acquire segment assets, total amount of charge of depreciation and amortization during the period are all as is reflected in the Financial Statements as of and for the year ended March 31, 2016.

Note 2.21

Related Party Transactions

In accordance with Accounting Standard 18 "Related Party Disclosures" issued by the Institute of Chartered Accountants of India, the company's related parties and transactions are disclosed below:

- a. Parties where control exist:
 - i) Reliance Communications Limited
 - ii) Reliance Vanco Group Limited
 - iii) Reliance Flag Telecom Ireland Limited
- b) Enterprises as affiliated companies are:
 - i) Vanco ROW Limited
 - ii) Vanco UK Limited
 - iii) Vanco Global Limited
 - iv) Vanco International Limited
 - v) VNO Direct Limited
 - vi) Vanco SAS
 - vii) Euronet Spain SA
 - viii) Vanco Asiapacific
 - ix) Vanco GmbH
 - x) Vanco Deutschland GmbH
 - xi) Vanco Switzerland A.G.
 - xii) Vanco B.V.
 - xiii) Vanco Benelux BV
 - xiv) Vanco NV
 - xv) Vanco US LLC
 - xvi) Vanco Solutions Inc.
 - xvii) Vanco Australasia Pty. Limited
 - xviii) Vanco Japan KK
 - xix) Vanco (Shanghai) Co. Ltd.
 - xx) Vanco Sp Zoo
 - xxi) Vanco Sweden AB
 - xxii) Vanco South America Ltda
 - xxiii) Vanco EpE
 - xxiv) Net Direct SA (Proprietary) Limited

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

c Summarized below are the transactions entered into with related parties:

Amount in ₹

Name of the Entity	During the Year 2015-2016		During the Year 2014-2015		Year End Balances as on 31.03.2016		Year End Balances as on 31.03.2015	
	Service Income	Network Operating Expenses	Service Income	Network Operating Expenses	Short-term loans and advances	Other Current Liabilities	Trade Receivables	Other Current Liabilities
Reliance Flag Telecom Ireland Limited	-	52,710,621	-	51,457,581	-	528,159,709	-	396,549,325
Reliance Vanco Group Limited	-	37,619,193	9,284,091		156,741,938	-	-	-
Vanco UK Limited	10,386,698	175,133,310	12,706,793	81,825,784	-	45,468,170	33,536,342	-
Vanco (Asia Pacific) Pte. Limited	-	17,512,524	-	11,891,570	-	3,522,755	-	-
Vanco Sweden AB		253,456	-	1,008,551	-	194,223	-	-
Vanco GmbH	15,593,632	19,060,851	22,783,390	16,147,433	-	1,794,606	-	-
Vanco Deutschland GmbH	1,204,616	-	3,051,895	-	163,804	-	-	-
Vanco BV	13,043,700	11,406,178	14,936,985	4,401,411	569,565	-	-	-
Euronet Spain SA	-	19,089,416	-	16,618,706	-	3,198,421	-	-
Vanco SAS	17,739,680	17,745,912	23,624,520	-	3,680,474	-	-	-
Vanco Australasia Pty Limited	-	34,002,000	-	11,891,570	-	5,748,031	-	-
Vanco NV	-	5,561,679	-	8,831,409	-	1,024,119	-	-
Vanco Japan KK	-	2,950,473	-	4,888,658	-	556,090	-	-
Vanco Solutions Inc.	6,390,525	-	6,869,376	-	1,192,132	-	-	-
Vanco US LLC	3,336,673	15,064,114	3,338,681	9,878,547	-	558,061	-	-
Vanco International Limited	-	3,907,310	-	2,917,352	-	536,089	-	-
Vanco Global Limited	112,429	-	148,055	-	17,832	-	-	-
Vanco ROW Limited	-	13,499,168	-	10,667,624	-	2,025,826	-	-

Note 2.22

The previous year's figures have been reworked, regrouped, rearranged and reclassified wherever necessary

Note 2.23

The amounts relating to Balance Sheet items appearing in Indian Rupees have been translated at Closing Rate of 1 GBP = INR 95.473 (Previous year 1 GBP = INR 92.47) and items relating to profit and loss have been translated at average rate of 1 GBP = INR 98.6808 and (Previous year 1 GBP = INR 98.62). The amounts have been converted in INR to comply with the financial reporting requirement in India

As per our report attached

For and on behalf of the Board

For Shridhar & Associates

Chartered Accountants
Firm Regn. No. 134427W

Andrew Goldie

Janet Troxell

} **Directors**

Jitendra Sawjany

Partner

Membership No : 050980

Place : Mumbai

Date : May 27, 2016

Independent Auditor's Report

To
The Board of Directors of Vanco B.V.

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Vanco B.V. ("the Company"), which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India including Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion whether the Company has in place an adequate Internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements read together with the notes thereon give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016 and its profit and its cash flows for the year ended on that date.

Other Reporting Requirements

We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account.

Other Matters

This report is issued for the information and use of the Board of Directors of the Company and of Reliance Communications Limited, the holding company in India to comply with the financial reporting requirements in India and should not be used for any other purposes without our prior written consent.

For Shridhar & Associates
Chartered Accountants
Firm Registration No.: 134427W

Jitendra Sawjany
Partner
Membership No. 050980

Place: Mumbai
Dated: May 27, 2016

Vanco B.V.

Balance Sheet as at March 31, 2016

	Note No.	As at March 31, 2016	Amount in ₹ As at March 31, 2015
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2.01	15,06,358	13,38,109
Reserves and Surplus	2.02	<u>(54,08,66,723)</u>	<u>(50,39,86,645)</u>
		(53,93,60,365)	(50,26,48,536)
Current Liabilities			
Trade Payable	2.03	17,47,725	1,03,44,566
Other Current Liabilities	2.04	<u>87,75,49,353</u>	<u>71,11,81,870</u>
		87,92,97,078	72,15,26,436
TOTAL		<u>33,99,36,713</u>	<u>21,88,77,900</u>
ASSETS			
Non Current Assets			
Fixed Assets	2.05		
Intangible Assets		20,540	
Tangible Assets		<u>48,640</u>	<u>-</u>
		69,180	-
Non Current Investments	2.06	32,48,720	28,85,860
Current Assets			
Trade receivables	2.07	14,96,63,808	16,52,71,296
Cash and Cash Equivalent	2.08	5,42,76,178	4,60,84,655
Short-term loans and advances	2.09	13,19,94,447	46,36,089
Other Current Assets	2.10	<u>6,84,380</u>	<u>-</u>
		33,66,18,813	21,59,92,040
TOTAL		<u>33,99,36,713</u>	<u>21,88,77,900</u>
Significant Accounting Policies	1		
Notes forming part of Financial Statements	2		

As per our report attached

For Shridhar & Associates
Chartered Accountants
Firm Regn. No. 134427W

Jitendra Sawjany
Partner
Membership No : 050980

Place : Mumbai
Date : May 27, 2016

For and on behalf of the Board

Andrew Goldie
Janet Troxell } **Directors**

Vanco B.V.

Statement of Profit and Loss for the year ended March 31, 2016

	Note No.	For the Year ended March 31, 2016	Amount in ₹ For the Year ended March 31, 2015
INCOME			
Service Revenue and Other Operating Income	2.11	68,76,85,398	81,12,94,828
Other Income	2.12	2,84,19,980	26,56,035
TOTAL		71,61,05,378	81,39,50,863
EXPENDITURE			
Network Operation Expenses	2.13	51,51,22,935	62,77,25,035
Employee benefits expense	2.14	10,47,57,014	8,78,03,951
Finance Charges	2.15	19,23,620	-
Depreciation and amortization expense	2.05	27,676	-
Sales and General Administration Expenses	2.16	6,88,60,563	15,03,77,288
TOTAL		69,06,91,808	86,59,06,274
Profit / (Loss) Before Tax		2,54,13,570	(5,19,55,411)
Provision for:			
- Current Tax		-	-
Profit / (Loss) for the Year		2,54,13,570	(5,19,55,411)
Earning per Share (Basic and Diluted)	2.18	12.71	(25.98)
Significant Accounting Policies	1		
Notes forming part of Financial Statements	2		

As per our report attached

For Shridhar & Associates
Chartered Accountants
Firm Regn. No. 134427W

Jitendra Sawjany
Partner
Membership No : 050980

Place : Mumbai
Date : May 27, 2016

For and on behalf of the Board

Andrew Goldie
Janet Troxell } **Directors**

Vanco B.V.

Cash Flow Statement for the year ended March 31, 2016

	For the Year ended March 31, 2016	Amount in ₹ For the Year ended March 31, 2015
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit /(Loss) before tax as per Statement of Profit and Loss	2,54,13,570	(5,19,55,411)
Adjusted for:		
Provision for Doubtful Debts	56,08,693	4,08,040
Depreciation/ Impairment and Amortisation	27,676	-
Effects of exchange difference on translation of assets & liabilities	(6,80,95,763)	4,33,33,481
Finance Charges	19,23,620	-
Interest income	(2,84,19,980)	(26,56,035)
	<u>(8,89,55,754)</u>	<u>4,10,85,486</u>
Operating Profit / (Loss) before Working Capital Changes	(6,35,42,184)	(1,08,69,925)
Adjusted for:		
Receivables and other Advances	(11,24,35,250)	(1,10,76,777)
Trade Payables	15,77,70,643	(5,94,61,720)
	<u>4,53,35,393</u>	<u>(7,05,38,497)</u>
Net Cash from / (used in) Operating Activities	<u>(1,82,06,791)</u>	<u>(8,14,08,422)</u>
B CASH FLOW FROM INVESTING ACTIVITIES		
Additions of Fixed Assets and Capital Work in Progress	(98,046)	-
Financial Income	2,84,19,980	26,56,035
Net Cash from / (used in) Investing Activities	<u>2,83,21,934</u>	<u>26,56,035</u>
C CASH FLOW FROM FINANCING ACTIVITIES		
Financial Charges	(19,23,620)	-
Net Cash from / (used in) Financing Activities	<u>(19,23,620)</u>	<u>-</u>
Net Increase/ (Decrease) in Cash and Cash Equivalents (A+B+C)	81,91,523	(7,87,52,387)
Opening Balance of Cash and Cash Equivalents	4,60,84,655	12,48,37,042
Closing Balance of Cash and Cash Equivalents	<u>5,42,76,178</u>	<u>4,60,84,655</u>

As per our report attached

For Shridhar & Associates
Chartered Accountants
Firm Regn. No. 134427W

Jitendra Sawjany
Partner
Membership No : 050980

Place : Mumbai
Date : May 27, 2016

For and on behalf of the Board

Andrew Goldie
Janet Troxell } **Directors**

Note 1

SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation of Financial Statements

The financial statements are prepared under historical cost convention, in accordance with the generally accepted accounting principles (GAAP) in India and Comply with Accounting Standard specified under Section 133 of the Companies Act, 2013 ("the Act") read with Rule 7 of the Companies (Accounts) Rules, 2014 and other provisions of the Act, to the extent notified and applicable as well as applicable guidance note and pronouncements of the Institute of Chartered Accountants of India (the ICAI).

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Schedule III to the Companies Act, 2013. Based on the nature of the services and their realisation in cash & cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current or non-current classification of assets and liabilities.

Financial Statements have been prepared on going concern basis and financial support as may be required, shall be extended by associates and/or parent company.

b) Revenue Recognition

A network contract typically covers the design, supply and installation of the network and thereafter the provision of Packaged Network Solutions. Turnover relating to the initial part of the contract is recognized over the contract implementation period. The remainder of the contract value is recognized evenly over the period of the contract.

To the extent that the recognition differs from the contractual billing terms, either turnover is accrued or amounts billed in advance are treated as deferred income.

c) Employee Benefits

Pension Obligations

Group companies operate employees' personal pension schemes. The schemes are funded through payments to insurance companies as defined contribution plans.

The group has no legal or constructive obligations to pay further contribution if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The contributions are recognized as employee benefit expense when they are due.

Bonus Plans

The Group recognizes a liability and an expense for bonuses. The Group recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Commissions

Commissions' payable to staff on securing new contracts which are directly attributable to the contract, are recognized as a period cost as and when incurred.

d) Use of Estimates

The presentation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the consolidated financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known / materialised.

e) Accounting for Taxes on Income

Provision for Income Tax is made on the basis of estimated taxable income for the year at current rates after considering exemptions and deductions available under the Income Tax Laws of the respective countries of the subsidiaries. Tax expense comprises of both Current Tax and Deferred Tax at the applicable enacted or substantively enacted rates. Current tax represents the amount of Income Tax payable in respect of the taxable income for the reporting period. Deferred tax represents the effect of timing difference between taxable income and accounting income for the reporting period that originate in one period and are capable of reversal in one or more subsequent periods. The deferred tax asset is recognised and carried forward only to the extent that there is a reasonable certainty that the asset will be realised in future.

f) Fixed Assets

Accounting of Tangible Fixed Assets

All Tangible Fixed Assets is shown at cost less subsequent depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Profit & Loss during the financial period in which they are incurred.

Depreciation on assets is calculated using the straight –line method to allocate the cost of each asset to its residual value over its estimated useful life as follows:

Leasehold improvements..... Over the period of the lease

Computer equipment..... 3 to 5 years.

Fixtures, fittings and equipment.....3 to 5 years.

Motor Vehicles..... 5 years.

Major renovations are depreciated over the remaining useful life of the related asset or to the date of the next major renovation, whichever is sooner.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement. Borrowing costs incurred for the construction of any qualifying assets are capitalized during the period of time that is required to complete and prepare the asset for its intended use.

Intangible Assets

Computer software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives (three to five years).

Costs that are directly associated with the production of identifiable and unique software products controlled by the Group and that will probably generate economic benefits exceeding costs beyond one year, are recognized as intangible assets. Direct costs include the costs of software development employees and an appropriate portion of relevant overheads.

Computer software development costs recognized as assets are amortized over their estimated useful lives (not exceeding five years).

g) Foreign Currency Translation

Initial Recognition

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Subsequent Recognition

As at the reporting date, non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. All non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined. All monetary assets and liabilities in foreign currency are restated at the end of accounting period

h) Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised when the company has legal and constructive obligation as a result of past events which it is probable that a cash outflow will be required and a reliable estimate can be made of the amount of obligation.

Contingent Liabilities are disclosed when the company has possible or present obligation and it is probable that a cash flow will not be required to settle the obligation. Contingent Assets are neither recognised nor disclosed in the financial statements.

g) Commitment, Contingencies and Litigations

Bank guarantee have been given to third party:

- For office rental in Holland for approximately ₹ 44,000 (Previous Year: ₹ 44,000).

Vanco B.V.

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

	As at March 31, 2016	Amount in ₹ As at March 31, 2015		
Note 2.01				
Share Capital				
Authorised				
4,000,000 (4,000,000) Ordinary – A Shares of ₹ 0.01 and	67,78,613	60,21,489		
4,000,000 (4,000,000) Ordinary – B Shares of ₹ 0.01 and				
1,000,000 (1,000,000) Ordinary – C Shares of ₹ 0.01				
	<u>67,78,613</u>	<u>60,21,489</u>		
Issued, Subscribed and Paid up				
2,000,000 (2,000,000) ordinary A shares of ₹ 0.01 per share	15,06,358	13,38,109		
	<u>15,06,358</u>	<u>13,38,109</u>		
a) Shares held by Holding Company and subsidiary of Holding Company				
	No. of shares	No. of shares		
Reliance Vanco Group Limited	20,00,000	20,00,000		
	<u>20,00,000</u>	<u>20,00,000</u>		
b) Details of shareholders holding more than 5% of the aggregate shares in the Company				
Particulars	% of Holding	No. of shares	% of Holding	No. of shares
Reliance Vanco Group Limited	100	20,00,000	100	20,00,000
c) Terms/Rights attached to the shares				
The Company has Ordinary A Shares having a par value of EUR 0.01 per share. Each holder of shares is entitled to one vote per share. In the event of liquidation of the Company, the holder of shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of shares held by the shareholder.				
d) Reconciliation of shares outstanding at the beginning and at the end of the year				
	No. of shares	Amount	No. of shares	Amount
Ordinary A Shares				
Balance as at the beginning of the year	20,00,000	15,06,358	20,00,000	13,38,109
Add: Movement for the year	-	-	-	-
At the end of the year	<u>20,00,000</u>	<u>15,06,358</u>	<u>20,00,000</u>	<u>13,38,109</u>
Note 2.02				
Reserves and Surplus				
Foreign Currency Translation Reserve	(2,39,80,499)		4,69,12,969	
Securities Premium Account	7,69,95,113		6,83,95,293	
Surplus / (Deficit) – Opening Balance	(61,92,94,907)		(56,73,39,496)	
Add: Profit / (Loss) for the Year	2,54,13,570		(5,19,55,411)	
Surplus / (Deficit) – Closing Balance	(59,38,81,337)		(61,92,94,907)	
Total Reserves and Surplus	(54,08,66,723)		(50,39,86,645)	
Note 2.03				
Trade Payables				
Trade Payables	17,47,725		1,03,44,566	
	<u>17,47,725</u>		<u>1,03,44,566</u>	
Note 2.04				
Other Current Liabilities				
Payable to Related Parties (Refer Note No 2.20)	55,64,61,496		54,24,34,198	
Unearned Income	13,73,24,503		10,92,78,326	
Other Liabilities	18,37,63,354		5,94,69,347	
	<u>87,75,49,353</u>		<u>71,11,81,870</u>	

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

Note No 2.05
Fixed Assets and Depreciation

Particulars	Gross Block			Depreciation		Net Block	
	As at April 01, 2015	As at April 01, 2015	As at April 01, 2015	For the year	As at March 31, 2016	As at March 31, 2016	As at April 01, 2015
	As at April 01, 2015	As at April 01, 2015	As at April 01, 2015	For the year	As at March 31, 2016	As at March 31, 2016	As at April 01, 2015
Tangible Assets							
Computer Equipment	21,74,258	21,74,258	21,74,258	5,316	24,53,187	14,414	-
Office Equipments	-	-	-	13,677	14,264	34,226	-
Sub Total	21,74,258	21,74,258	21,74,258	18,992	24,67,451	48,640	-
Previous Year	23,45,786	23,45,786	(1,71,528)	-	21,74,258	-	-
Intangible Assets							
Software	-	-	-	373	9,057	20,540	-
Sub Total	-	-	-	373	9,057	20,540	-
Previous Year	-	-	-	-	-	-	-
Grand Total	21,74,258	21,74,258	21,74,258	27,676	24,76,508	69,180	-
Previous Year	23,45,786	23,45,786	(1,71,528)	-	21,74,258	-	-

Vanco B.V.

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

	As at March 31, 2016	Amount in ₹ As at March 31, 2015
Note 2.06		
Non Current Investments		
Trade Investment (Valued at Cost)		
Unquoted, fully paid up		
Investment in Subsidiary Company	32,48,720	28,85,860
40,000(40,000) Ordinary shares of Vanco Benelux B.V	<u>32,48,720</u>	<u>28,85,860</u>
Note 2.07		
Trade Receivables		
(Unsecured)		
Due for More than Six months		
Considered Good	6,84,565	19,71,604
Considered Doubtful	<u>1,14,76,418</u>	<u>19,76,701</u>
	<u>1,21,60,983</u>	39,48,304
Less: Provision for doubtful debts	<u>1,14,76,418</u>	<u>19,76,701</u>
	6,84,565	19,71,604
Others		
Considered Good	14,89,79,244	15,90,49,170
Considered Doubtful	<u>4,61,618</u>	<u>76,82,092</u>
	<u>14,94,40,861</u>	16,67,31,262
Less: Provision for doubtful debts	<u>4,61,618</u>	<u>34,31,570</u>
	<u>14,96,63,808</u>	16,52,71,296
	<u>14,96,63,808</u>	<u>16,52,71,296</u>
Note 2.08		
Cash and Cash Equivalent		
Balance with Banks		
- Current Accounts	<u>5,42,76,178</u>	4,60,84,655
	5,42,76,178	4,60,84,655
Note 2.09		
Short-term Loans and Advances		
(Unsecured, Considered good - unless stated otherwise)		
Advance to Vendors	12,15,69,976	26,11,700
Receivable from Related Parties(Refer Note No 2.20)	57,97,632	-
Prepaid Expenses	-	15,14,744
Deposits	38,87,715	5,09,645
Others Loan & Advances	<u>7,39,124</u>	-
	<u>13,19,94,447</u>	<u>46,36,089</u>
Note 2.10		
Other Current Assets		
Unbilled Debtors	6,84,380	-
	<u>6,84,380</u>	<u>-</u>

	Amount in ₹	
	For the Year ended March 31, 2016	For the Year ended March 31, 2015
Note 2.11		
Service Revenue and Other Operating Income		
Enterprise Value Added Services	68,76,85,398	81,12,94,828
	68,76,85,398	81,12,94,828
Note 2.12		
Other Income		
Interest Income	3,203	26,56,035
Foreign Exchange Fluctuation Gain	2,84,16,777	-
	2,84,19,980	26,56,035
Note 2.13		
Network Operation Expenses		
Other Network Operating Expenses	51,51,22,935	62,77,25,035
	51,51,22,935	62,77,25,035
Note 2.14		
Employee Benefits Expense		
Salaries	10,47,57,014	8,77,47,283
Employee Welfare and Other Amenities	-	56,668
	10,47,57,014	8,78,03,951
Note 2.15		
Finance Charges		
Interest and Financial Charges	19,23,620	-
	19,23,620	-
Note 2.16		
Sales and General Administration Expenses		
Rent	55,16,676	53,80,614
Insurance	3,90,121	25,61,968
Rates & Taxes	1,28,432	-
Professional Fees	28,97,232	1,90,65,249
Travelling	1,65,09,359	1,31,36,576
Communication	22,83,553	42,23,261
Bank Charges	4,26,230	5,30,782
Provision for Doubtful Debts, Loans and Advances	56,08,693	4,08,040
Selling and Marketing	28,69,272	12,45,721
Foreign Exchange Fluctuation Loss	-	5,54,28,205
Business Support Charges	2,70,45,616	3,87,53,755
Other General and Administrative Expenses	36,68,879	71,02,855
	6,73,44,063	14,78,37,027
Payment to Auditors	15,16,500	25,40,261
	6,88,60,563	15,03,77,288

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

Note 2.17

BACKGROUND AND ORGANISATION

Vanco BV is a virtual Network operator. The Company provides enterprise clients with managed network solutions including the design, integration, implementation, security and management of global corporate networks. The Company provides IT Outsourcers enabling the sub-contract of the above service package as part of a wider IT outsourcing solution.

Vanco BV is asset-light, instead purchasing infrastructure from the hundreds of carriers globally, the company get the best prices for clients, design a solution using the most appropriate technology to meet customers' global requirements, and is 100% focused on delivering the highest quality customer service.

Note 2.18

Earnings per Share

Amount in ₹ except number of shares

Earnings per Share	For the year ended March 31, 2016	For the year ended March 31, 2015
A Profit / (Loss) after Tax	25,413,570	(51,955,411)
B Weighted average number of share of Euro 0.01 each used as denominator for calculating Basic and Diluted EPS	2,000,000	2,000,000
C Basic and Diluted Earnings / (Loss) per Share after Exceptional items (A/B)	12.71	(25.98)

Note 2.19

Segment Reporting

In accordance with Accounting Standard 17 "Segmental Reporting" issued by the Council of the Institute of Chartered Accountants of India. Since 100% of the Company's business is from telecommunication activities, there are no other primary reportable segments. Thus, the segment revenue, total carrying amount of segment assets, total carrying amount of segment liabilities, total cost incurred to acquire segment assets, total amount of charge of depreciation and amortization during the period are all as is reflected in the Financial Statements as of and for the year ended March 31, 2016.

Note 2.20

Related Party Transactions

In accordance with Accounting Standard 18 "Related Party Disclosures" issued by the Institute of Chartered Accountants of India, the company's related parties and transactions are disclosed below:

- a. Parties where control exist:
 - i) Reliance Communications Limited
 - ii) Reliance Vanco Group Limited
- b) Enterprises as affiliated companies are:
 - i) Vanco ROW Limited
 - ii) Vanco UK Limited
 - iii) Vanco Global Limited
 - iv) Vanco International Limited
 - v) Vanco SAS
 - vi) Euronet Spain SA
 - vii) Vanco Srl
 - viii) Vanco GmbH
 - ix) Vanco Deutschland GmbH
 - x) Vanco Benelux BV
 - xi) Vanco NV
 - xii) Vanco US LLC
 - xiii) Vanco Solutions Inc.
 - xiv) Vanco Australasia Pty. Limited
 - xv) Vanco (Asia Pacific) Pte. Limited
 - xvi) Vanco Japan KK
 - xvii) Vanco Sweden AB
 - xviii) Reliance Flag Telecom Ireland Limited
 - xix) Reliance Globalcom Limited, Bermuda

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

c) Summarized below are the transactions entered into with related parties:

Entity Name	During the Year 2015-2016		During the Year 2014-2015		Year End Balances as on 31.03.2016		Year End Balances as on 31.03.2015
	Service Income	Network Expenses & Overhead recharge	Service Income	Network Expenses & Overhead recharge	Short-term loans and advances	Other Current Liabilities	
Reliance Vanco Group Limited	-	1,60,55,662	-	9,52,85,856	-	34,48,31,195	54,24,34,198
Reliance FLAG Telecom Ireland Limited	-	-	-	-	-	54,82,300	-
Reliance Globalcom Limited, Bermuda	-	-	-	-	-	16,87,67,014	-
Vanco UK Limited	2,15,36,670	12,10,22,264	1,07,34,590	11,95,02,307	-	1,53,37,184	-
Vanco International Limited	91,19,206	17,91,422	1,36,68,140	22,67,874	13,71,777	-	-
Vanco Global Limited	24,01,965	-	26,55,442	-	4,76,490	-	-
Vanco ROW Limited	-	58,38,019	-	63,99,088	-	6,21,701	-
Vanco Deutschland GmbH	4,69,733	-	43,886	-	78,529	-	-
Vanco GmbH	1,98,02,773	4,44,56,806	1,93,13,149	5,14,41,399	-	50,37,442	-
Vanco SAS	1,73,53,772	4,11,58,998	1,79,75,763	-	26,41,119	-	-
Vanco US LLC	27,71,582	1,89,16,133	41,30,699	2,75,81,002	-	27,62,527	-
Vanco Solutions Inc	71,43,374	-	26,75,955	-	12,29,717	-	-
Euronet Spain SA	-	1,25,15,266	-	1,07,54,667	-	23,67,744	-
Vanco NV	14,88,948	3,75,28,209	-	3,96,01,449	-	71,16,654	-
Vanco Australasia Pty Limited	-	7,53,536	-	8,21,477	-	1,30,236	-
Vanco Srl	1,14,06,178	1,30,43,700	44,01,411	1,49,36,985	-	5,69,565	-
Vanco Benelux BV	-	-	-	-	-	1,33,770	-
Vanco (Asia Pacific) Pte. Limited	-	82,37,480	1,66,99,910	-	-	22,84,676	-
Vanco Sweden AB	-	15,15,622	-	78,22,128	-	10,05,186	-
Vanco Japan KK	-	85,340	-	2,00,207	-	14,302	-

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

Note 2.21

The previous year's figures have been reworked, regrouped, rearranged and reclassified wherever necessary

Note 2.22

The amounts relating to Balance Sheet items appearing in Indian Rupees have been translated at Closing Rate of 1 GBP = INR 95.473 (Previous year 1 GBP = INR 92.47) and items relating to profit and loss have been translated at average rate of 1 GBP = INR 98.6808 and (Previous year 1 GBP = INR 98.62). The amounts have been converted in INR to comply with the financial reporting requirement in India.

As per our report attached

For Shridhar & Associates
Chartered Accountants
Firm Regn. No. 134427W

Jitendra Sawjany
Partner
Membership No : 050980

Place : Mumbai
Date : May 27, 2016

For and on behalf of the Board

Andrew Goldie

Janet Troxell

} **Directors**

Realsoft Cyber Systems Private Limited

Independent Auditor's Report

To the Members of Realsoft Cyber Systems Pvt Ltd

Report on the Financial Statements

We have audited the accompanying financial statements of Realsoft Cyber Systems Pvt Ltd ('the Company'), which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2016, and its profit and cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

As required by 'the Companies (Auditor's Report) Order, 2016', issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (hereinafter referred to as 'the Order'), we give in the 'Annexure A' statement on the matters specified in paragraphs 3 & 4 of the Order.

As required by Section 143 (3) of the Act, we report that:

- (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- (c) the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- (d) in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) on the basis of the written representations received from the directors as on March 31, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) 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 does not have any pending litigations as at March 31, 2016
 - ii. The Company did not have any long-term contracts including derivative contracts as at 31st March, 2016 for which there were any material foreseeable losses; and
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2016.

For Phathak H.D. & Associates
Chartered Accountants
(Firm's Registration No.107783W)

Parimal Kumar Jha
Partner
Membership No. 124262

Place: Mumbai
Dated: May 27, 2016

Realsoft Cyber Systems Private Limited

Annexure A to Independent Auditor's Report – 31st March 2016

With reference to the 'Annexure A' referred to in the Independent Auditors' Report to the Members of Realsoft Cyber Systems Pvt Ltd ('the Company') on the financial statements for the year ended March 31, 2016, we report the following:

1. (a) The company do not have fixed assets as on 31st March 2015. Accordingly paragraphs 1(a), (b) and (c) of the orders are not applicable to the company.
2. The Company does not have inventories at the end of Financial year . Accordingly paragraphs 2 of the orders are not applicable to the company.
3. The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other covered in the register maintained under section 189 of the Act. Accordingly paragraphs 3(iii) (a), (b) and (c) of the Order are not applicable to the Company.
4. In our opinion and according to the information and explanations given to us, the company has not given loans, investments, guarantees, and any security under provisions of section 185 and 186 of the Companies Act, 2013. Accordingly, Paragraph 3(iv) of the Order is not applicable to the Company.
5. In our opinion, and information and explanations given to us, the Company has not accepted deposits as per directives issued by the Reserve Bank of India under the provisions of Section 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Accordingly, Paragraph 3(v) of the Order is not applicable to the Company.
6. The Central Government has not prescribed maintenance of cost records under Sub- Section (1) of section 148 of the Companies Act, 2013. Accordingly the clause 3(vi) is not applicable.
7. According to the information and explanation given to us and on the basis of our examination of the records of the company, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, sales tax, service tax, customs duty, excise duty, value added tax (VAT), income tax, wealth tax, cess, and other material statutory dues applicable to the Company According to the information and explanations given to us, no undisputed amounts payable in respect of sales tax, service tax, customs duty, excise duty, value added tax, income tax, wealth tax, and cess were in arrears as at March 31, 2016 for a period of more than six months from the date they became payable.
8. The company has not raised loans from Financial Institutions or Banks or Government or debenture holders. Hence clause 3(viii) of the order requiring comment on repayment of the dues to them is not applicable.
9. In our opinion and according to the information and explanations given to us, the company has not raised money by way of Initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, the provision of Clause 3(ix) of the order is not applicable to the company.
10. According to the information and explanations given to us, no significant fraud on or by the company by its officers or employees, that causes a material misstatement to the financial statements, has been noticed or reported during the year.
11. According to the information and explanations given to us, the company has not paid or provided managerial remuneration during the year. Accordingly, the provision of Clause 3(xi) of the order is not applicable to the company.
12. As the company is not the Nidhi company, the provision of Clause 3(xii) of the order is not applicable to the company.
13. According to the information and explanations given to us, the company has made all the transactions with the related parties in compliance with sections 177 & 188 of Companies Act and the details have been disclosed in the Financial Statements as required by the applicable Accounting Standards.
14. According to the information and explanations given to us, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year as per section 42 of the Companies Act.2013. Accordingly, the provision of Clause 3(xiv) of the order is not applicable to the company.
15. According to the information and explanations given to us, the company has not entered into any non cash transactions with the directors or persons connected with them as per section 192 of Companies Act, 2013.
16. The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the clause 3(xvi) is not applicable.

For Phathak H.D. & Associates
Chartered Accountants
(Firm's Registration No.107783W)

Parimal Kumar Jha
Partner
Membership No. 124262

Place: Mumbai
Dated: May 27, 2016

Realsoft Cyber Systems Private Limited

Annexure B to Independent Auditor's Report – 31st March 2016

Annexure B to Independent Auditor's Report – 31st March 2016 on the Financial Statements of Realsoft Cyber Systems Private Limited

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 Realsoft Cyber Systems Private Limited ('the Company') as of March 31, 2016 in conjunction with our audit of the 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'. 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 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 Companies Act, 2013, 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 Institute of Chartered Accountants of India. 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 judgement, 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 Institute of Chartered Accountants of India".

For Phathak H.D. & Associates
Chartered Accountants
(Firm's Registration No.107783W)

Place: Mumbai
Dated: May 27, 2016

Parimal Kumar Jha
Partner
Membership No. 124262

Realsoft Cyber Systems Private Limited

Balance Sheet as at March 31, 2016

	Notes	As at March 31, 2016		(Amount in ₹) As at March 31, 2015	
EQUITY AND LIABILITIES					
Shareholders' Funds					
Share Capital	2.01	1 00 000		1 00 000	
Reserves and Surplus	2.02	<u>(89 14 699)</u>	<u>(88 14 699)</u>	<u>(88 66 945)</u>	(87 66 945)
Current Liabilities					
Short Term Borrowings	2.03	89 76 604		94 53 604	
Other Current Liabilities	2.04	<u>2 53 303</u>	<u>92 29 907</u>	<u>2 32 954</u>	96 86 558
TOTAL			<u><u>4 15 208</u></u>		<u><u>9 19 613</u></u>
ASSETS					
Non Current Assets					
Non Current Investments	2.05	-		3 31 075	
Long-Term Loans and Advances	2.06	<u>3 11 360</u>	<u>3 11 360</u>	<u>3 11 360</u>	6 42 435
Current Assets					
Cash and Bank Balances	2.07	<u>1 03 848</u>	<u>1 03 848</u>	<u>2 77 178</u>	2 77 178
Total			<u><u>4 15 208</u></u>		<u><u>9 19 613</u></u>
Significant Accounting Policies	1				
Notes on Accounts	2				

Notes referred to above form an integral part of the Financial Statements

As per our report of even date

For Pathak H. D. & Associates
Chartered Accountants
(Firm Registration No. 107783W)

Parimal Kumar Jha
Partner
Membership No. 124262

For and on behalf of the Board

Anil C Shah
DIN:00004368

Shrenik Vaishnav
DIN:00386889

} **Directors**

Place : Mumbai
Dated : May 27, 2016

Realsoft Cyber Systems Private Limited

Statement of Profit and Loss for the year ended March 31, 2016

	Notes	For the year ended March 31, 2016	(Amount in ₹) For the year ended March 31, 2015
INCOME			
Revenue from operations		-	-
Total Income		<u>-</u>	<u>-</u>
EXPENDITURE			
Finance Cost	2.08	22 864	42 930
Other Expenses	2.09	24 890	73 56 570
Total Expenses		<u>47 754</u>	<u>73 99 500</u>
Loss for the year before tax		(47 754)	(73 99 500)
Tax Expenses			
- Income Tax of earlier years		-	367
Loss for the year after tax		<u>(47 754)</u>	<u>(73 99 133)</u>
Earning per share of face value of ₹ 10 each fully paid	2.14		
Basic (₹)		(4.78)	(739.91)
Diluted (₹)		(4.78)	(739.91)

Significant Accounting Policies

Notes on Accounts

1

2

Notes referred to above form an integral part of the Financial Statements.

As per our report of even date

For Pathak H. D. & Associates

Chartered Accountants
(Firm Registration No. 107783W)

Parimal Kumar Jha

Partner
Membership No. 124262

For and on behalf of the Board

Anil C Shah

DIN:00004368

Shrenik Vaishnav

DIN:00386889

} Directors

Place : Mumbai

Dated : May 27, 2016

Realsoft Cyber Systems Private Limited

Cash Flow Statement for the year ended March 31, 2016

	For the year ended March 31, 2016	(Amount in ₹) For the year ended March 31, 2015
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/(Loss) before tax as per Statement of Profit and Loss	(47 754)	(73 99 500)
Adjusted for		
Write off of Capital Work in Progress no Longer Required	-	73 26 298
Operating Profit/(Loss) before Working Capital Changes	(47 754)	(73 202)
Adjusted for :		
Receivable and Other Advances	-	2 30 22 396
Trade Payables and other Liabilities	20 349	73 202
Net Cash Used in Operating Activities	(27 405)	2 30 22 396
B CASH FLOW FROM INVESTING ACTIVITIES		
Sale of Investments	3 31 075	-
Net Cash Flow from Investing Activities	3 31 075	-
C CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from / (Repayment of) Short Term Borrowings (net)	(4 77 000)	(2 30 22 396)
Net Cash used in Financing Activities	(4 77 000)	(2 30 22 396)
Net Increase/ (Decrease) in Cash and Cash Equivalents	(1 73 330)	-
Opening Balance of Cash and Cash Equivalents	2 77 178	2 77 178
Closing Balance of Cash and Cash Equivalents	1 03 848	2 77 178

Note:

- i Cash and Cash Equivalent includes cash on hand, cheques on hand, bank balance including Fixed Deposits with Banks.
- ii Cash Flow has been prepared under the Indirect Method set out in Accounting Standard 3 "Cash Flow Statement"

As per our report of even date

For Pathak H. D. & Associates
Chartered Accountants
(Firm Registration No. 107783W)

Parimal Kumar Jha
Partner
Membership No. 124262

Place : Mumbai
Dated : May 27, 2016

For and on behalf of the Board

Anil C Shah
DIN:00004368

Shrenik Vaishnav
DIN:00386889

} **Directors**

Realsoft Cyber Systems Private Limited

Significant Accounting Policies to the Balance Sheet and Statement of Profit and Loss

1.1 Basis of Preparation of Financial Statements

The Financial Statements are prepared under historical cost convention, in accordance with the generally accepted accounting principles (GAAP) in India and to comply with Accounting Standard specified under Section 133 the Companies Act, 2013 ("the Act") read with Rule 7 of the Companies (Accounts) Rules 2014 and other provisions of the Act to the extent notified and applicable, as well as applicable guidance note and pronouncements of the Institute of Chartered Accountants of India (ICAI).

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Schedule III to the Companies Act, 2013. Based on the nature of the services and their realisation in cash & cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current or non-current classification of assets and liabilities.

1.2 Use of Estimates

Preparation and presentation of financial statements requires estimates and assumptions to be made that affect the reported amounts of assets, liabilities and disclosure of contingent liabilities on the date of financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known/materialised.

1.3 Revenue Recognition

The Company follows mercantile system of accounting and recognizes income on accrual basis.

1.4 Investments

Current investments are carried at lower of cost and fair value. Long term Investments are stated at cost. Provision for diminution in the value of Long Term Investments is made only if such a decline is other than temporary in the opinion of the management.

1.5 Fixed Assets

Fixed Assets are stated at cost, less accumulated depreciation and impairment loss, if any. In case of capital work in progress, all related cost till commencement of commercial operations attributable to the fixed assets are capitalised.

1.6 Taxes on Income

Provision for Income Tax is made on the basis of taxable income for the year at current rates. Tax expense comprises of Current Tax and Deferred Tax at the applicable enacted or substantively enacted rates. Current Tax represents the amount of Income Tax payable/ recoverable in respect of the taxable income/ loss for the reporting period.

Deferred Tax represents the effect of timing difference between taxable income and accounting income for the reporting period that originate in one period and are capable of reversal in one or more subsequent periods. The Deferred Tax Asset is recognised and carried forward only to the extent that there is a reasonable certainty that the assets will be realised in future. However, where there is unabsorbed depreciation or carried forward loss under taxation laws, Deferred Tax Assets are recognised only if there is virtual certainty of realisation of assets.

1.7 Earnings per Share

Basic earning per share is calculated by dividing the net profit for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events of subsequent issue of shares.

1.8 Provisions, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognised but are disclosed in the notes. Contingent Assets are neither recognised nor disclosed in the financial statements

Realsoft Cyber Systems Private Limited

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

	(Amount in ₹)			
	As at March 31, 2016	As at March 31, 2015		
Note 2.01				
Share Capital				
Authorised:				
50 00 000 (50 00 000) Equity Shares of ₹ 10 each	5 00 00 000	5 00 00 000		
	<u>5 00 00 000</u>	<u>5 00 00 000</u>		
Issued Subscribed and Paid up:				
10 000 (10 000) Equity Shares of ₹ 10 each fully paid up	1 00 000	1 00 000		
	<u>1 00 000</u>	<u>1 00 000</u>		
1) Shares held by Holding Company	No. of Shares	%	No. of Shares	%
Reliance Communications Infrastructure Limited (w.e.f. November 10, 2015)	10 000	100	-	-
	<u>10 000</u>	100	<u>-</u>	<u>-</u>
2) Details of Share holders Holding more than 5% shares in the company	No. of Shares	%	No. of Shares	%
Netizen India Private Limited	-	-	3 200	32
Reliance Globalcom Management Private Limited	-	-	1 600	16
Renovision Systems Private Limited	-	-	1 900	19
Reliance Infocomm Engineering Private Limited	-	-	1 900	19
Worldtel Tamilnadu Private Limited	-	-	1 400	14
Reliance Communications Infrastructure Limited	10 000	100	-	-
	<u>10 000</u>	100	<u>10 000</u>	100
3) Equity Shares	No. of Shares	₹	No. of Shares	₹
At the beginning of the year	10 000	1 00 000	10 000	1 00 000
Add/(Less): Changes during the year	-	-	-	-
	<u>10 000</u>	<u>1 00 000</u>	<u>10 000</u>	<u>1 00 000</u>
4) Terms/rights attached to equity shares				
The company has only one class of equity shares having a par value of ₹ 10 Per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after the distribution of all the preferential amounts, in proportion to their shareholdings.				

	(Amount in ₹)	
	As at March 31, 2016	As at March 31, 2015
Note 2.02		
Reserves and Surplus		
Surplus/(Deficit) in the Statement of Profit and Loss		
As per last Balance Sheet	(88 66 945)	(14 67 812)
Add : Profit / (Loss) during the year	<u>(47 754)</u>	<u>(73 99 133)</u>
Balance Carried forward	<u>(89 14 699)</u>	(88 66 945)
	<u>(89 14 699)</u>	<u>(88 66 945)</u>

Realsoft Cyber Systems Private Limited

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

	As at March 31, 2016	(Amount in ₹) As at March 31, 2015
Note 2.03		
Short Term Borrowings		
Unsecured		
Loan from Holding Company	89 76 604	94 53 604
	<u>89 76 604</u>	<u>94 53 604</u>
Note 2.04		
Other Current Liabilities		
Other Payables	1 37 280	1 37 280
Provision for Expenses	54 972	52 744
Interest Payable	58 809	38 637
Statutory dues (include Tax deducted at source)	2 241	4 293
	<u>2 53 303</u>	<u>2 32 954</u>
Note 2.05		
Non Current Investments		
In Equity Shares of Companies		
Unquoted, fully paid up		
- Internet Exchange Next.com Limited ₹ 10 each (21 500)	-	2 15 075
- Worldtel Tamilnadu Private Limited of ₹ 10 each (1 900)	-	19 000
- Netizen India Private Limited of ₹ 10 each (1 700)	-	17 000
- GCX India Limited of ₹ 10 each (8 000) (Formerly known as Reliance Data Centre Limited)	-	80 000
	<u>-</u>	<u>3 31 075</u>
Note 2.06		
Long Term Loans And Advances		
Unsecured		
Advance Tax & Tax Deducted at Source (Net)	3 11 360	3 11 360
	<u>3 11 360</u>	<u>3 11 360</u>
Note 2.07		
Cash And Cash Balances		
Balances with Banks	1 03 848	2 77 178
	<u>1 03 848</u>	<u>2 77 178</u>

Realsoft Cyber Systems Private Limited

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

(Amount in ₹)

	For the year ended March 31, 2016	For the year ended March 31, 2015
Note 2.08		
Finance Cost		
Interest on Short term borrowings	<u>22 864</u>	42 930
	<u>22 864</u>	<u>42 930</u>
Note 2.09		
Other Expense		
Filing fees	1 800	7 800
Audit Fees	22 900	22 472
Capital work in progress written off	-	73 26 298
Bank Charges	115	-
Miscellaneous Expenses	75	-
	<u>24 890</u>	<u>73 56 570</u>

Notes : 2.10

Previous Year

Figures of the previous year have been regrouped and reclassified, wherever required.

Note 2.11

Related Parties :

In accordance with the requirements of the Accounting Standards-18 " Related Party Disclosures" the names of the related parties where control exists and /or with whom transactions have taken place during the year and description of relationships, as identified and certified by management are as follows :

A. List of related parties and relationships :

a) Ultimate Holding Company

1. Reliance Communications Limited

b) Holding Company

1. Reliance Communications Infrastructure Limited (w.e.f.November 10,2015)

B. Transaction with the related parties :-

Nature of Transaction	Amount in ₹
A Short Term Borrowings	Holding Co.
Balance as at November 10, 2015	89 76 604
Loan taken during the year	-
Repayment/Adjustment of Loan	-
Balance as at March 31, 2016	<u>89 76 604</u>

Realsoft Cyber Systems Private Limited

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

	As at March 31, 2016	(Amount in ₹) As at March 31, 2015
Note 2.12		
Deferred Tax Assets		
Related to timing difference on depreciation on fixed assets	-	78 450
Unabsorbed carry forward Losses	<u>26 616</u>	<u>1 81 898</u>
Net deferred Tax Asset	<u>26 616</u>	<u>2 60 348</u>

In absence of virtual certainty of reliability of deferred tax assets, the company on conservative basis has restricted to Nil

Note 2.13

The accumulated losses of the company as at March 31, 2016 exceeds its paid up Capital resulting in an erosion of its net worth, the accounts have been prepared on the "Going Concern" basis on the understanding that the other body corporate hereby undertakes directly or indirectly to provide the company with such financial support as they may continue the business activities.

Note 2.14

Earning per share :	For the year ended March 31, 2016	For the year ended March 31, 2015
Numerator - Profit /(Loss) after tax (₹)	(47 754)	(73 99 133)
Denominator - Weighted number of equity shares	10 000	10 000
Basic as well as diluted, earning per equity share (₹)	(4.78)	(739.91)

As per our report of even date

For Pathak H. D. & Associates
Chartered Accountants
(Firm Registration No. 107783W)

Parimal Kumar Jha
Partner
Membership No. 124262

For and on behalf of the Board

Anil C Shah
DIN:00004368

Shrenik Vaishnav
DIN:00386889

} **Directors**

Place : Mumbai
Dated : May 27, 2016

Euronet Spain SA

Independent Auditor's Report

To
The Board of Directors of Euronet Spain SA

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Euronet Spain SA ("the Company"), which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India including Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion whether the Company has in place an adequate Internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements read together with the notes thereon give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016 and its profit and its cash flows for the year ended on that date.

Other Reporting Requirements

We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account.

Other Matters

This report is issued for the information and use of the Board of Directors of the Company and of Reliance Communications Limited, the holding company in India to comply with the financial reporting requirements in India and should not be used for any other purposes without our prior written consent.

For Shridhar & Associates
Chartered Accountants
Firm Registration No.: 134427W

Jitendra Sawjany
Partner
Membership No. 050980

Place: Mumbai
Dated: May 27, 2016

Euronet Spain SA

Balance Sheet as at March 31, 2016

	Note No.	As at		Amount in ₹
		March 31, 2016	March 31, 2015	As at March 31, 2015
EQUITY AND LIABILITIES				
Shareholders' Funds				
Share Capital	2.01	94,14,740	83,63,179	
Reserves and Surplus	2.02	<u>15,68,88,877</u>	<u>11,38,01,105</u>	12,21,64,284
		16,63,03,617		
Current Liabilities				
Trade Payable	2.03	2,91,02,184	33,60,552	
Other Current Liabilities	2.04	4,79,48,126	2,73,06,753	
Short term Provisions	2.05	<u>20,67,929</u>	-	
		7,91,18,239		3,06,67,305
TOTAL		<u>24,54,21,856</u>		<u>15,28,31,589</u>
ASSETS				
Non Current Assets				
Fixed Assets	2.06			
Tangible assets		-	1,859	
Intangible assets (Refer Note 19, Schedule Q)		<u>-</u>	<u>-</u>	1,859
Current Assets				
Trade receivables	2.07	1,50,11,714	93,19,719	
Cash and Cash Equivalent	2.08	1,87,36,355	1,99,43,684	
Short-term Loans and Advances	2.09	3,83,53,196	42,37,172	
Other Current Assets	2.10	<u>17,33,20,591</u>	<u>11,93,29,155</u>	
		24,54,21,856		15,28,29,730
TOTAL		<u>24,54,21,856</u>		<u>15,28,31,589</u>
Significant Accounting Policies	1			
Notes forming part of Financial Statements	2			

As per our report attached

For Shridhar & Associates
Chartered Accountants
Firm Regn. No. 134427W

Jitendra Sawjany
Partner
Membership No : 050980

Place : Mumbai
Date : May 27, 2016

For and on behalf of the Board

Andrew Goldie
Janet Troxell } **Directors**

Euronet Spain SA

Statement of Profit and Loss for the year ended March 31, 2016

	Note No.	For the Year ended March 31, 2016	Amount in ₹ For the Year ended March 31, 2015
INCOME			
Service Revenue and Other Operating Income	2.11	<u>27,43,76,267</u>	28,67,47,044
TOTAL		<u>27,43,76,267</u>	28,67,47,044
EXPENDITURE			
Network Operation Expenses	2.12	20,46,79,021	20,82,49,525
Employee benefits expense	2.13	2,68,06,279	2,82,06,910
Depreciation and amortization expense	2.06	2,006	12,887
Sales and General Administration Expenses	2.14	<u>1,32,77,482</u>	<u>2,60,26,356</u>
TOTAL		<u>24,47,64,788</u>	26,24,95,678
Profit / (Loss) Before Tax		<u>2,96,11,479</u>	2,42,51,366
Provision for:			
- Current Tax		20,18,617	36,608
Profit / (Loss) for the Year		<u><u>2,75,92,862</u></u>	<u><u>2,42,14,758</u></u>
Basic and Diluted Earning per Share	2.16	2.30	2.02
Significant Accounting Policies	1		
Notes forming part of Financial Statements	2		

As per our report attached

For Shridhar & Associates
Chartered Accountants
Firm Regn. No. 134427W

Jitendra Sawjany
Partner
Membership No : 050980

Place : Mumbai
Date : May 27, 2016

For and on behalf of the Board

Andrew Goldie
Janet Troxell } **Directors**

Euronet Spain SA

Cash Flow Statement for the year ended March 31, 2016

	For the Year ended March 31, 2016	Amount in ₹ For the Year ended March 31, 2015
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax as per Statement of Profit and Loss	2,96,11,479	2,42,51,366
Adjusted for:		
Provision for Doubtful Debts	1,05,082	1,39,119
Depreciation/ Impairment and Amortisation	2,006	12,887
Effects of exchange difference on translation of assets & liabilities	1,43,73,313	(1,13,85,652)
	1,44,80,401	(1,12,33,646)
	4,40,91,880	1,30,17,720
Operating Profit before Working Capital Changes		
Adjusted for:		
Receivables and other Advances	(9,37,99,456)	(5,16,829)
Trade Payables	4,84,50,935	56,00,655
	(4,53,48,521)	50,83,826
Cash Generated from / (used in) Operations	(12,56,641)	1,81,01,546
Income Taxes Paid	49,312	(36,608)
	-	(36,608)
	49,312	-
Net Cash from / (used in) Operating Activities	(12,07,329)	1,80,64,938
B CASH FLOW FROM INVESTING ACTIVITIES		
Net Cash from / (used in) Investing Activities	-	-
C CASH FLOW FROM FINANCING ACTIVITIES		
Net Cash from Financing Activities	-	-
Net Increase/ (Decrease) in Cash and Cash Equivalents (A+B+C)	(12,07,329)	1,80,64,938
Opening Balance of Cash and Cash Equivalents	1,99,43,684	18,78,746
Closing Balance of Cash and Cash Equivalents	1,87,36,355	1,99,43,684

As per our report attached

For Shridhar & Associates
Chartered Accountants
Firm Regn. No. 134427W

Jitendra Sawjany
Partner
Membership No : 050980

Place : Mumbai
Date : May 27, 2016

For and on behalf of the Board

Andrew Goldie
Janet Troxell } **Directors**

Note No. 1

SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation of Financial Statements

The financial statements are prepared under historical cost convention, in accordance with the generally accepted accounting principles (GAAP) in India and Comply with Accounting Standard specified under Section 133 of the Companies Act, 2013 ("the Act") read with Rule 7 of the Companies (Accounts) Rules, 2014 and other provisions of the Act, to the extent notified and applicable as well as applicable guidance note and pronouncements of the Institute of Chartered Accountants of India (the ICAI).

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Schedule III to the Companies Act, 2013. Based on the nature of the services and their realisation in cash & cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current or non-current classification of assets and liabilities

b) Revenue Recognition

A network contract typically covers the design, supply and installation of the network and thereafter the provision of Packaged Network Solutions. Turnover relating to the initial part of the contract is recognized over the contract implementation period. The remainder of the contract value is recognized evenly over the period of the contract.

To the extent that the recognition differs from the contractual billing terms, either turnover is accrued or amounts billed in advance are treated as deferred income.

c) Employee Benefits

Pension Obligations

Group companies operate employees' personal pension schemes. The schemes are funded through payments to insurance companies as defined contribution plans.

The group has no legal or constructive obligations to pay further contribution if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The contributions are recognized as employee benefit expense when they are due.

Bonus Plans

The Group recognizes a liability and an expense for bonuses. The Group recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Commissions

Commissions' payable to staff on securing new contracts which are directly attributable to the contract, are recognized as a period cost as and when incurred.

d) Use of Estimates

The presentation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the consolidated financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known / materialized.

e) Accounting for Taxes on Income

Provision for Income Tax is made on the basis of estimated taxable income for the year at current rates after considering exemptions and deductions available under the Income Tax Laws of the respective countries of the subsidiaries. Tax expense comprises of both Current Tax and Deferred Tax at the applicable enacted or substantively enacted rates. Current tax represents the amount of Income Tax payable in respect of the taxable income for the reporting period. Deferred tax represents the effect of timing difference between taxable income and accounting income for the reporting period that originate in one period and are capable of reversal in one or more subsequent periods. The deferred tax asset is recognised and carried forward only to the extent that there is a reasonable certainty that the asset will be realized in future.

f) Fixed Assets

Accounting of Tangible Fixed Assets

All Tangible Fixed Assets is shown at cost less subsequent depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the items.

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Profit & Loss during the financial period in which they are incurred.

Depreciation on assets is calculated using the straight-line method to allocate the cost of each asset to its residual value over its estimated useful life as follows:

Leasehold improvements..... Over the period of the lease

Computer equipment..... 3 to 5 years.

Fixtures, fittings and equipment..... 3 to 5 years.

Motor Vehicles..... 5 years.

Major renovations are depreciated over the remaining useful life of the related asset or to the date of the next major renovation, whichever is sooner.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement. Borrowing costs incurred for the construction of any qualifying assets are capitalized during the period of time that is required to complete and prepare the asset for its intended use.

Intangible Assets

Computer software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives (three to five years).

Costs that are directly associated with the production of identifiable and unique software products controlled by the Group and that will probably generate economic benefits exceeding costs beyond one year, are recognized as intangible assets. Direct costs include the costs of software development employees and an appropriate portion of relevant overheads.

Computer software development costs recognized as assets are amortized over their estimated useful lives (not exceeding five years).

g) Foreign Currency Translation

Initial Recognition

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Subsequent Recognition

As at the reporting date, non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. All non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined. All monetary assets and liabilities in foreign currency are restated at the end of accounting period.

h) Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised when the company has legal and constructive obligation as a result of past events which it is probable that a cash outflow will be required and a reliable estimate can be made of the amount of obligation.

Contingent Liabilities are disclosed when the company has possible or present obligation and it is probable that a cash flow will not be required to settle the obligation. Contingent Assets are neither recognised nor disclosed in the financial statements.

Euronet Spain SA

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

	As at March 31, 2016	Amount in ₹ As at March 31, 2015		
Note 2.01				
Share Capital				
Authorised				
9,500,000 (9,500,000) Ordinary A shares of Euro 0.01 each	71,55,202	63,56,016		
2,500,000 (2,500,000) Ordinary B Shares (Non Voting) of Euro 0.01 each	18,82,948	16,72,636		
500,000 B (500,000) Shares (Preferred) of Euro 0.01 each	3,76,590	3,34,527		
	94,14,740	83,63,179		
Issued, Subscribed and Paid up				
9,500,000 (9,500,000) Ordinary A shares of Euro 0.01 each fully paid up	71,55,202	63,56,016		
2,500,000 (2,500,000) Ordinary B Shares (Non Voting) of Euro 0.01 each fully paid up	18,82,948	16,72,636		
500,000 (500,000) B Shares (Preferred) of Euro 0.01 each fully paid up	3,76,590	3,34,527		
	94,14,740	83,63,179		
a) Share held by holding/Ultimate company and /or their subsidiaries/associates				
Ordinary A Shares	% of Holding	No. of shares	% of Holding	No. of shares
Reliance Vanco Group Limited	99.789	94,80,000	99.789	94,80,000
Vanco UK Limited	0.211	20,000	0.211	20,000
	100	95,00,000	100	95,00,000
Ordinary B Shares (Non -voting)			% of Holding	No. of shares
Reliance Vanco Group Limited	100	25,00,000	100	25,00,000
Ordinary B Shares (Preferred)			% of Holding	No. of shares
Reliance Vanco Group Limited	100	5,00,000	100	5,00,000
b) Details of Shareholders holding more than 5% shares in Company				
Ordinary A Shares				
Reliance Vanco Group Limited	99.789	94,80,000	99.789	94,80,000
Ordinary B Shares (Non -voting)				
Reliance Vanco Group Limited	100	25,00,000	100	25,00,000
Ordinary B Shares (Preferred)				
Reliance Vanco Group Limited	100	5,00,000	100	5,00,000

c) Terms /Rights attached to equity Share

The Company has Ordinary A Shares and Ordinary B Shares having a par value of EUR 0.01 each per share. Each holder of shares is entitled to one vote per share. In the event of liquidation of the Company, the holder of shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of shares held by the shareholder.

The Company has B Shares (Preferred) having a par value of EUR 0.01 each per share. Each holder of shares is entitled to one vote per share. In the event of liquidation of the Company, the holder of shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of shares held by the shareholder.

Euronet Spain SA

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

	As at March 31, 2016		Amount in ₹ As at March 31, 2015	
d) Reconciliation of shares outstanding at the beginning and at the end of the year				
Ordinary Shares	No. of shares	Amount	No. of shares	Amount
At the beginning of the year	1,20,00,000	90,38,150	1,25,00,000	80,28,652
Add/less :changes during the year	-	-	-	-
At the end of the year	<u>1,20,00,000</u>	<u>90,38,150</u>	<u>1,25,00,000</u>	<u>80,28,652</u>
Ordinary Shares (Preferred)	No. of shares	Amount	No. of shares	Amount
At the beginning of the year	5,00,000	3,76,590	5,00,000	3,34,527
Add/less :changes during the year	-	-	-	-
At the end of the year	<u>5,00,000</u>	<u>3,76,590</u>	<u>5,00,000</u>	<u>3,34,527</u>
Note 2.02				
Reserves and Surplus				
Foreign Currency Translation Reserve		(36,27,264)		37,76,314
Other Reserves		20,50,12,618		18,21,14,130
Surplus / (Deficit) - Opening Balance	(7,20,89,339)		(9,63,04,097)	
Add: Profit / (Loss) for the Year	<u>2,75,92,862</u>		<u>2,42,14,758</u>	
Surplus / (Deficit) - Closing Balance		(4,44,96,477)		(7,20,89,339)
Total Reserves and Surplus		<u>15,68,88,877</u>		<u>11,38,01,105</u>
Note 2.03				
Trade Payables				
Trade Payables		<u>2,91,02,184</u>		<u>33,60,552</u>
Note 2.04				
Other Current Liabilities				
Other Liabilities		3,57,34,005		2,21,00,146
Payables to Related Parties (Refer Note No 2.18)		37,87,527		-
Statutory Dues Payable		28,55,805		-
Unearned Income		55,70,789		52,06,606
		<u>4,79,48,126</u>		<u>2,73,06,753</u>
Note 2.05				
Short term Provisions				
Provision for Income Tax		<u>20,67,929</u>		-

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

NOTE No 2.06 Fixed Assets and Depreciation

Amount in ₹

Particulars	Gross Block			Depreciation			Net Block	
	As at Apr 01, 2015	Additions during the year/ period	Deductions/ adjustments	As at Mar 31, 2016	Adjustments on account of Foreign Exchange	For the year/ period	As at Mar.31 2016	As at Apr 01, 2015
Tangible Assets								
Computer Equipments	9,72,946	-	-	10,95,281	(1,22,188)	2,006	10,95,281	1,859
Sub Total	9,72,946	-	-	10,95,281	(1,22,188)	2,006	10,95,281	1,859
Previous Year	10,49,702	-	-	9,72,946	77,465	12,887	9,71,087	1,859
Intangible Assets								
Software	62,332	-	-	70,169	(7,837)	-	70,169	-
Sub Total	62,332	-	-	70,169	(7,837)	-	70,169	-
Previous Year	67,250	-	-	62,332	4,917	-	62,332	-
Grand Total	10,35,278	-	-	11,65,450	(1,30,025)	2,006	11,65,450	1,859
Previous Year	11,16,952	-	-	10,35,278	82,383	12,887	10,33,419	1,859

Euronet Spain SA

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

	As at March 31, 2016	Amount in ₹ As at March 31, 2015
Note 2.07		
Trade Receivables		
(Unsecured)		
Due for More than Six months		
Considered Good	-	-
Considered Doubtful	<u>71,82,147</u>	<u>62,82,594</u>
	71,82,147	62,82,594
Less: Provision for doubtful debts	<u>71,82,147</u>	<u>62,82,594</u>
	-	-
Others		
Considered Good	1,50,11,714	93,19,719
Considered Doubtful	-	-
	<u>1,50,11,714</u>	<u>93,19,719</u>
Less: Provision for doubtful debts	-	-
	<u>1,50,11,714</u>	<u>93,19,719</u>
Note 2.08		
Cash and Cash Equivalent		
Balance with Banks		
- Current Accounts	<u>1,87,36,355</u>	1,99,43,684
	<u>1,87,36,355</u>	<u>1,99,43,684</u>
Note 2.09		
Short-term Loans and Advances		
(Unsecured, Considered good - unless stated otherwise)		
Balances with Govt Authorities	42,66,638	36,53,037
Deposits - Current	6,12,149	5,84,135
Others Loan and Advances	<u>3,34,74,409</u>	-
	<u>3,83,53,196</u>	<u>42,37,172</u>
Note 2.10		
Other Current Assets		
Receivable from Related Parties (Refer Note No. 2.18)	<u>17,33,20,591</u>	11,93,29,155
	<u>17,33,20,591</u>	<u>11,93,29,155</u>

Euronet Spain SA

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

	For the Year ended March 31, 2016	Amount in ₹ For the Year ended March 31, 2015
Note 2.11		
Service Revenue and Other Operating Income		
Enterprise Value Added Services	<u>27,43,76,267</u>	<u>28,67,47,044</u>
	<u>27,43,76,267</u>	<u>28,67,47,044</u>
Note 2.12		
Network Operation Expenses		
Other Network Operating Expenses	<u>20,46,79,021</u>	<u>20,82,49,525</u>
	<u>20,46,79,021</u>	<u>20,82,49,525</u>
Note 2.13		
Employee Benefits Expense		
Salaries	2,58,45,758	2,69,70,328
Contribution to Provident, Gratuity and Superannuation Fund	8,09,863	8,55,963
Employee Welfare and Other Amenities	<u>1,50,658</u>	<u>3,80,619</u>
	<u>2,68,06,279</u>	<u>2,82,06,910</u>
Note 2.14		
Sales and General Administration Expenses		
Rent	23,01,282	24,05,966
Insurance	2,03,459	3,10,776
Rates & Taxes	48,719	5,830
Legal Fees	2,20,233	-
Professional Fees	20,68,404	31,83,725
Travelling	12,37,257	11,62,085
Communication	4,89,261	6,29,461
Bank Charges	30,843	38,497
Provision for Doubtful Debts, Loans and Advances	1,05,082	1,39,119
Sales & Marketing Expenses	5,63,431	49,329
Foreign Exchange Fluctuation Loss	7,75,076	97,69,627
Business Support Charges	45,43,577	50,69,168
Repairs & Maintenance	2,42,628	-
Facility Usage charges	2,53,172	-
Other General and Administrative Expenses	<u>1,95,058</u>	<u>32,62,773</u>
	<u>1,32,77,482</u>	<u>2,60,26,356</u>

Note No. 2.15

BACKGROUND AND ORGANISATION

Euronet Spain SA is a virtual Network operator. The Company provides enterprise clients with managed network solutions including the design, integration, implementation, security and management of global corporate networks. The Company provides IT Outsourcers enabling the sub-contract of the above service package as part of a wider IT outsourcing solution.

Euronet Spain SA is asset-light, instead purchasing infrastructure from the hundreds of carriers globally, the company get the best prices for clients, design a solution using the most appropriate technology to meet customers' global requirements, and is 100% focused on delivering the highest quality customer service.

Euronet Spain SA

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

Note No. 2.16

Earnings per Share

Amount in ₹ except number of shares

Earnings per Share	For the year ended March 31, 2016	For the year ended March 31, 2015
A Profit / (Loss) after Tax	27,592,862	24,214,758
B Weighted average number of share of Euro 0.01 each used as denominator for calculating Basic and Diluted EPS	12,000,000	12,000,000
C Basic and Diluted Earnings / (Loss) per Share (A/B)	2.30	2.02

Note No. 2.17

Segment Reporting

In accordance with Accounting Standard 17 "Segmental Reporting" issued by the Council of the Institute of Chartered Accountants of India. Since 100% of the Company's business is from telecommunication activities, there are no other primary reportable segments. Thus, the segment revenue, total carrying amount of segment assets, total carrying amount of segment liabilities, total cost incurred to acquire segment assets, total amount of charge of depreciation and amortization during the period are all as is reflected in the Financial Statements as of and for the year ended March 31, 2016.

Note No.2.18

Related Party Transactions

In accordance with Accounting Standard 18 "Related Party Disclosures" issued by the Institute of Chartered Accountants of India, the company's related parties and transactions are disclosed below:

- a. Parties where control exist:
 - i) Reliance Communications Limited
 - ii) Reliance Vanco Group Limited
- b) Enterprises as affiliated companies are:
 - i) Vanco ROW Limited
 - ii) Vanco UK Limited
 - iii) Vanco International Limited
 - iv) VNO Direct Limited
 - v) Vanco SAS
 - vi) Vanco Global Limited
 - vii) Vanco Srl
 - viii) Vanco GmbH
 - ix) Vanco Deutschland GmbH
 - x) Vanco Switzerland A.G.
 - xi) Vanco B.V.
 - xii) Vanco Benelux BV
 - xiii) Vanco NV
 - xiv) Vanco US LLC
 - xv) Vanco Solutions Inc.
 - xvi) Vanco Australasia Pty. Limited
 - xvii) Vanco (Asia Pacific) Pte. Limited
 - xviii) Vanco Sweden Ab

c. Summarized below are the transactions entered into with related parties and balances at year end:

Entity Name	During the Year 2015-2016		During the Year 2014-2015		Year End Balances as on 31.03.2016		Year End Balances as on 31.03.2015
	Service Income	Network Expenses & Overhead recharge	Service Income	Network Expenses & Overhead recharge	Other Current Assets	Other Current Liabilities	
Reliance Vanco Group Limited	-	35,61,390	-	2,253,823	14,75,18,101	-	-
Vanco UK Limited	5,26,01,001	1,97,34,144	5,24,12,171	80,97,330	55,89,747	-	11,93,29,155
Vanco Asia Pacific Pte Limited	-	3,99,379	1,36,68,140	5,60,197	-	45,553	-
Vanco GmbH	4,78,91,758	47,33,876	3,89,38,868	48,34,620	78,32,095	-	-
Vanco Deutschland GmbH	5,948,071	-	52,04,232	-	12,15,375	-	-
Vanco Srl	19,089,416	-	1,66,18,706	-	31,98,421	-	-
Vanco BV	1,25,15,266	-	1,07,54,667	-	23,67,744	-	-
Vanco SAS	2,75,95,084	-	5,12,61,832	-	44,18,265	-	-
Vanco Solutions Inc	67,62,852	-	98,34,554	-	11,02,202	-	-
Vanco Australasia Pty Limited	-	7,39,716	-	15,27,109	-	1,32,250	-
Vanco Sweden AB	-	215,270	-	2,73,439	-	1,49,884	-
Vanco US LLC	16,70,890	1,89,49,765	15,32,977	1,96,70,893	-	27,95,453	-
Vanco International Limited	12,521	-	-	-	2,228	-	-
Vanco Global Limited	4,67,080	-	6,65,832	-	76,413	-	-
Vanco ROW Limited	-	5,248,285	-	51,57,238	-	6,64,387	-

Amount in ₹

Euronet Spain SA

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

Note 2.19

The previous year's figures have been reworked, regrouped, rearranged and reclassified wherever necessary

Note 2.20

The amounts relating to Balance Sheet items appearing in Indian Rupees have been translated at Closing Rate of 1 GBP = INR 95.473 (Previous year 1 GBP = INR 92.47) and items relating to profit and loss have been translated at average rate of 1 GBP = INR 98.6808 (Previous year 1 GBP = INR 98.62). The amounts have been converted in INR to comply with the financial reporting requirement in India

As per our report attached

For Shridhar & Associates

Chartered Accountants
Firm Regn. No. 134427W

Jitendra Sawjaniy

Partner
Membership No : 050980

Place : Mumbai
Date : May 27, 2016

For and on behalf of the Board

Andrew Goldie

Janet Troxell

} **Directors**

Independent Auditor's Report

To
The Board of Directors of Vanco SAS

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Vanco SAS ("the Company"), which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India including Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion whether the Company has in place an adequate Internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements read together with the notes thereon give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016 and its profit and its cash flows for the year ended on that date.

Other Reporting Requirements

We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account.

Other Matters

This report is issued for the information and use of the Board of Directors of the Company and of Reliance Communications Limited, the holding company in India to comply with the financial reporting requirements in India and should not be used for any other purposes without our prior written consent.

For Shridhar & Associates
Chartered Accountants
Firm Registration No.: 134427W

Jitendra Sawjiani
Partner
Membership No. 050980

Place: Mumbai
Dated: May 27, 2016

Vanco SAS

Balance Sheet as at March 31, 2016

	Note No.	As at March 31, 2016	(Amount in ₹) As at March 31, 2015
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2.01	2,25,95,377	2,00,71,630
Reserves and Surplus	2.02	<u>(3,54,51,71,058)</u>	<u>(3,38,96,16,611)</u>
		(3,52,25,75,681)	(3,36,95,44,981)
Current Liabilities			
Trade Payable	2.03	23,19,21,135	3,49,14,431
Other Current Liabilities	2.04	<u>3,55,99,78,347</u>	<u>3,63,75,32,432</u>
		3,79,18,99,482	3,67,24,46,863
TOTAL		<u><u>26,93,23,801</u></u>	<u><u>30,29,01,882</u></u>
ASSETS			
Non Current Assets			
Fixed Assets	2.05	<u>3,01,800</u>	<u>5,90,036</u>
		3,01,800	5,90,036
Current Assets			
Trade Receivables	2.06	19,94,66,266	19,96,77,491
Cash and Bank Balances	2.07	3,47,88,142	4,77,32,220
Short-term Loans and Advances	2.08	<u>3,47,67,593</u>	<u>5,49,02,135</u>
		26,90,22,001	30,23,11,846
TOTAL		<u><u>26,93,23,801</u></u>	<u><u>30,29,01,882</u></u>
Significant Accounting Policies	1		
Notes forming part of the Financial Statement	2		

As per our report attached

For Shridhar & Associates
Chartered Accountants
Firm Regn. No. 134427W

Jitendra Sawjany
Partner
Membership No : 050980

Place : Mumbai
Date : May 27, 2016

For and on behalf of the Board

Andrew Goldie
Janet Troxell } **Directors**

Vanco SAS

Statement of Profit and Loss for the year ended March 31, 2016

			(Amount in ₹)
	Note No.	For the Year ended March 31, 2016	For the Year ended March 31, 2015
Income			
Service Revenue and Other Operating Income	2.09	1,19,21,99,683	1,57,83,93,178
Other Income	2.10	30,06,71,840	-
		<u>1,49,28,71,523</u>	<u>1,57,83,93,178</u>
Expenditure			
Network Operation Expenses	2.11	85,43,67,101	1,04,96,39,693
Employee benefits Expenses	2.12	23,84,87,555	27,95,18,520
Depreciation	2.05	3,47,423	3,72,058
Sales and General Administration Expenses	2.13	14,01,76,130	72,01,29,150
		<u>1,23,33,78,209</u>	<u>2,04,96,59,421</u>
Profit/(Loss) before Tax		<u>25,94,93,314</u>	<u>(47,12,66,243)</u>
Provision for :			
- Current Tax		-	19,08,958
Profit / (Loss) for the year		25,94,93,314	(47,31,75,201)
Earning per share			
(Basic and Diluted)	2.15	8,650	(15,773)
Significant Accounting Policies	1		
Notes forming part of the Financial Statement	2		

As per our report attached

For Shridhar & Associates
Chartered Accountants
Firm Regn. No. 134427W

Jitendra Sawjany
Partner
Membership No : 050980

Place : Mumbai
Date : May 27, 2016

For and on behalf of the Board

Andrew Goldie
Janet Troxell } **Directors**

Vanco SAS

Cash Flow Statement for the year ended March 31, 2016

(Amount in ₹)

	For the Year ended March 31, 2016	For the Year ended March 31, 2015
A CASH FLOW FROM OPERATING ACTIVITIES		
Profit/ (Loss) before Tax	25,94,93,314	(47,31,75,201)
Adjustments for :		
Depreciation	3,47,423	3,72,058
Effect of Exchange difference on translation of Assets & Liabilities	<u>(41,25,83,201)</u>	<u>29,72,72,393</u>
	<u>(41,22,35,778)</u>	<u>29,76,44,451</u>
Operation Profit before Working Capital Changes	<u>(15,27,42,464)</u>	<u>(17,55,30,750)</u>
Adjustment for :		
Decrease / (Increase) in Trade and other receivables	2,11,225	7,56,66,670
Increase / (Decrease) in Short Term Loans and Advances	2,01,34,542	(3,66,38,331)
Increase / (Decrease) in Trade and other payables	19,70,06,704	(1,16,60,605)
Increase/(Decrease) in Unearned Income	-	(6,80,41,426)
Increase / (Decrease) in Other Current Liabilities	<u>(7,75,54,085)</u>	<u>1,79,33,633</u>
	<u>13,97,98,386</u>	<u>(2,27,40,059)</u>
	<u>(1,29,44,078)</u>	<u>(19,82,70,808)</u>
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment and Intangibles	-	-
Net Cash from / (used in) Investing Activities (B)	<u>-</u>	<u>-</u>
C CASH FLOW FROM FINANCING ACTIVITIES		
Financial assistance received from related parties	-	23,25,18,053
Net Cash from (used in) Financing Activities (C)	<u>-</u>	<u>23,25,18,053</u>
Net Increase / (Decrease) in Cash & Cash Equivalent (A+ B+C)	(1,29,44,078)	3,42,47,245
Cash and Cash Equivalent at the beginning of the year	4,77,32,220	1,34,84,975
Cash & Cash Equivalent at the end of the Year	<u>3,47,88,142</u>	<u>4,77,32,220</u>

As per our report attached

For Shridhar & Associates
Chartered Accountants
Firm Regn. No. 134427W

Jitendra Sawjany
Partner
Membership No : 050980

Place : Mumbai
Date : May 27, 2016

For and on behalf of the Board

Andrew Goldie
Janet Troxell } **Directors**

Note 1

SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation of Financial Statements

The financial statements are prepared under historical cost convention, in accordance with the generally accepted accounting principles (GAAP) in India and Comply with Accounting Standard specified under Section 133 of the Companies Act, 2013 ("the Act") read with Rule 7 of the Companies (Accounts) Rules, 2014 and other provisions of the Act, to the extent notified and applicable as well as applicable guidance note and pronouncements of the Institute of Chartered Accountants of India (the ICAI).

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Schedule III to the Companies Act, 2013. Based on the nature of the services and their realisation in cash & cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current or non-current classification of assets and liabilities.

b) Revenue Recognition

A network contract typically covers the design, supply and installation of the network and thereafter the provision of Packaged Network Solutions. Turnover relating to the initial part of the contract is recognized over the contract implementation period. The remainder of the contract value is recognized evenly over the period of the contract.

To the extent that the recognition differs from the contractual billing terms, either turnover is accrued or amounts billed in advance are treated as deferred income.

c) Employee Benefits

Pension Obligations

Group companies operate employees' personal pension schemes. The schemes are funded through payments to insurance companies as defined contribution plans.

The group has no legal or constructive obligations to pay further contribution if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The contributions are recognized as employee benefit expense when they are due.

Bonus Plans

The Group recognizes a liability and an expense for bonuses. The Group recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Commissions

Commissions payable to staff on securing new contracts which are directly attributable to the contract, are recognized as a period cost as an when incurred.

d) Use of Estimates

The presentation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the consolidated financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known / materialized.

e) Accounting for Taxes on Income

Provision for Income Tax is made on the basis of estimated taxable income for the year at current rates after considering exemptions and deductions available under the Income Tax Laws of the respective countries of the subsidiaries. Tax expense comprises of both Current Tax and Deferred Tax at the applicable enacted or substantively enacted rates. Current tax represents the amount of Income Tax payable in respect of the taxable income for the reporting period. Deferred tax represents the effect of timing difference between taxable income and accounting income for the reporting period that originate in one period and are capable of reversal in one or more subsequent periods. The deferred tax asset is recognised and carried forward only to the extent that there is a reasonable certainty that the asset will be realised in future.

f) Fixed Assets

Accounting of Tangible Fixed Assets

All Tangible Fixed Assets is shown at cost less subsequent depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the items.

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Profit & Loss during the financial period in which they are incurred.

Depreciation on assets is calculated using the straight-line method to allocate the cost of each asset to its residual value over its estimated useful life as follows:

Leasehold improvements..... Over the period of the lease

Computer equipment..... 3 to 5 years.

Fixtures, fittings and equipment..... 3 to 5 years.

Motor Vehicles..... 5 years.

Major renovations are depreciated over the remaining useful life of the related asset or to the date of the next major renovation, whichever is sooner.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement. Borrowing costs incurred for the construction of any qualifying assets are capitalized during the period of time that is required to complete and prepare the asset for its intended use.

Intangible Assets

Computer software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives (three to five years).

Costs that are directly associated with the production of identifiable and unique software products controlled by the Group and that will probably generate economic benefits exceeding costs beyond one year, are recognized as intangible assets. Direct costs include the costs of software development employees and an appropriate portion of relevant overheads.

Computer software development costs recognized as assets are amortized over their estimated useful lives (not exceeding five years).

g) Effects of Changes in Foreign Currency Rates

Initial Recognition

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Subsequent Recognition

As at the reporting date, non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. All non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined. All monetary assets and liabilities in foreign currency are restated at the end of accounting period.

h) Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised when the company has legal and constructive obligation as a result of past events which it is probable that a cash outflow will be required and a reliable estimate can be made of the amount of obligation.

Contingent Liabilities are disclosed when the company has possible or present obligation and it is probable that a cash flow will not be required to settle the obligation.

Contingent Assets are neither recognised nor disclosed in the financial statements.

Vanco SAS

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

	As at March 31, 2016	(Amount in ₹) As at March 31, 2015		
Note No. 2.01				
Share Capital				
Authorised				
30,000 (30,000) Ordinary Shares @ Eur 10 each	<u>2,25,95,377</u>	<u>2,00,71,630</u>		
	<u>2,25,95,377</u>	<u>2,00,71,630</u>		
Issued, Subscribed and Paid up				
30,000 (30,000) Ordinary Shares @ Eur 10 each, fully paid up.	<u>2,25,95,377</u>	<u>2,00,71,630</u>		
	<u>2,25,95,377</u>	<u>2,00,71,630</u>		
a) Shares held by Holding Company.				
	No. of Shares	No. of Shares		
Reliance Vanco Group Limited	30,000	30,000		
b) Details of Shares held by shareholders holding more than 5% of the aggregate shares in the company				
	% of Holding	No. of Shares	% of Holding	No. of Shares
Reliance Vanco Group Limited	100	30,000	100	30,000
c) Terms/Rights attached to the shares				
The Company has Ordinary shares having a par value of 10 Euro per share. Each Shareholder is entitled to one vote per share. In the event of liquidation of the company, the holder of shares will be entitled to receive remaining asset of the Company. The distribution will be in proportion to the number of the shares held by shareholder.				
Global CloudXChange Limited (a ultimate holding company) had issued 7 % senior secured notes of USD 350 Million. These Notes are guaranteed by Reliance Vanco Group Limited and its material subsidiaries (including the Company) and secured by way of a pledge of equity shares				
d) Reconciliation of shares outstanding at the beginning and at the end of the year.				
Ordinary Shares	No. of Shares	Amt	No. of Shares	Amt
Balance as at the beginning of the year	30,000	2,25,95,377	30,000	2,00,71,630
Add : Movement for the Year	-	-	-	-
At the end of the year	<u>30,000</u>	<u>2,25,95,377</u>	<u>30,000</u>	<u>2,00,71,630</u>
Note No. 2.02				
Reserves and Surplus				
Surplus/ (Deficit) in the Statement of P & L				
Balance as at the beginning of the Year	(3,68,27,43,974)	(3,20,95,68,773)		
Profit / (Loss) for the Year	25,94,93,314	(47,31,75,201)		
Balance as at the end of the Year	<u>(3,42,32,50,660)</u>	<u>(3,68,27,43,974)</u>		
Exchange Fluctuation Reserve	(12,19,20,398)	29,31,27,363		
	<u>(3,54,51,71,058)</u>	<u>(3,38,96,16,611)</u>		
Note No. 2.03				
Trade Payables				
Trade Payables	23,19,21,135	3,49,14,431		
	<u>23,19,21,135</u>	<u>3,49,14,431</u>		
Note No. 2.04				
Other Current Liabilities				
Unearned Income	12,36,23,225	13,81,73,913		
Statutory Dues Payable	2,06,18,508	-		
Payable to Related Party-(Refer note no.2.17)	3,39,59,42,333	3,29,51,21,563		
Employee benefit payable	1,97,94,281	-		
Other Liabilities	-	20,42,36,956		
	<u>3,55,99,78,347</u>	<u>3,63,75,32,432</u>		

Note No. 2.05
Fixed Assets and Depreciation

(Amount in ₹)

Particulars	Gross Block		Depreciation			Net Block		
	As at 1st April, 2015	Adjustment on account of Foreign Exchange	As at 31st March, 2016	As at 1st April, 2016	For the year	Adjustment on account of Foreign Exchange	As at 31st March 2016	As at 31st March 2015
Tangible Assets								
Leashold Assets	15,51,694	1,95,079	17,46,773	15,51,694		1,95,079	-	-
Computer Equipment	2,52,73,889	42,54,880	2,95,28,769	2,46,83,853	3,47,423	45,43,116	3,01,800	5,90,036
Total	2,68,25,583	44,49,959	3,12,75,542	2,62,35,547	3,47,423	43,90,852	3,01,800	5,90,036
Previous Year	2,89,41,865	(21,16,282)	2,68,25,583	2,79,57,933	3,72,058	(20,94,444)	5,90,036	

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

	As at March 31,2016	(Amount in ₹) As at March 31,2015
Note No. 2.06		
Trade Receivables		
Unsecured		
Due for more than Six Months		
Considered Doubtful	11,00,31,879	7,13,41,331
Less : Provision for doubtful debts	<u>(11,00,31,879)</u>	<u>(7,13,41,331)</u>
	-	-
Others		
Considered Good	19,94,66,266	19,96,77,491
Less : Provision for Doubtful debts	-	-
	<u>19,94,66,266</u>	<u>19,96,77,491</u>
Note No. 2.07		
Cash and Bank Balances		
Balance with Banks		
Current Accounts	3,47,88,142	4,77,32,220
	<u>3,47,88,142</u>	<u>4,77,32,220</u>
Note No. 2.08		
Short Term Loans and Advances		
Advance to Vendor	43,78,984	-
Balance with Govt Authorities	2,37,29,063	3,39,50,744
Prepaid Expenses	1,60,502	1,25,77,414
Deposits	63,48,322	56,11,394
Receivable from Related Party -(Refer note 2.17)	1,50,722	-
Other	-	27,62,583
	<u>3,47,67,593</u>	<u>5,49,02,135</u>
	For the year ended March 31,2016	(Amount in ₹) For the year ended March 31,2015
Note No. 2.09		
Service Revenue and Other Operating Income		
Enterprise Value added Services	1,19,21,99,683	1,57,83,93,178
	<u>1,19,21,99,683</u>	<u>1,57,83,93,178</u>
Note No. 2.10		
Other Income		
Forex Gain	30,06,71,840	-
	<u>30,06,71,840</u>	<u>-</u>

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

	For the year ended March 31, 2016	(Amount in ₹) For the year ended March 31, 2015
Note No. 2.11		
Network Operation Expenses		
Network Operation Expenses	<u>85,43,67,101</u>	<u>1,04,96,39,693</u>
	<u>85,43,67,101</u>	<u>1,04,96,39,693</u>
Note No. 2.12		
Employee benefits Expenses		
Salaries	15,66,78,969	17,22,34,337
Contribution to Provident, Gratuity & Superannuation fund	7,67,31,561	9,97,88,764
Employee Welfare and Other Amenities	<u>50,77,025</u>	<u>74,95,419</u>
	<u>23,84,87,555</u>	<u>27,95,18,520</u>
Note No. 2.13		
Sales and General Administration Expenses		
Rent	2,37,07,439	1,67,09,217
Interest Expense	61,960	-
Insurance	-	3,21,176
Rates & Taxes	2,43,80,332	2,34,88,539
Legal Fees	44,75,335	96,34,853
Professional Fees	58,21,409	92,50,579
Travelling	50,14,198	1,05,42,592
Bank Charges	21,01,796	3,63,499
Communication	11,70,521	17,56,435
Provision/ Reversal of Doubtful Debts	1,10,10,510	18,14,334
Forex loss	-	49,21,47,055
Business Support Charge	3,59,69,422	-
Restructuring Cost	-	7,66,90,763
Other General and Administrative Expenses	<u>68,33,347</u>	<u>6,96,78,213</u>
	<u>12,05,46,269</u>	<u>71,23,97,255</u>
Payment to Auditor	<u>1,96,29,861</u>	<u>77,31,895</u>
	<u>14,01,76,130</u>	<u>72,01,29,150</u>

Note 2.14

BACKGROUND AND ORGANISATION

Vanco SAS is a virtual Network operator. The Company provides enterprise clients with managed network solutions including the design, integration, implementation, security and management of global corporate networks. The Company provides IT Outsourcers enabling the sub-contract of the above service package as part of a wider IT outsourcing solution.

Vanco SAS is asset-light, instead purchasing infrastructure from the hundreds of carriers globally, the company get the best prices for clients, design a solution using the most appropriate technology to meet customers' global requirements, and is 100% focused on delivering the highest quality customer service.

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

Note 2.15

Earnings per Share

Amount in ₹ except number of shares

Earnings per Share	For the Year ended March 31, 2016	For the Year ended March 31, 2015
A Profit / (Loss) after Tax	259,493,314	(473,175,201)
B Weighted average number of share of Euro 10 each used as denominator for calculating Basic and Diluted EPS	30,000	30,000
C Basic and Diluted Earnings / (Loss) per Share	8,650	(15,773)

Note 2.16

Segment Reporting

In accordance with Accounting Standard 17 "Segmental Reporting" issued by the Institute of Chartered Accountants of India. Since 100% of the Company's business is from telecommunication activities, there are no other reportable segments. Thus, the segment revenue, total carrying amount of segment assets, total carrying amount of segment liabilities, total cost incurred to acquire segment assets, total amount of charge of depreciation and amortization during the period are all as is reflected in the Financial Statements as of and for the period ended March 31, 2016.

Note 2.17

Related Party Transactions

In accordance with Accounting Standard 18 "Related Party Disclosures" issued by the Institute of Chartered Accountants of India, the company's related parties and transactions are disclosed below:

- A. List of Related Parties
 - a. Parties where control exist:
 - i) Reliance Vanco Group Ltd.
 - ii) Reliance Communications Limited
 - b. Enterprises as affiliated companies are:
 - i) Vanco ROW Limited
 - ii) Vanco UK Limited
 - iii) Vanco International Limited
 - iv) Vanco Global Limited
 - v) Euronet Spain SA
 - vi) Vanco Srl
 - vii) Vanco GmbH
 - viii) Vanco Deutschland GmbH
 - ix) Vanco Switzerland A.G.
 - x) Vanco B.V.
 - xi) Vanco Benelux BV
 - xii) Vanco NV
 - xiii) Vanco US LLC
 - xiv) Vanco Solutions Inc.
 - xv) Vanco Australasia Pty. Limited
 - xvi) Vanco (Asia Pacific) Pte. Limited
 - xvii) Vanco Japan KK
 - xviii) Vanco Sweden AB

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

B) Summarized below are the transactions entered into with related parties and closing balance at the end of the year: (Amount in ₹)

Name of the Entity	During the Year		Year End Balances			
	Service Income		Short term loan and advances		Other Current Liabilities	
	2015-2016	2014-2015	2015-2016	2014-2015	2015-2016	2014-2015
Vanco Asia Pacific Pte Limited	-	-	-	-	19,24,010	-
Vanco Australasia Pty. Limited	-	-	-	21,68,476	-	-
Reliance Vanco Group Limited	25,25,97,092	33,60,43,969	-	-	3,33,53,45,627	3,29,51,21,563
Vanco UK Limited	5,21,25,353	6,44,87,299	-	-	2,38,63,560	-
Vanco Global Limited	13,91,821	14,62,565	-	40,895	-	-
Vanco ROW Limited	-	-	2,08,12,643	3,12,47,391	24,16,422	-
Vanco International Limited	-	86,768	19,18,128	18,18,658	2,84,238	-
Vanco BV	4,11,58,998	-	1,73,53,772	1,79,75,763	26,41,119	-
Vanco GmbH	2,06,95,756	2,26,30,935	5,18,22,919	6,20,51,269	87,50,100	-
Vanco Deutschland GMBH	21,81,755	29,59,301	-	-	15,467	-
Vanco NV	-	18,089	1,88,96,179	1,40,39,420	58,37,883	-
Vanco Srl	1,77,45,912	-	1,77,39,680	2,36,24,520	36,80,474	-
Euronet Spain SA	-	-	2,75,95,084	5,12,61,832	44,18,265	-
Vanco Sweden AB	-	-	42,85,037	2,20,96,536	27,94,155	-
Vanco Switzerland AG	-	-	13,64,126	-	4,16,549	-
Vanco US LLC	1,90,32,251	2,80,46,532	2,22,11,527	7,47,08,865	35,54,463	-
Vanco Solutions Inc	1,33,06,394	1,53,48,877	-	-	1,09,827	-
Vanco Japan KK	-	-	-	8,22,055	-	-

Note 2.18

The amounts relating to Balance Sheet items appearing in Indian Rupees have been translated at Closing Rate of 1 GBP = Rs. 95.473 (Previous year 1 GBP = Rs. 92.470) and items relating to profit and loss have been translated at average rate of 1 GBP = Rs.98.6808 and (Previous year 1 GBP = Rs. 98.620).

The amounts have been converted in INR to comply with the financial reporting requirement in India.

Note No 2.19

The previous year's figures have been reworked, regrouped, rearranged and reclassified wherever necessary

As per our report attached

For and on behalf of the Board

For Shridhar & Associates
Chartered Accountants
Firm Regn. No. 134427W

Andrew Goldie
Janet Troxell } **Directors**

Jitendra Sawjany
Partner
Membership No : 050980

Place : Mumbai
Date : May 27, 2016

Independent Auditor's Report

To
The Board of Directors of Vanco Sp Zoo

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Vanco Sp Zoo ("the Company"), which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India including Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion whether the Company has in place an adequate Internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements read together with the notes thereon give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016 and its profit and its cash flows for the year ended on that date.

Other Reporting Requirements

We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account.

Other Matters

This report is issued for the information and use of the Board of Directors of the Company and of Reliance Communications Limited, the holding company in India to comply with the financial reporting requirements in India and should not be used for any other purposes without our prior written consent.

For Shridhar & Associates
Chartered Accountants
Firm Registration No.: 134427W

Jitendra Sawjany
Partner
Membership No. 050980

Place: Mumbai
Dated: May 27, 2016

Vanco Sp Zoo

Balance Sheet as at March 31, 2016

	Note	As at March 31, 2016	Amount in ₹ As at March 31, 2015
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2.01	17,60,296	16,43,298
Reserves and Surplus	2.02	(8,86,120)	(17,91,399)
		<u>8,74,176</u>	<u>(1,48,101)</u>
Current Liabilities			
Trade Payable	2.03	32,54,108	36,53,616
Other Current Liabilities	2.04	1,05,85,410	54,35,600
		<u>1,38,39,518</u>	<u>90,89,216</u>
TOTAL		<u>1,47,13,694</u>	<u>89,41,115</u>
ASSETS			
Current Assets			
Short-Term Loans and Advances	2.05	1,47,13,694	89,41,115
TOTAL		<u>1,47,13,694</u>	<u>89,41,115</u>
Significant Accounting Policies	1		
Notes forming part of Financial Statements	2		

As per our report attached

For and on behalf of the Board

For Shridhar & Associates
Chartered Accountants
Firm Regn. No. 134427W

Andrew Goldie **Director**

Jitendra Sawjany
Partner
Membership No : 050980

Place : Mumbai
Date : May 27, 2016

Vanco Sp Zoo

Statement of Profit and Loss for the year ended March 31, 2016

	Note	For the year ended March 31, 2016	Amount in ₹ For the year ended March 31, 2015
INCOME			
Service Revenue and Other Operating Income	2.06	2,23,36,960	2,52,04,951
Other Income	2.07	12,08,409	-
TOTAL		2,35,45,369	2,52,04,951
EXPENDITURE			
Network Operation Expenses	2.08	2,01,34,626	2,13,23,720
Finance Costs	2.09	24,272	-
Sales and General Administration Expenses	2.10	17,12,716	49,55,804
TOTAL		2,18,71,614	2,62,79,524
Profit / (Loss) before Tax		16,73,755	(10,74,573)
Provision for :			
- Current Tax		4,21,895	4,21,950
-Prior Period Tax		2,48,945	-
Profit / (Loss) After Tax		10,02,915	(14,96,523)
Earning Per Share (Basic and Diluted)	2.12	501	(748)

Significant Accounting Policies

1

Notes forming part of Financial Statements

2

As per our report attached

For and on behalf of the Board

For Shridhar & Associates

Chartered Accountants
Firm Regn. No. 134427W

Andrew Goldie

Director

Jitendra Sawjany

Partner
Membership No : 050980

Place : Mumbai

Date : May 27, 2016

Vanco Sp Zoo

Cash Flow Statement for the year ended March 31, 2016

	For the year ended March 31, 2016	Amount in ₹ For the year ended March 31, 2015
A) CASH FLOW FROM OPERATING ACTIVITIES:		
Profit Before Tax	16,73,755	(10,74,573)
Operating Profit before Working Capital Changes	<u>16,73,755</u>	<u>(10,74,573)</u>
Adjustments for:		
Trade and Other Payables	(3,99,508)	1,54,004
Other Current Liabilities	51,49,810	25,057
Short Term Loans and Advances	(57,72,579)	(57,30,316)
Effects of Exchange difference on Translation of Assets and Liabilities	<u>19,362</u>	<u>72,113</u>
Net cash generated from operating activities before income tax	<u>(10,02,915)</u> <u>6,70,840</u>	<u>(54,79,142)</u> <u>(65,53,715)</u>
Income tax paid (net of refunds received)	<u>(6,70,840)</u>	<u>(4,21,950)</u>
Net Cash generated from/(used in) Operating Activities (A)	<u>-</u>	<u>(69,75,665)</u>
B) CASH FLOW FROM INVESTING ACTIVITIES:		
Net Cash from/(used in) Investing Activities (B)	<u>-</u>	<u>-</u>
C) CASH FLOW FROM FINANCING ACTIVITIES:		
Financial assistance received from/(paid to) related parties	-	56,28,359
Net Cash from/(Used in) Financing Activities (C)	<u>-</u>	<u>56,28,359</u>
Net Increase in Cash and Cash Equivalents (A+B+C)	-	(13,47,306)
Cash and Cash Equivalents at the Beginning of the Year	-	13,47,306
Cash and Cash Equivalents at the End of the Year	<u>-</u>	<u>-</u>

As per our report attached

For Shridhar & Associates
Chartered Accountants
Firm Regn. No. 134427W

Jitendra Sawjany
Partner
Membership No : 050980

Place : Mumbai
Date : May 27, 2016

For and on behalf of the Board

Andrew Goldie **Director**

Note 1

SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation of Financial Statements

The financial statements are prepared under historical cost convention, in accordance with the generally accepted accounting principles (GAAP) in India and Comply with Accounting Standard specified under Section 133 of the Companies Act, 2013 ("the Act") read with Rule 7 of the Companies (Accounts) Rules, 2014 and other provisions of the Act, to the extent notified and applicable as well as applicable guidance note and pronouncements of the Institute of Chartered Accountants of India (the ICAI).

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Schedule III to the Companies Act, 2013. Based on the nature of the services and their realisation in cash & cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current or non-current classification of assets and liabilities

b) Revenue Recognition

A network contract typically covers the design, supply and installation of the network and thereafter the provision of Packaged Network Solutions. Turnover relating to the initial part of the contract is recognized over the contract implementation period. The remainder of the contract value is recognized evenly over the period of the contract.

To the extent that the recognition differs from the contractual billing terms, either turnover is accrued or amounts billed in advance are treated as deferred income.

c) Employee Benefits

Pension Obligations

Group companies operate employees' personal pension schemes. The schemes are funded through payments to insurance companies as defined contribution plans.

The group has no legal or constructive obligations to pay further contribution if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The contributions are recognized as employee benefit expense when they are due.

Bonus Plans

The Group recognizes a liability and an expense for bonuses. The Group recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Commissions

Commission payable to staff on securing new contracts which are directly attributable to the contract, are recognized as a period cost as an when incurred.

d) Use of Estimates

The presentation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the consolidated financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known / materialised.

e) Accounting for Taxes on Income

Provision for Income Tax is made on the basis of estimated taxable income for the year at current rates after considering exemptions and deductions available under the Income Tax Laws of the respective countries of the subsidiaries. Tax expense comprises of both Current Tax and Deferred Tax at the applicable enacted or substantively enacted rates. Current tax represents the amount of Income Tax payable in respect of the taxable income for the reporting period. Deferred tax represents the effect of timing difference between taxable income and accounting income for the reporting period that originate in one period and are capable of reversal in one or more subsequent periods. The deferred tax asset is recognised and carried forward only to the extent that there is a reasonable certainty that the asset will be realised in future.

f) Foreign Currency Translation

Initial Recognition

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

Subsequent Recognition

As at the reporting date, non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. All non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined. All monetary assets and liabilities in foreign currency are restated at the end of accounting period.

g) Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised when the company has legal and constructive obligation as a result of past events which it is probable that a cash outflow will be required and a reliable estimate can be made of the amount of obligation.

Contingent Liabilities are disclosed when the company has possible or present obligation and it is probable that a cash flow will not be required to settle the obligation.

Contingent Assets are neither recognised nor disclosed in the financial statements.

	As at March 31, 2016	Amount in ₹ As at March 31, 2015
Note 2.01		
Share Capital		
Authorised		
2000 ordinary shares of PLN 50 each (PY 2000 ordinary shares)	<u>17,60,296</u>	16,43,298
	<u>17,60,296</u>	<u>16,43,298</u>
Issued, Subscribed and Paid up		
2000 ordinary shares of PLN 50 each (PY 2000 ordinary shares) fully paid up	<u>17,60,296</u>	16,43,298
	<u>17,60,296</u>	<u>16,43,298</u>

a) Ordinary Shares held by Holding Company and subsidiary of Holding Company

	No. of Shares	No of Shares
Reliance Vanco Group Limited	1,980	1,980
Vanco UK Limited	20	20
	<u>2,000</u>	<u>2,000</u>

b) Details of Shareholders holding more than 5% of the aggregate shares in the Company

Particulars	As at 31.03.2016		As at 31.03.2015	
	% of Holding	No. of Shares	% of Holding	No of Shares
Reliance Vanco Group Limited	99.00	1,980	99	1,980

c) Terms/ Rights attached to the shares

The Company has only ordinary shares having a par value of PLN 50 per share. Each holder of shares is entitled to one vote per share. In the event of liquidation of the Company, the holder of shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of shares held by the shareholder.

d) Reconciliation of ordinary shares outstanding at the beginning and at the end of the year

	As at 31.03.2016		As at 31.03.2015	
	No of Shares	Amount in ₹	No of Shares	Amount in ₹
Ordinary Shares				
Balance as at the beginning of the year	2,000	17,60,296	2,000	16,43,298
Add: Movement for the year	-	-	-	-
At the end of the year	<u>2,000</u>	<u>17,60,296</u>	<u>2,000</u>	<u>16,43,298</u>

Vanco Sp Zoo

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

	As at March 31, 2016	Amount in ₹ As at March 31, 2015
Note 2.02		
Reserves and Surplus		
Surplus/ (Deficit) in Statement of Profit and Loss		
Balance as at the beginning of the year	(19,50,094)	(4,53,571)
Profit / (Loss) for the Year	10,02,915	(14,96,523)
Balance as the end of the year	<u>(9,47,179)</u>	<u>(19,50,094)</u>
Foreign Currency Translation Reserve	61,059	1,58,695
	<u>(8,86,120)</u>	<u>(17,91,399)</u>
Note 2.03		
Trade Payables		
Trade Payables	32,54,108	-
Others	-	36,53,616
	<u>32,54,108</u>	<u>36,53,616</u>
Note 2.04		
Other Current Liabilities		
Group Company Payables (Refer note no. 2.14)	1,02,33,274	51,64,824
Other Liabilities	3,52,136	2,70,776
	<u>1,05,85,410</u>	<u>54,35,600</u>
Note 2.05		
Short-Term Loans and Advances		
Advances to Vendors	6,065	63,45,118
Prepaid Expenses	12,17,245	11,40,449
Deposits - Current	15,59,180	14,55,548
Balances with Govt Authorities	1,19,13,207	-
Others	17,997	-
	<u>1,47,13,694</u>	<u>89,41,115</u>
		Amount in ₹
	For the year ended March 31, 2016	For the year ended March 31, 2015
Note 2.06		
Service Revenue and Other Operating Income		
Enterprise Value Added Services	2,23,36,960	2,52,04,951
	<u>2,23,36,960</u>	<u>2,52,04,951</u>
Note 2.07		
Other Income		
Foreign Exchange Fluctuation Gain	12,07,503	-
Interest Income	906	-
	<u>12,08,409</u>	<u>-</u>

Vanco Sp Zoo

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

	Amount in ₹	
	For the year ended March 31, 2016	For the year ended March 31, 2015
Note 2.08		
Network Operation Expenses		
Network Operating Expenses	2,01,34,626	2,13,23,720
	2,01,34,626	2,13,23,720
Note 2.09		
Finance Costs		
Interest and Finance Charges	24,272	-
	24,272	-
Note 2.10		
Sales and General Administration Expenses		
Rent	75,855	50,806
Professional Fees	14,22,324	2,47,187
Legal Fees	1,41,591	-
Bank Charges	-	10,827
Communication	63,859	-
Foreign Exchange Fluctuation Loss	-	26,42,807
Miscellaneous	9,087	20,04,177
	17,12,716	49,55,804

Note 2.11

BACKGROUND AND ORGANISATION

Vanco SP Zoo is a virtual Network operator. The Company provides enterprise clients with managed network solutions including the design, integration, implementation, security and management of global corporate networks. The Company provides IT Outsourcers enabling the sub-contract of the above service package as part of a wider IT outsourcing solution.

Vanco SP Zoo is asset-light, instead purchasing infrastructure from the hundreds of carriers globally, the company get the best prices for clients, design a solution using the most appropriate technology to meet customers' global requirements, and is 100% focused on delivering the highest quality customer service.

Note 2.12

Earnings Per Share

Amount in ₹ Except number of shares

	For the year ended March 31, 2016	For the year ended March 31, 2015
Earnings per Share		
A Profit / (Loss) after Tax	1,002,915	(1,496,523)
B Weighted average number of share of PLN 50 each used as denominator for calculating Basic and Diluted EPS	2,000	2,000
C Basic and Diluted Earnings / (Loss) per Share (A/B)	501	(748)

Note 2.13

Segment Reporting

In accordance with Accounting Standard 17 "Segmental Reporting" issued by The Institute of Chartered Accountants of India. Since 100% of the Company's business is from telecommunication activities, there are no other reportable segments. Thus, the segment revenue, total carrying amount of segment assets, total carrying amount of segment liabilities, total cost incurred to acquire segment assets, total amount of charge of depreciation and amortization during the year are all as is reflected in the Financial Statements as of and for the year ended March 31, 2016.

Vanco Sp Zoo

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

Note 2.14

Related Party Transactions

In accordance with Accounting Standard 18 "Related Party Disclosures" issued by the Institute of Chartered Accountants of India, the company's related parties and transactions are disclosed below:

- a) Parties where control exist:
 - i) Reliance Vanco Group Limited
 - ii) Reliance Communications Limited
 - iii) Flag Telecom Group Services Limited
- b) Enterprises as affiliated companies are:
 - i) Vanco UK Limited
- c) Summarized below are the transactions entered into with related parties:

Amount in ₹

	Other Current Liabilities		Service Revenue	
	As at 31.03.2016	As at 31.03.2015	Year ended 31.03.2016	Year ended 31.03.2015
Reliance Vanco Group Limited	1,02,33,274	51,64,824	22,336,960	22,287,582

Note 2.15

The previous year's figures have been reworked, regrouped, rearranged and reclassified wherever necessary.

Note 2.16

The amounts relating to Balance Sheet items appearing in Indian Rupees have been translated at Closing Rate of 1 GBP = ₹ 95.473 (Previous year 1 GBP = ₹ 92.470) and items relating to profit and loss have been translated at average rate of 1 GBP = ₹ 98.6808 (Previous year 1 GBP = ₹ 98.620)

The amounts have been converted in INR to comply with the financial reporting requirement in India.

As per our report attached

For and on behalf of the Board

For Shridhar & Associates

Chartered Accountants
Firm Regn. No. 134427W

Andrew Goldie

Director

Jitendra Sawjany

Partner
Membership No : 050980

Place : Mumbai

Date : May 27, 2016

Vanco Australasia Pty Limited

Independent Auditor's Report

To
The Board of Directors of Vanco Australasia Pty Limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Vanco Australasia Pty Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India including Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion whether the Company has in place an adequate Internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements read together with the notes thereon give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016 and its profit and its cash flows for the year ended on that date.

Other Reporting Requirements

We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account.

Other Matters

This report is issued for the information and use of the Board of Directors of the Company and of Reliance Communications Limited, the holding company in India to comply with the financial reporting requirements in India and should not be used for any other purposes without our prior written consent.

For Shridhar & Associates
Chartered Accountants
Firm Registration No.: 134427W

Jitendra Sawjany
Partner
Membership No. 050980

Place: Mumbai
Dated: May 27, 2016

Vanco Australasia Pty Limited

Balance Sheet as at March 31, 2016

	Note	As at March 31, 2016	Amount in ₹ As at March 31, 2015
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2.01	15,80,08,809	14,75,48,384
Reserves and Surplus	2.02	(40,18,86,095)	(40,34,87,955)
		<u>(24,38,77,286)</u>	<u>(25,59,39,571)</u>
Current Liabilities			
Trade Payables	2.03	8,63,01,133	2,88,52,194
Other Current Liabilities	2.04	44,24,83,250	44,06,03,008
		<u>52,87,84,383</u>	<u>46,94,55,202</u>
TOTAL		<u><u>28,49,07,097</u></u>	<u><u>21,35,15,631</u></u>
ASSETS			
Non Current Assets			
Fixed Assets			
Tangible Assets	2.05	92,443	1,79,455
Current Assets			
Trade Receivables	2.06	15,04,57,638	17,10,26,459
Cash and Bank Balances	2.07	9,21,19,066	3,21,76,488
Short-Term Loans and Advances	2.08	4,22,37,950	1,01,33,229
		<u>28,48,14,654</u>	<u>21,33,36,176</u>
TOTAL		<u><u>28,49,07,097</u></u>	<u><u>21,35,15,631</u></u>
Significant Accounting Policies	1		
Notes forming part of Financial Statements	2		

As per our report attached

For Shridhar & Associates
Chartered Accountants
Firm Regn. No. 134427W

Jitendra Sawjany
Partner
Membership No : 050980

Place : Mumbai
Date : May 27, 2016

For and on behalf of the Board

Andrew Goldie
Marcus Leonard } **Directors**

Vanco Australasia Pty Limited

Statement of Profit and Loss for the year ended March 31, 2016

	Note	For the the year ended March 31, 2016	Amount in ₹ For the the year ended March 31, 2015
INCOME			
Service Revenue and Other Operating Income	2.09	90,39,12,689	1,18,91,85,352
Other Income	2.10	3,77,119	-
TOTAL		90,42,89,808	1,18,91,85,352
EXPENDITURE			
Network Operation Expenses	2.11	67,54,48,253	94,33,99,766
Employee Benefit Expenses	2.12	12,78,71,378	11,44,49,400
Depreciation	2.05	1,24,923	2,30,973
Sales and General Administration Expenses	2.13	7,23,43,902	12,64,20,893
TOTAL		87,57,88,456	1,18,45,01,032
Profit / (Loss) before Tax		2,85,01,352	46,84,320
Provision for Taxation			
- Current Tax		-	12,71,100
Profit / (Loss) After Tax		2,85,01,352	34,13,220
Earnings per Share	2.15	9.19	1.10
(Basic and Diluted)			
Significant Accounting Policies	1		
Notes forming part of Financial Statements	2		

As per our report attached

For Shridhar & Associates
Chartered Accountants
Firm Regn. No. 134427W

Jitendra Sawjany
Partner
Membership No : 050980

Place : Mumbai
Date : May 27, 2016

For and on behalf of the Board

Andrew Goldie
Marcus Leonard } **Directors**

Vanco Australasia Pty Limited

Cash Flow Statement for the year ended March 31, 2016

	For the year ended March 31, 2016	Amount in ₹ For the year ended March 31, 2015
A) CASH FLOW FROM OPERATING ACTIVITIES:		
Profit/(Loss) Before Tax	2,85,01,352	46,84,320
Adjustments for:		
Depreciation and Amortisation	<u>1,24,923</u>	<u>2,30,973</u>
	1,24,923	2,30,973
Operating Profit before Working Capital Changes	2,86,26,275	49,15,293
Adjustments for:		
Trade and Other Receivables	2,05,68,821	95,11,253
Trade and Other Payables	5,74,48,939	(1,52,67,062)
Unearned Income	(3,31,985)	(6,78,09,149)
Other Current Liabilities	22,12,228	(3,92,85,248)
Short Term Loans and Advances	(3,21,04,720)	69,47,449
Effects of Exchange difference on translation of Assets and Liabilities	<u>(1,64,39,069)</u>	<u>2,00,59,489</u>
	3,13,54,214	(8,58,43,268)
Net cash from/(used in) operating activities before tax	5,99,80,489	(8,09,27,975)
Income tax paid	-	(12,71,100)
Net Cash From/(used in) generated from Operating Activities (A)	<u>5,99,80,489</u>	<u>(8,21,99,075)</u>
B) CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets	<u>(37,911)</u>	<u>(96,058)</u>
Net Cash From/(Used in) Investing Activities (B)	<u>(37,911)</u>	<u>(96,058)</u>
C) CASH FLOW FROM FINANCING ACTIVITIES:		
Financial assistance received from related parties	-	8,05,41,197
Net Cash From/(Used in) Financing Activities (C)	-	8,05,41,197
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	5,99,42,578	(17,53,936)
Cash and Cash Equivalents at the Beginning of the year	3,21,76,488	3,39,30,424
Cash and Cash Equivalents at the End of the year	<u>9,21,19,066</u>	<u>3,21,76,488</u>

As per our report attached

For Shridhar & Associates
Chartered Accountants
Firm Regn. No. 134427W

Jitendra Sawjany
Partner
Membership No : 050980

Place : Mumbai
Date : May 27, 2016

For and on behalf of the Board

Andrew Goldie
Marcus Leonard } **Directors**

Vanco Australasia Pty Limited

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

Note 1

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a) Basis of Preparation of Financial Statements

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All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Schedule III to the Companies Act, 2013. Based on the nature of the services and their realisation in cash & cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current or non-current classification of assets and liabilities.

b) Revenue Recognition

A network contract typically covers the design, supply and installation of the network and thereafter the provision of Packaged Network Solutions. Turnover relating to the initial part of the contract is recognized over the contract implementation period. The remainder of the contract value is recognized evenly over the period of the contract.

To the extent that the recognition differs from the contractual billing terms, either turnover is accrued or amounts billed in advance are treated as deferred income.

c) Employee Benefits

Pension Obligations

Group companies operate employees' personal pension schemes. The schemes are funded through payments to insurance companies as defined contribution plans.

The group has no legal or constructive obligations to pay further contribution if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The contributions are recognized as employee benefit expense when they are due.

Bonus Plans

The Group recognizes a liability and an expense for bonuses. The Group recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Commissions

Commissions payable to staff on securing new contracts which are directly attributable to the contract, are recognized as a period cost as an when incurred.

d) Use of Estimates

The presentation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the consolidated financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known / materialised.

e) Accounting for Taxes on Income

Provision for Income Tax is made on the basis of estimated taxable income for the year at current rates after considering exemptions and deductions available under the Income Tax Laws of the respective countries of the subsidiaries. Tax expense comprises of both Current Tax and Deferred Tax at the applicable enacted or substantively enacted rates. Current tax represents the amount of Income Tax payable in respect of the taxable income for the reporting period. Deferred tax represents the effect of timing difference between taxable income and accounting income for the reporting period that originate in one period and are capable of reversal in one or more subsequent periods. The deferred tax asset is recognised and carried forward only to the extent that there is a reasonable certainty that the asset will be realised in future.

Vanco Australasia Pty Limited

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

f) Fixed Assets

Accounting of Tangible Fixed Assets

All Tangible Fixed Assets is shown at cost less subsequent depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Profit & Loss Account during the financial period in which they are incurred.

Depreciation on assets is calculated using the straight-line method to allocate the cost of each asset to its residual value over its estimated useful life as follows:

Leasehold improvements..... Over the period of the lease

Computer equipment..... 3 to 5 years.

Fixtures, fittings and equipment..... 3 to 5 years.

Motor Vehicles..... 5 years.

Major renovations are depreciated over the remaining useful life of the related asset or to the date of the next major renovation, whichever is sooner.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement. Borrowing costs incurred for the construction of any qualifying assets are capitalized during the period of time that is required to complete and prepare the asset for its intended use.

Intangible Assets

Computer software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives (three to five years).

Costs that are directly associated with the production of identifiable and unique software products controlled by the Group and that will probably generate economic benefits exceeding costs beyond one year, are recognized as intangible assets. Direct costs include the costs of software development employees and an appropriate portion of relevant overheads.

Computer software development costs recognized as assets are amortized over their estimated useful lives (not exceeding five years).

g) Foreign Currency Translation

Initial Recognition

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Subsequent Recognition

As at the reporting date, non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. All non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined. All monetary assets and liabilities in foreign currency are restated at the end of accounting period.

h) Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised when the company has legal and constructive obligation as a result of past events which it is probable that a cash outflow will be required and a reliable estimate can be made of the amount of obligation.

Contingent Liabilities are disclosed when the company has possible or present obligation and it is probable that a cash flow will not be required to settle the obligation. Contingent Assets are neither recognised nor disclosed in the financial statements.

Vanco Australasia Pty Limited

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

	As at March 31, 2016	Amount in ₹ As at March 31, 2015
Note 2.01		
Share Capital		
Authorised		
3,100,000 (3,100,000) Ordinary Shares of AU \$ 1 each	15,80,08,809	14,75,48,384
	15,80,08,809	14,75,48,384

Issued, Subscribed and Paid up

3,100,000 (3,100,000) Ordinary Shares of AU \$ 1 each, Fully paid up	15,80,08,809	14,75,48,384
	15,80,08,809	14,75,48,384

a) Ordinary Shares held by Holding Company

	No. of Shares	No of Shares
Reliance Vanco Group Limited	31,00,000	31,00,000
	31,00,000	31,00,000

b) Details of shareholders holding more than 5% of the aggregate shares in the Company

Particulars	As at 31.03.2016		As at 31.03.2015	
	% of Holding	No. of Shares	% of holding	No of Shares
Reliance Vanco Group Limited	100	31,00,000	100	31,00,000

c) Terms/ Rights attached to the ordinary shares

The Company has only Ordinary shares having a par value of AU\$ 1 each share. Each holder of shares is entitled to one vote per share. In the event of liquidation of the Company, the holder of shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of shares held by the shareholder.

"Global CloudXChange limited (a ultimate Holding Company) had issued 7 % senior secured notes of USD 350 Million. These Notes are guaranteed by Reliance Vanco Group Limited and its material subsidiaries (including the Company) and secured by way of a pledge of equity shares."

d) Reconciliation of ordinary shares outstanding at the beginning and at the end of the year

Ordinary Shares	As at 31.03.2016		As at 31.03.2015	
	No of Shares	Amount ₹	No of Shares	Amount ₹
Balances as at the Beginning of the year	31,00,000	15,80,08,809	31,00,000	14,75,48,384
Add: Movement for the year	-	-	-	-
At the end of the year	31,00,000	15,80,08,809	31,00,000	14,75,48,384

Vanco Australasia Pty Limited

	As at March 31, 2016	Amount in ₹ As at March 31, 2015
Note 2.02		
Reserves and Surplus		
Balance as at the beginning of the year	(40,19,72,208)	(40,53,85,428)
Profit / (Loss) for the Year	2,85,01,352	34,13,220
Balance as at the end of the year	(37,34,70,856)	(40,19,72,208)
Foreign Currency Translation Reserve	(2,84,15,239)	(15,15,747)
	(40,18,86,095)	(40,34,87,955)
Note 2.03		
Trade Payables		
Trade Payables	8,63,01,133	2,88,52,194
(Refer Note 2.18)	8,63,01,133	2,88,52,194
Note 2.04		
Other Current Liabilities		
Unearned Income	7,47,06,339	7,50,38,324
Group Company Payable-Intercompany (Refer note no 2.18)	35,24,42,461	29,22,12,372
Employee Benefits Payable	37,80,181	-
Statutory Dues Payable	1,08,73,569	-
Other Liabilities	6,80,700	7,33,52,312
	44,24,83,250	44,06,03,008

Vanco Australasia Pty Limited

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

Note 2.05 Fixed Assets and Depreciation

Amount in ₹

Particulars	Gross Block			Depreciation			Net Block				
	As at April 01, 2015	Additions during the year	Deductions/ adjustments	Forex Difference	As at March 31, 2016	As at April 01, 2015	For the year	Deductions/ Adjustments	Forex Difference	As at March 31, 2016	As at March 31, 2015
Tangible Assets											
Computer Equipments	80,56,911	37,911	-	5,81,055	86,75,877	78,98,355	1,03,347	-	5,81,732	92,443	1,58,557
Leasehold Assets	1,55,04,165	-	-	10,99,166	1,66,03,331	1,55,04,170	-	-	10,99,161	-	-
Furniture & Fixtures	27,95,163	-	-	1,98,163	29,93,326	29,92,632	21,576	-	(20,882)	-	20,898
Total	2,63,56,239	37,911	-	18,78,384	2,82,72,534	2,63,95,157	1,24,923	-	16,60,011	92,443	1,79,455
Previous year	2,83,34,158	1,00,099	-	(20,77,997)	2,63,56,239	2,80,19,788	2,30,973	-	5,90,651	1,79,455	-

Vanco Australasia Pty Limited

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

	As at March 31, 2016	Amount in ₹ As at March 31, 2015
Note 2.06		
Trade Receivables		
(Unsecured)		
Due for More than Six months		
Considered Doubtful	53,72,656	-
Less: Provision for doubtful debts	<u>(53,72,656)</u>	<u>-</u>
	<u>-</u>	<u>-</u>
Others		
Considered Good	15,04,57,638	17,73,50,909
Considered Doubtful	-	-
Less: Provision for doubtful debts	-	(63,24,450)
	<u>15,04,57,638</u>	<u>17,10,26,459</u>
Note 2.07		
Cash and Bank Balances		
Balance with Banks		
- Current Accounts	9,21,16,744	3,21,76,488
Cash in Hand	2,322	-
	<u>9,21,19,066</u>	<u>3,21,76,488</u>
Note 2.08		
Short-Term Loans and Advances		
Group Company Receivable-Intercompany (Refer note no. 2.18)	1,65,94,110	-
Advance to Vendors	7,97,558	62,88,575
Balances with Govt. Authorities	19,68,937	-
Prepaid Expenses	42,10,777	38,44,654
Deposits	1,86,66,568	-
	<u>4,22,37,950</u>	<u>1,01,33,229</u>
Note 2.09		
Service Revenue and Other Operating Income		
Enterprise Value Added Services	90,39,12,689	1,18,91,85,352
	<u>90,39,12,689</u>	<u>1,18,91,85,352</u>
Note 2.10		
Other Income		
Interest Income	3,61,072	-
Miscellaneous Income	16,047	-
	<u>3,77,119</u>	<u>-</u>

Vanco Australasia Pty Limited

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

	For the the year ended March 31,2016	Amount in ₹ For the the year ended March 31,2015
Note 2.11		
Network Operation Expenses		
Network Operating Expenses	67,54,48,253	94,33,99,766
	67,54,48,253	94,33,99,766
Note 2.12		
Employee Benefit Expenses		
Salaries, Wages and Bonus	11,73,54,303	10,12,04,623
Contribution to Provident, Gratuity and Superannuation Fund	97,69,465	1,04,14,978
Employee Welfare and Other Amenities	7,47,610	28,29,799
	12,78,71,378	11,44,49,400
Note 2.13		
Sales and General Administration Expenses		
Rent	44,91,680	1,13,54,724
Insurance	-	7,32,798
Rates and Taxes	3,81,468	23,77,547
Legal Fees	2,85,765	22,807
Professional Fees	11,36,077	2,52,334
Travel and Entertainment	51,94,569	77,46,238
Bank Charges	9,60,495	12,90,835
Communication	23,54,937	16,62,912
Provision for Doubtful debts	-	14,80,485
Repairing & Maintances Building	58,09,173	-
Repairing & Maintances Others	14,09,154	-
Facility Usage charges	1,43,771	-
Sales and Marketing Expenses	5,47,772	-
Foreign Exchange Fluctuation Loss (Net)	1,45,14,762	3,62,56,675
SG&A Group Recharge	3,49,87,896	-
Miscellaneous	1,26,383	6,32,43,538
	7,23,43,902	12,64,20,893

Note 2.14

BACKGROUND AND ORGANISATION

Vanco Australasia Pty Ltd is a virtual Network operator. The Company provides enterprise clients with managed network solutions including the design, integration, implementation, security and management of global corporate networks. The Company provides IT Outsourcers enabling the sub-contract of the above service package as part of a wider IT outsourcing solution.

Vanco Australasia Pty Ltd is asset-light, instead purchasing infrastructure from the hundreds of carriers globally, the company get the best prices for clients, design a solution using the most appropriate technology to meet customers' global requirements, and is 100% focused on delivering the highest quality customer service.

Vanco Australasia Pty Limited

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

Note 2.15

Earnings Per Share

Amount in ₹ Except number of shares

	For the year ended March 31, 2016	For the year ended March 31, 2015
A Profit / (Loss) after Tax	28,501,352	3,413,220
B Weighted average number of share of AU \$ 1 each used as denominator for calculating Basic and Diluted EPS	3,100,000	3,100,000
C Basic and Diluted Earnings / (Loss) per Share (A/B)	9.19	1.10

Note 2.16

Contingent Liabilities

a) Guarantees

Bank guarantees given to third parties:

- For office rental in Australia for approximately AUD 155,440 amounting to INR 7,922,868 (2015 AUD 155,440 amounting to INR 7,398,362)

Note 2.17

Segment Reporting

In accordance with Accounting Standard 17 "Segmental Reporting" issued by the Institute of Chartered Accountants of India. Since 100% of the Company's business is from telecommunication activities, there are no other reportable segments. Thus, the segment revenue, total carrying amount of segment assets, total carrying amount of segment liabilities, total cost incurred to acquire segment assets, total amount of charge of depreciation and amortization during the year are all as is reflected in the Financial Statements as of and for the year ended March 31, 2016.

Note 2.18

Related Party Transactions

In accordance with Accounting Standard 18 "Related Party Disclosures" issued by the Institute of Chartered Accountants of India, the Company's related parties and transactions are disclosed below:

- a) Parties where control exist:
 - i) Reliance Communications Limited
 - ii) Flag Telecom Group Services Limited
 - iii) Reliance Vanco Group Limited
 - iv) Global CloudXChange limited
- b) Enterprises as affiliated companies are:
 - i) Vanco UK Limited
 - ii) Vanco ROW Limited
 - iii) Vanco International Limited
 - iv) Vanco Global Limited
 - v) Vanco SAS
 - vi) Vanco GmbH
 - vii) Vanco Deutschland GmbH
 - viii) Vanco B.V.
 - ix) Vanco Sweden AB
 - x) Vanco US LLC
 - xi) Vanco Solutions Inc.
 - xii) Vanco (Asia Pacific) Pte. Limited
 - xiii) Vanco Japan KK
 - xiv) Vanco Srl
 - xv) Euronet Spain SA
 - xvi) Reliance Communications Limited

Vanco Australasia Pty Limited

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

c) Summarized below are the transactions entered into with related parties and closing balances:

	Service Income		During the Year Ended		Transfer pricing cost		Short Term Loans and Advances		Year End Balances as at		Trade payables
	31.03.2016	31.03.2015	31.03.2016	31.03.2015	31.03.2016	31.03.2015	31.03.2016	31.03.2015	31.03.2016	31.03.2015	
	Amount in ₹	Amount in ₹	Amount in ₹	Amount in ₹	Amount in ₹	Amount in ₹	Amount in ₹	Amount in ₹	Amount in ₹	Amount in ₹	
Name of the Entity	31.03.2016	31.03.2015	31.03.2016	31.03.2015	31.03.2016	31.03.2015	31.03.2016	31.03.2015	31.03.2016	31.03.2015	31.03.2015
Vanco (Asia Pacific) Pte Limited	21,57,300	23,59,637	6,12,68,042	8,39,56,661	-	-	-	-	1,10,49,044	-	-
Reliance Vanco Group Limited	-	-	-	-	8,48,53,844	14,57,94,256	-	-	32,50,43,366	29,22,12,372	-
Vanco UK Limited	2,39,96,783	2,80,08,155	9,37,16,490	16,48,23,193	-	-	-	-	1,14,54,272	-	-
Vanco Global Limited	4,64,668	-	52,80,613	62,19,114	-	-	-	-	4,13,887	-	-
Vanco ROW Limited	-	-	3,20,633	20,82,703	-	-	-	-	33,265	-	-
Vanco BV	7,53,536	8,21,477	-	-	-	-	1,30,236	-	-	-	-
Vanco GmbH	4,60,00,635	7,88,71,324	13,10,843	31,98,712	-	-	63,83,691	-	-	-	-
Vanco Deutschland GMBH	2,78,929	7,85,210	-	-	-	-	-	-	-	-	-
Vanco Sit	3,40,02,000	4,17,69,287	-	-	-	-	57,48,031	-	-	-	-
Euronet Spain SA	7,39,716	15,27,109	-	-	-	-	1,32,250	-	-	-	-
Vanco Sweden AB	81,99,009	-	-	-	-	-	36,89,243	-	-	-	-
Vanco US LLC	32,48,653	2,26,05,420	2,82,09,071	1,21,31,146	-	-	-	-	44,36,294	-	-
Vanco Solutions Inc	29,30,839	24,67,209	-	-	-	-	5,10,659	-	-	-	-
Vanco SAS	-	21,68,476	-	-	-	-	-	-	-	-	-
Vanco Japan KK	-	-	73,593	1,03,700	-	-	-	-	12,333	-	-
Reliance Communications Ltd	-	-	39,29,453	2,36,30,893	-	-	-	-	-	1,18,15,447	59,07,723

Note 2.19

The amounts relating to Balance Sheet items appearing in Indian Rupees have been translated at Closing Rate of 1 GBP = Rs. 95.473 (Previous year 1 GBP = Rs. 92.470) and items relating to profit and loss have been translated at average rate of 1 GBP = Rs. 98.6808 (Previous year 1 GBP = Rs. 98.620)

The amounts have been converted in INR to comply with the financial reporting requirement in India.

Note 2.20

The previous year's figures have been reworked, regrouped, rearranged and reclassified wherever necessary. For and on behalf of the Board

For Shridhar & Associates

Chartered Accountants
Firm Regn. No. 1 34427W

Andrew Goldie

Marcus Leonard

Directors

Jitendra Sawjany

Partner
Membership No : 050980

Place : Mumbai

Date : May 27, 2016

Independent Auditor's Report

To
The Board of Directors of Vanco NV

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Vanco NV ("the Company"), which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India including Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion whether the Company has in place an adequate Internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements read together with the notes thereon give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016 and its profit and its cash flows for the year ended on that date.

Other Reporting Requirements

We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account.

Other Matters

This report is issued for the information and use of the Board of Directors of the Company and of Reliance Communications Limited, the holding company in India to comply with the financial reporting requirements in India and should not be used for any other purposes without our prior written consent.

For Shridhar & Associates
Chartered Accountants
Firm Registration No.: 134427W

Jitendra Sawjany
Partner
Membership No. 050980

Place: Mumbai
Dated: May 27, 2016

Vanco NV

Balance Sheet as at March 31, 2016

	Note	As at		(Amount in INR)
		March 31, 2016		As at March 31, 2015
EQUITY AND LIABILITIES				
Shareholder's Funds				
Share Capital	2.01	4,22,91,014		3,75,67,400
Reserves and Surplus	2.02	<u>(61,28,98,396)</u>	<u>(57,06,07,382)</u>	<u>(60,65,25,846)</u> (56,89,58,446)
Current Liabilities				
Trade Payables	2.03	3,10,64,622		8,04,249
Other Current Liabilities	2.04	<u>57,50,24,688</u>	<u>60,60,89,310</u>	<u>58,36,27,142</u> 58,44,31,391
TOTAL			<u><u>3,54,81,928</u></u>	<u><u>1,54,72,945</u></u>
ASSETS				
Current Assets				
Trade Receivables	2.05	43,968		12,10,479
Cash and Bank Balance	2.06	72,06,385		1,23,23,329
Short-term Loans and Advances	2.07	80,87,469		19,39,137
Other Current Assets	2.08	<u>2,01,44,106</u>		-
			<u>3,54,81,928</u>	1,54,72,945
TOTAL			<u><u>3,54,81,928</u></u>	<u><u>1,54,72,945</u></u>
Significant Accounting Policies	1			
Notes forming part of Financial Statement	2			

As per our report attached

For Shridhar & Associates
Chartered Accountants
Firm Regn. No. 134427W

Jitendra Sawjany
Partner
Membership No : 050980

Place : Mumbai
Date : May 27, 2016

For and on behalf of the Board

Andrew Goldie
Chris van Zinnicq Bergmann } **Directors**

Vanco NV

Statement of Profit and Loss for the year ended March 31, 2016

(Amount in INR)

	Note No	For the year ended March 31, 2016	For the year ended March 31, 2015
INCOME			
Services Revenue and Other Operating Income	2.09	13,57,91,702	15,47,64,640
Other Income	2.10	5,13,51,472	-
		<u>18,71,43,174</u>	<u>15,47,64,640</u>
EXPENDITURE			
Network Operation Expenses	2.11	10,71,07,423	10,92,58,478
Employee Benefits Expense	2.12	80,07,146	68,50,458
Finance Charges	2.13	3,185	-
Sales and General Administration Expenses	2.14	50,17,213	12,01,34,967
		<u>12,01,34,967</u>	<u>12,58,54,535</u>
		<u>6,70,08,207</u>	<u>(8,71,98,831)</u>
Provision for:			
- Current Tax		-	-
		<u>-</u>	<u>-</u>
		<u>6,70,08,207</u>	<u>(8,71,98,831)</u>
PROFIT / (LOSS) FOR THE YEAR			
		<u>6,70,08,207</u>	<u>(8,71,98,831)</u>
Basic and Diluted Earning Per Share	2.16	119.34	(155.30)
Significant Accounting Policies	1		
Notes forming part of Financial Statement	2		

As per our report attached

For Shridhar & Associates
Chartered Accountants
Firm Regn. No. 134427W

Jitendra Sawjany
Partner
Membership No : 050980

Place : Mumbai
Date : May 27, 2016

For and on behalf of the Board

Andrew Goldie
Chris van Zinnicq Bergmann } **Directors**

Vanco NV

Cash Flow Statement for the year ended March 31, 2016

	For the year ended March 31, 2016	(Amount in INR) For the year ended March 31, 2015
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax as per Statement of Profit and Loss	6,70,08,207	(8,71,98,831)
Adjusted for:		
Provision/ Liabilities to the extent no longer required	(2,77,447)	-
Provision for Doubtful Debts	-	23,04,134
Effects of Exchange Difference on Translation of Assets and Liabilities	(6,86,57,144)	5,06,76,633
Finance Charges	<u>3,185</u>	-
	<u>(6,89,31,406)</u>	<u>5,29,80,767</u>
Operating Profit before Working Capital Changes	(19,23,199)	(3,42,18,064)
Adjusted for:		
Receivables and other Advances	(2,48,48,480)	1,14,63,358
Trade Payables	<u>2,16,57,920</u>	<u>3,49,01,457</u>
	<u>(31,90,560)</u>	4,63,64,815
Cash Generated from Operations	<u>(51,13,759)</u>	1,21,46,751
Net Cash from Operating Activities	<u>(51,13,759)</u>	<u>1,21,46,751</u>
B CASH FLOW FROM INVESTING ACTIVITIES		
Net Cash Used in Investing Activities	-	-
C CASH FLOW FROM FINANCING ACTIVITIES		
Financial Charges	(3,185)	-
Net Cash from Financing Activities	<u>(3,185)</u>	<u>-</u>
Net Increase/ (Decrease) in Cash and Cash Equivalents	(51,16,944)	1,21,46,751
Opening Balance of Cash and Cash Equivalents	1,23,23,329	1,76,578
Closing Balance of Cash and Cash Equivalents	<u><u>72,06,385</u></u>	<u><u>1,23,23,329</u></u>

As per our report attached

For Shridhar & Associates
Chartered Accountants
Firm Regn. No. 134427W

Jitendra Sawjany
Partner
Membership No : 050980

Place : Mumbai
Date : May 27, 2016

For and on behalf of the Board

Andrew Goldie
Chris van Zinnicq Bergmann } **Directors**

Note 1

SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation of Financial Statements

The financial statements are prepared under historical cost convention, in accordance with the generally accepted accounting principles (GAAP) in India and Comply with Accounting Standard specified under Section 133 of the Companies Act, 2013 ("the Act") read with Rule 7 of the Companies (Accounts) Rules, 2014 and other provisions of the Act, to the extent notified and applicable as well as applicable guidance note and pronouncements of the Institute of Chartered Accountants of India (the ICAI).

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Schedule III to the Companies Act, 2013. Based on the nature of the services and their realisation in cash & cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current or non-current classification of assets and liabilities.

b) Revenue Recognition

A network contract typically covers the design, supply and installation of the network and thereafter the provision of Packaged Network Solutions. Turnover relating to the initial part of the contract is recognized over the contract implementation period. The remainder of the contract value is recognized evenly over the period of the contract.

To the extent that the recognition differs from the contractual billing terms, either turnover is accrued or amounts billed in advance are treated as deferred income.

c) Employee Benefits

Pension Obligations

Group companies operate employees' personal pension schemes. The schemes are funded through payments to insurance companies as defined contribution plans.

The group has no legal or constructive obligations to pay further contribution if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The contributions are recognized as employee benefit expense when they are due.

Bonus Plans

The Group recognizes a liability and an expense for bonuses. The Group recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Commissions

Commissions payable to staff on securing new contracts which are directly attributable to the contract, are recognized as a period cost as an when incurred.

d) Use of Estimates

The presentation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the consolidated financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known / materialised.

e) Accounting for Taxes on Income

Provision for Income Tax is made on the basis of estimated taxable income for the year at current rates after considering exemptions and deductions available under the Income Tax Laws of the respective countries of the subsidiaries. Tax expense comprises of both Current Tax and Deferred Tax at the applicable enacted or substantively enacted rates. Current tax represents the amount of Income Tax payable in respect of the taxable income for the reporting period. Deferred tax represents the effect of timing difference between taxable income and accounting income for the reporting period that originate in one period and are capable of reversal in one or more subsequent periods. The deferred tax asset is recognised and carried forward only to the extent that there is a reasonable certainty that the asset will be realised in future.

f) Fixed Assets

Accounting of Tangible Fixed Assets

All Tangible Fixed Assets is shown at cost less subsequent depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the items.

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Profit & Loss Account during the financial period in which they are incurred.

Depreciation on assets is calculated using the straight-line method to allocate the cost of each asset to its residual value over its estimated useful life as follows:

Leasehold improvements..... Over the period of the lease

Computer equipment..... 3 to 5 years.

Fixtures, fittings and equipment.....3 to 5 years.

Motor Vehicles..... 5 years.

Major renovations are depreciated over the remaining useful life of the related asset or to the date of the next major renovation, whichever is sooner.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement. Borrowing costs incurred for the construction of any qualifying assets are capitalized during the period of time that is required to complete and prepare the asset for its intended use.

Intangible Assets

Computer software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives (three to five years).

Costs that are directly associated with the production of identifiable and unique software products controlled by the Group and that will probably generate economic benefits exceeding costs beyond one year, are recognized as intangible assets. Direct costs include the costs of software development employees and an appropriate portion of relevant overheads.

Computer software development costs recognized as assets are amortized over their estimated useful lives (not exceeding five years).

g) Effects of Changes in Foreign Currency Rates

Initial Recognition

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Subsequent Recognition

As at the reporting date, non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. All non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined. All monetary assets and liabilities in foreign currency are restated at the end of accounting period.

h) Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised when the company has legal and constructive obligation as a result of past events which it is probable that a cash outflow will be required and a reliable estimate can be made of the amount of obligation.

Contingent Liabilities are disclosed when the company has possible or present obligation and it is probable that a cash flow will not be required to settle the obligation. Contingent Assets are neither recognised nor disclosed in the financial statements.

Vanco NV

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

	As at March 31, 2016	(Amount in INR) As at March 31, 2015		
Note 2.01				
SHARE CAPITAL				
Authorised				
561,499 (561,499) ordinary shares of 1.00 Euro each	4,22,91,014	3,75,67,400		
each 1 ordinary A share of 1.00 Euro each	<u>4,22,91,014</u>	<u>3,75,67,400</u>		
Issued, Subscribed and Paid up				
561,499 (561,499) ordinary shares of 1.00 Euro each	4,22,91,014	3,75,67,400		
each 1 ordinary A share of 1.00 Euro each, fully paid up	<u>4,22,91,014</u>	<u>3,75,67,400</u>		
	<u>4,22,91,014</u>	<u>3,75,67,400</u>		
a) Shares held by Holding Company and subsidiary of Holding Company				
	No. of Shares	No. of Shares		
Ordinary Shares				
Held by Reliance Vanco Group Limited	5,61,499	5,61,499		
Ordinary A Shares				
Held by Reliance Vanco Group Limited	1	1		
	<u>5,61,500</u>	<u>5,61,500</u>		
b) Details of Shares held by shareholders holding more than 5% of the aggregate shares in the Company				
	% of Holding	No. of Shares	No. of Shares	
Ordinary Shares				
Reliance Vanco Group Limited	100	5,61,499	5,61,499	
Ordinary A Shares				
Reliance Vanco Group Limited	100	1	1	
c) Terms/ Rights attached to the shares				
The Company has Ordinary Shares (shares) having a par value of ₹ 1 each per share. Each holder of shares is entitled to one vote per share. In the event of liquidation of the company, the holder of shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of shares held by the shareholder.				
During the year, Global Cloud X Change limited (a ultimate holding company) has issued 7 % senior secured noted of USD 350 Millions.				
These Notes are guaranteed by Vanco UK Limited and secured by way of a pledge of equity shares.				
d) Reconciliation of ordinary shares outstanding at the beginning and at the end of the year				
	No. of Shares	Amount INR	No. of Shares	Amount INR
Ordinary Shares				
Balance as at the beginning of the year	5,61,499	4,22,90,939	5,61,499	3,75,67,333
Add: Movement for the year	-	-	-	-
At the end of the year	<u>5,61,499</u>	<u>4,22,90,939</u>	<u>5,61,499</u>	<u>3,75,67,333</u>
Ordinary A Shares				
Balance as at the beginning of the year	1	75	1	67
Add: Movement for the year	-	-	-	-
At the end of the year	<u>1</u>	<u>75</u>	<u>1</u>	<u>67</u>

Vanco NV

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

	As at March 31, 2016	(Amount in INR) As at March 31, 2015
Note 2.02		
RESERVES AND SURPLUS		
Exchange Fluctuation Reserve	(1,98,87,677)	5,34,93,080
Surplus / Deficit in Statement of Profit and Loss		
As per last Balance Sheet	(66,00,18,926)	(57,28,20,095)
Add: Profit during the year	<u>6,70,08,207</u>	<u>(8,71,98,831)</u>
	<u>(61,28,98,396)</u>	<u>(66,00,18,926)</u>
	<u>(61,28,98,396)</u>	<u>(60,65,25,846)</u>
Note 2.03		
TRADE PAYABLE		
Trade Payables	5,36,873	8,04,249
Trade Accruals	<u>3,05,27,749</u>	<u>-</u>
	<u>3,10,64,622</u>	<u>8,04,249</u>
	<u>3,10,64,622</u>	<u>8,04,249</u>
Note 2.04		
OTHER CURRENT LIABILITIES		
Other Liabilities	36,39,461	58,22,75,254
Intercompany Payables	57,01,07,235	-
Unearned Income-Current	<u>12,77,992</u>	<u>13,51,888</u>
	<u>57,50,24,688</u>	<u>58,36,27,142</u>
	<u>57,50,24,688</u>	<u>58,36,27,142</u>
Note 2.05		
TRADE RECEIVABLE		
Due for More than Six months		
Considered Good	-	-
Considered Doubtful	<u>38,74,586</u>	<u>36,98,872</u>
	<u>38,74,586</u>	<u>36,98,872</u>
Less: Provision for doubtful debts	<u>38,74,586</u>	<u>36,98,872</u>
	-	-
Others		
Considered Good	43,968	12,10,479
Considered Doubtful	-	-
	<u>43,968</u>	<u>12,10,479</u>
Less: Provision for doubtful debts	<u>-</u>	<u>-</u>
	<u>43,968</u>	<u>12,10,479</u>
	<u>43,968</u>	<u>12,10,479</u>
Note 2.06		
CASH AND BANK BALANCE		
Balance with Banks		
- Current Accounts	<u>72,06,385</u>	<u>1,23,23,329</u>
	<u>72,06,385</u>	<u>1,23,23,329</u>

Vanco NV

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

	As at March 31, 2016	(Amount in INR) As at March 31, 2015
Note 2.07		
SHORT TERM LOANS AND ADVANCES		
Balance with Govt Authorities	67,42,401	8,69,322
Advance to Vendors	10,972	-
Prepaid Expenses	13,34,096	10,69,815
	<u>80,87,469</u>	<u>19,39,137</u>
Note 2.08		
OTHER CURRENT ASSETS		
Other Group Company Receivables	2,01,44,106	-
	<u>2,01,44,106</u>	<u>-</u>
		(Amount in INR)
	For the year ended March 31, 2016	For the year ended March 31, 2015
Note 2.09		
SERVICE REVENUE AND OTHER OPERATING INCOME		
Enterprise Value Added Services	13,57,91,702	15,47,64,640
	<u>13,57,91,702</u>	<u>15,47,64,640</u>
Note 2.10		
OTHER INCOME		
Miscellaneous Income	2,39,247	-
Foreign Exchange Fluctuation Gain	5,11,12,225	-
	<u>5,13,51,472</u>	<u>-</u>
Note 2.11		
NETWORK OPERATION EXPENSES		
Other Network Operating Expenses	10,71,07,423	10,92,58,478
	<u>10,71,07,423</u>	<u>10,92,58,478</u>
Note 2.12		
EMPLOYEE BENEFITS EXPENSE		
Salaries	65,80,137	68,50,458
Contribution to Provident, Gratuity and Superannuation Fund	13,31,945	-
Employee Welfare and Other Amenities	95,064	-
	<u>80,07,146</u>	<u>68,50,458</u>
Note 2.13		
FINANCE CHARGES		
Financial Cost	3,185	-
	<u>3,185</u>	<u>-</u>

Vanco NV

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

	For the year ended March 31, 2016	(Amount in INR) For the year ended March 31, 2015
Note 2.14		
SALES AND GENERAL ADMINISTRATION EXPENSES		
Rent	15,14,471	13,75,343
Insurance	35,428	3,03,735
Rates & Taxes	16,700	-
Professional Fees	14,07,997	11,02,956
Travelling	(3,01,995)	2,74,900
Communication Expenses	1,85,045	-
Provision/ Liabilities to the extent no longer required	(2,77,447)	
Bank Charges	2,23,755	2,15,202
Provision for Doubtful Debts, Loans and Advances	-	23,04,134
Legal Fees	77,938	-
SG&A Group Recharge	6,06,022	
Foreign Exchange Fluctuation Loss	-	10,72,37,340
Other General and Administrative Expenses	55,235	-
Miscellaneous	29,781	1,15,60,195
	35,72,930	-
Payment to Auditors	14,44,283	12,43,73,805
	50,17,213	14,80,730
	50,17,213	12,58,54,535

Note 2.15

BACKGROUND AND ORGANISATION

Vanco NV is a virtual Network operator. The Company provides enterprise clients with managed network solutions including the design, integration, implementation, security and management of global corporate networks. The Company provides IT Outsourcers enabling the sub-contract of the above service package as part of a wider IT outsourcing solution.

Vanco NV is asset-light, instead purchasing infrastructure from the hundreds of carriers globally, the company get the best prices for clients, design a solution using the most appropriate technology to meet customers' global requirements, and is 100% focused on delivering the highest quality customer service.

Note 2.16

Earnings Per Share

Amount in INR except number of shares

Earnings per Share	For the year ended March 31,2016	For the year ended March 31,2015
A Profit / (Loss) after Tax	67,008,207	(87,198,831)
B Weighted average number of shares of Euro1 each used as denominator for calculating Basic and Diluted EPS	561,500	561,500
C Basic and Diluted Earnings / (Loss) per share (A/B)	119.34	(155.30)

Note 2.17

Segment Reporting

In accordance with Accounting Standard 17 "Segmental Reporting" issued by the Council of the Institute of Chartered Accountants of India. Since 100% of the Company's business is from telecommunication activities, there are no other primary reportable segments. Thus, the segment revenue, total carrying amount of segment assets, total carrying amount of segment liabilities, total cost incurred to acquire segment assets, total amount of charge of depreciation and amortization during the period are all as is reflected in the Financial Statements as of and for the period ended March31, 2016.

Note 2.18

Related Party Transactions

In accordance with Accounting Standard 18 "Related Party Disclosures" issued by the Institute of Chartered Accountants of India, the company's related parties and transactions are disclosed below:

- a) Parties where control exist:
 - i) Reliance Vanco Group Limited
 - ii) Reliance Communication Limited
- b) Enterprises as affiliated companies are:
 - i) Vanco UK Limited
 - ii) Vanco International Limited
 - iii) Vanco Global Limited
 - iv) Vanco ROW Limited
 - v) Vanco GmbH
 - vi) Vanco Deutschland GmbH
 - vii) Vanco B.V.
 - viii) Vanco SRL
 - ix) Euronet Spain SA
 - x) Vanco SAS
 - xi) Vanco US LLC
 - xii) Vanco Solutions Inc.
 - xiii) Vanco (Asia Pacific) Pte. Limited

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

c) Summarized below are the transactions entered into with related parties:

Entity Name	During the Year 2015-2016		During the Year 2014-2015		Year End Balances as on 31.03.2016		Year End Balances as on 31.03.2015	
	Service Income	Network Operating Expenses and Other expenses	Service Income	Network Operating Expenses and Other expenses	Other Current Assets	Other Current Liabilities	Other Current Assets	Other Current Liabilities
Reliance Vanco Group Limited	2,22,37,916	-	1,81,86,753	-	-	57,00,85,513	-	55,58,28,167
Vanco UK Limited	85,91,901	29,04,243	81,95,835	26,23,633	10,63,766	-	-	-
Vanco International Limited	-	-	76,272	328	-	-	-	-
Vanco Global Limited	22,386	-	31,512	-	-	-	-	-
Vanco ROW Limited	-	11,319	-	41,153	-	-	-	-
Vanco Deutschland GmbH	-	-	-	-	-	-	-	-
Vanco GmbH	2,53,48,727	-	2,64,47,404	-	44,77,626	-	-	-
Vanco SAS (France)	1,88,96,179	-	1,40,39,420	18,089	58,37,883	-	-	-
Vanco US LLC	27,63,187	27,56,375	27,62,041	27,53,256	1,04,160	-	-	-
Vanco Solutions Inc.	29,91,416	-	45,33,851	-	5,19,880	-	-	-
Euronet Spain SA	-	-	-	-	-	-	-	-
Vanco Srl	55,61,679	-	88,31,409	-	10,24,119	-	-	-
Vanco B.V.	3,75,28,209	14,88,948	3,96,01,449	-	71,16,654	21,722	-	-
Vanco (Asia Pacific) Pte. Limited	-	1,56,406	-	2,29,714	-	-	-	-

Note 2.19

The previous year's figures have been reworked, regrouped, rearranged and reclassified wherever necessary.

Note 2.20

The amounts relating to Balance Sheet items appearing in Indian Rupees have been translated at Closing Rate of 1 GBP = INR 95.473 (Previous year 1 GBP = INR 92.47) and items relating to profit and loss have been translated at average rate of 1 GBP = INR 98.6808 and (Previous year 1 GBP = INR 98.62).

The amounts have been converted in INR to comply with the financial reporting requirement in India.

As per our report attached

For and on behalf of the Board

For Shridhar & Associates
Chartered Accountants
Firm Regn. No. 134427W

Andrew Goldie
Chris van Zinnicq Bergmann } **Directors**

Jitendra Sawjany
Partner
Membership No : 050980

Place : Mumbai
Date : May 27, 2016

Vanco Japan KK

Independent Auditor's Report

To
The Board of Directors of Vanco Japan KK

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Vanco Japan KK ("the Company"), which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India including Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion whether the Company has in place an adequate Internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements read together with the notes thereon give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016 and its profit and its cash flows for the year ended on that date.

Other Reporting Requirements

We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account.

Other Matters

This report is issued for the information and use of the Board of Directors of the Company and of Reliance Communications Limited, the holding company in India to comply with the financial reporting requirements in India and should not be used for any other purposes without our prior written consent.

For Shridhar & Associates
Chartered Accountants
Firm Registration No.: 134427W

Jitendra Sawjany
Partner
Membership No. 050980

Place: Mumbai
Dated: May 27, 2016

Vanco Japan KK

Balance Sheet as at March 31, 2016

	Note No.	As at		(Amount in ₹)
		March 31, 2016		As at March 31, 2015
EQUITY AND LIABILITIES				
Shareholders' Funds				
Share Capital	2.01	53,36,413	46,74,651	
Reserves and Surplus	2.02	<u>63,77,562</u>	<u>48,86,006</u>	95,60,657
		1,17,13,975		
Current Liabilities				
Trade Payable	2.03	27,20,654	4,40,164	
Other Current Liabilities	2.04	5,27,609	12,57,183	
Short Term Provision	2.05	<u>6,07,588</u>	<u>1,23,415</u>	
		38,55,851		18,20,762
TOTAL		<u>1,55,69,826</u>	<u>1,13,81,419</u>	
ASSETS				
Non Current Assets				
Fixed Assets	2.06	<u>-</u>	<u>9,762</u>	9,762
Current Assets				
Cash and Bank Balances	2.07	1,32,993	7,75,167	
Short-term loans and advances	2.08	22,93,059	17,74,178	
Other Current Assets	2.09	<u>1,31,43,774</u>	<u>88,22,312</u>	
		1,55,69,826		1,13,71,657
TOTAL		<u>1,55,69,826</u>	<u>1,13,81,419</u>	

Significant Accounting Policies 1
Notes forming part of the Financial Statements 2

As per our report attached

For and on behalf of the Board

For Shridhar & Associates
Chartered Accountants
Firm Regn. No. 134427W

Jiro Mase

Director

Jitendra Sawjany
Partner
Membership No : 050980

Place : Mumbai
Date : May 27, 2016

Vanco Japan KK

Statement of Profit and Loss for the year ended March 31, 2016

			(Amount in ₹)
	Note No.	For the Year ended March 31,2016	For the Year ended March 31,2015
Income			
Service Revenue and Other Operating Income	2.10	1,45,10,071	1,51,94,141
Other Income	2.11	4,51,547	3,09,530
Total		1,49,61,618	1,55,03,671
Expenditure			
Network Operation Expenses	2.12	57,33,422	65,46,166
Employee benefits Expenses	2.13	66,74,484	67,93,573
Depreciation	2.05	10,230	15,731
Sales and General Administration Expenses	2.14	13,31,784	15,71,646
Total		1,37,49,920	1,49,27,116
Profit/(Loss) before Tax		12,11,698	5,76,555
Provision for :			
- Current Tax		4,77,399	1,52,160
Profit / (Loss) for the year		7,34,299	4,24,395
Earning per Share (Basic & Diluted)	2.16	4,079	2,358

As per our Report of even date

Significant Accounting Policies 1
Notes forming part of Financial Statements 2

As per our report attached

For and on behalf of the Board

For Shridhar & Associates
Chartered Accountants
Firm Regn. No. 134427W

Jiro Mase

Director

Jitendra Sawjany
Partner
Membership No : 050980

Place : Mumbai
Date : May 27, 2016

Note: 1

SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation of Financial Statements

The financial statements are prepared under historical cost convention, in accordance with the generally accepted accounting principles (GAAP) in India and Comply with Accounting Standard specified under Section 133 of the Companies Act, 2013 ("the Act") read with Rule 7 of the Companies (Accounts) Rules, 2014 and other provisions of the Act, to the extent notified and applicable as well as applicable guidance note and pronouncements of the Institute of Chartered Accountants of India (the ICAI).

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Schedule III to the Companies Act, 2013. Based on the nature of the services and their realisation in cash & cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current or non-current classification of assets and liabilities.

b) Revenue Recognition

A network contract typically covers the design, supply and installation of the network and thereafter the provision of Packaged Network Solutions. Turnover relating to the initial part of the contract is recognized over the contract implementation period. The remainder of the contract value is recognized evenly over the period of the contract.

To the extent that the recognition differs from the contractual billing terms, either turnover is accrued or amounts billed in advance are treated as deferred income.

c) Employee Benefits

Pension Obligations

Group companies operate employees' personal pension schemes. The schemes are funded through payments to insurance companies as defined contribution plans.

The group has no legal or constructive obligations to pay further contribution if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The contributions are recognized as employee benefit expense when they are due.

Bonus Plans

The Group recognizes a liability and an expense for bonuses. The Group recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Commissions

Commissions' payable to staff on securing new contracts which are directly attributable to the contract, are recognized as a period cost as an when incurred.

d) Use of Estimates

The presentation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the consolidated financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known / materialised.

e) Accounting for Taxes on Income

Provision for Income Tax is made on the basis of estimated taxable income for the year at current rates after considering exemptions and deductions available under the Income Tax Laws of the respective countries of the subsidiaries. Tax expense comprises of both Current Tax and Deferred Tax at the applicable enacted or substantively enacted rates. Current tax represents the amount of Income Tax payable in respect of the taxable income for the reporting period. Deferred tax represents the effect of timing difference between taxable income and accounting income for the reporting period that originate in one period and are capable of reversal in one or more subsequent periods. The deferred tax asset is recognised and carried forward only to the extent that there is a reasonable certainty that the asset will be realised in future.

f) Fixed Assets

Accounting of Tangible Fixed Assets

All Tangible Fixed Assets is shown at cost less subsequent depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the items.

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Profit & Loss Account during the financial period in which they are incurred.

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Leasehold improvements..... Over the period of the lease

Computer equipment..... 3 to 5 years.

Fixtures, fittings and equipment..... 3 to 5 years.

Motor Vehicles..... 5 years.

Major renovations are depreciated over the remaining useful life of the related asset or to the date of the next major renovation, whichever is sooner.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement. Borrowing costs incurred for the construction of any qualifying assets are capitalized during the period of time that is required to complete and prepare the asset for its intended use.

Intangible Assets

Computer software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives (three to five years).

Costs that are directly associated with the production of identifiable and unique software products controlled by the Group and that will probably generate economic benefits exceeding costs beyond one year, are recognized as intangible assets. Direct costs include the costs of software development employees and an appropriate portion of relevant overheads.

Computer software development costs recognized as assets are amortized over their estimated useful lives (not exceeding five years).

g) Effects of Changes in Foreign Currency Rates

Initial Recognition

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Subsequent Recognition

As at the reporting date, non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. All non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined. All monetary assets and liabilities in foreign currency are restated at the end of accounting period.

h) Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised when the company has legal and constructive obligation as a result of past events which it is probable that a cash outflow will be required and a reliable estimate can be made of the amount of obligation.

Contingent Liabilities are disclosed when the company has possible or present obligation and it is probable that a cash flow will not be required to settle the obligation.

Contingent Assets are neither recognised nor disclosed in the financial statements.

Vanco Japan KK

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

Note No.			(Amount in ₹)	
		As at March 31, 2016		As at March 31, 2015
2.01 Share Capital				
Authorised				
180 (180) ordinary shares of JPY 50,000 each.		53,36,413		46,74,651
		53,36,413		46,74,651
Issued, Subscribed and Paid up				
180 (180) ordinary shares of JPY 50,000 each, fully paid up.		53,36,413		46,74,651
		53,36,413		46,74,651
a) Shares held by Holding Company				
		No. of Shares		No. of Shares
Reliance Vanco Group Limited		180		180
b) Details of Shareholders holding more than 5% of the aggregate shares in the company				
Particulars	% of Holding	No. of Shares	% of Holding	No. of Shares
Reliance Vanco Group Limited	100	180	100	180
c) Terms/Rights attached to the Shares				
The company has ordinary Shares having a par value of JPY 50,000 each . Each holder of shares is entitled to vote per share. In the event of liquidation of the company, the holder of shares will be entitled to receive remaining assets of the company. The distribution will be in proportion to the number of shares held by the shareholder.				
d) Reconciliation of shares outstanding at the beginning and at the end of the year.				
Shares	No of Shares	Amt	No of Shares	Amt
Balance as the beginning of the year	180	53,36,413	180	46,74,651
Add: Movement for the year	-	-	-	-
At the end of the year	180	53,36,413	180	46,74,651
2.02 Reserves and Surplus				
Suplus/(Deficit) in the statement of P & L				
Balance as at the beginning of the year		52,53,763		48,29,368
Profit / (Loss) for the Year		7,34,299		4,24,395
Balance as at the end of the Year		59,88,062		52,53,763
Foreign currency Translation Reserve		3,89,500		(3,67,757)
		63,77,562		48,86,006
2.03 Trade Payables				
Trade Payables		27,20,654		4,40,164
		27,20,654		4,40,164
2.04 Other Current Liabilities				
Employee Benefits Payable		3,09,613		-
Other Liabilities (Refer Note No.2.18)		2,17,996		12,57,183
		5,27,609		12,57,183
2.05 Short Term Provision				
Provision for Income Tax		6,07,588		1,23,415
		6,07,588		1,23,415

(Amount in ₹)

Note No. 2.06
Fixed Assets and Depreciation

Particulars	Gross Block		Depreciation			Net Block		
	As at 1st April, 2015	Effect of Exchange difference on translation of assets & Liabilities	As at 31st March, 2016	As at 1st April, 2015	For the year	Effect of Exchange difference on translation of assets & Liabilities	As at 31st March 2016	As at 31st March 2015
Tangible Assets								
Computer Equipment	4,08,474	57,826	4,66,300	3,98,712	10,230	57,358	-	9,762
Total	4,08,474	57,826	4,66,300	3,98,712	10,230	57,358	-	9,762
Previous Year	4,40,699	(32,225)	4,08,474	4,14,369	15,731	(31,388)	9,762	-

Vanco Japan KK

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

	As at March 31, 2016	(Amount in ₹) As at March 31, 2015
2.07 Cash and Bank Balances		
Balance with Banks		
Current Accounts	1,32,993	7,75,167
	<u>1,32,993</u>	<u>7,75,167</u>
2.08 Short Term Loans and Advances		
Balance with Govt Authorities	22,93,059	16,32,616
Prepaid Expenses	-	1,41,562
	<u>22,93,059</u>	<u>17,74,178</u>
2.09 Other Current Assets		
Receivable from Related Party (Refer Note No.2.18)	1,31,43,774	88,22,312
	<u>1,31,43,774</u>	<u>88,22,312</u>
		(Amount in ₹)
	For the year ended March 31, 2016	For the year ended March 31, 2015
2.10 Service Revenue and Other Operating Income		
Enterprise Value added Services	1,45,10,071	1,51,94,141
	<u>1,45,10,071</u>	<u>1,51,94,141</u>
2.11 Other Income		
Refund of consumptions tax	4,51,525	-
Interest Income	22	-
Forex Gain	-	3,09,530
	<u>4,51,547</u>	<u>3,09,530</u>
2.12 Network Operation Expenses		
Network Operation Expenses	57,33,422	65,46,166
	<u>57,33,422</u>	<u>65,46,166</u>
2.13 Employee benefits Expenses		
Salaries	54,97,700	53,01,363
Contribution to Provident, Gratuity & Supperannuation fund	4,76,395	7,10,509
Employee Welfare and Other Amenities	7,00,389	7,81,701
	<u>66,74,484</u>	<u>67,93,573</u>
2.14 Sales and General Administration Expenses		
Rates & Taxes	-	39,062
Professional Fees	8,52,787	5,27,007
Travelling	-	49,281
Bank Charges	1,01,219	6,37,882
Communication	2,55,590	1,93,552
Other General and Administrative Expenses	54,215	1,24,861
Forex Loss	67,973	-
	<u>13,31,784</u>	<u>15,71,645</u>

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

Note No.2.15

BACKGROUND AND ORGANISATION

Vanco Japan K.K is a virtual Network operator. The Company provides enterprise clients with managed network solutions including the design, integration, implementation, security and management of global corporate networks. The Company provides IT Outsourcers enabling the sub-contract of the above service package as part of a wider IT outsourcing solution.

Vanco Japan K.K is asset-light, instead purchasing infrastructure from the hundreds of carriers globally, the company get the best prices for clients, design a solution using the most appropriate technology to meet customers' global requirements, and is 100% focused on delivering the highest quality customer service.

Note No. 2.16

Earnings per Share

Amount in ₹ except number of shares

Earnings per Share	For the period ended 31st March 2016	For the period April 1, 2014 to March 31, 2015
A Profit / (Loss) after Tax	734,299	424,395
D Weighted average number of share of JPY 50,000 each used as denominator for calculating Basic and Diluted EPS	180	180
C Basic and Diluted Earnings / (Loss) per Share (A/B)	4,079	2,358

Note No. 2.17

Segment Reporting

In accordance with Accounting Standard 17 "Segmental Reporting" issued by the Institute of Chartered Accountants of India. Since 100% of the Company's business is from telecommunication activities, there are no other reportable segments. Thus, the segment revenue, total carrying amount of segment assets, total carrying amount of segment liabilities, total cost incurred to acquire segment assets, total amount of charge of depreciation and amortization during the period are all as is reflected in the Financial Statements as of and for the year ended March 31, 2016.

Note No. 2.18

Related Party Transactions

In accordance with Accounting Standard 18 "Related Party Disclosures" issued by the Institute of Chartered Accountants of India, the company's related parties and transactions are disclosed below:

- a. Parties where control exist:
 - i) Reliance Vanco Group Limited
 - ii) Reliance Communication Limited
- b) Enterprises as affiliated companies are:
 - i) Vanco GmbH
 - ii) Vanco UK Limited
 - iii) Vanco Global Limited
 - iv) Vanco SAS
 - v) Vanco Srl
 - vi) Vanco B.V.
 - vii) Vanco US LLC
 - viii) Vanco Australasia Pty. Limited
 - ix) Vanco Asia Pacific Pte. Limited
 - x) Flag Telecom Japan Limited.

Vanco Japan KK

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

c) Summarized below are the transactions entered into with related parties and balance at the end of the Year.

(Amount in ₹)

Name of the Entity	During the Year		Year End Balances			
	Service Income		Other Current Assets		Other Current Liabilities	
	2015-2016	2014-2015	2015-2016	2014-2015	2015-2016	2014-2015
Vanco Australasia Pty Limited	73,593	1,03,700	12,333	-	-	-
Vanco Asia Pacific Pte Limited	5,25,128	7,11,033	83,011	-	-	-
Reliance Vanco Group Limited	95,73,024	48,55,517	1,20,78,246	-	-	-
Vanco UK Limited	3,05,667	5,31,360	37,260	88,22,312	-	-
Vanco Global Limited	1,22,962	1,73,265	20,607	-	-	-
Vanco BV	85,340	2,00,207	14,302	-	-	-
Vanco GmbH	8,06,820	12,71,792	1,18,804	-	-	-
Vanco Srl	29,50,473	48,88,658	5,56,090	-	-	-
Vanco US LLC	11,37,535	15,25,239	2,23,121	-	-	-
Vanco SAS	-	8,22,055	-	-	-	-
Flag Telecom Japan Limited	-	-	-	-	-	1,03,663

Note No. 2.19

The amounts relating to Balance Sheet items appearing in Indian Rupees have been translated at Closing Rate of 1 GBP = ₹ 95.473 (Previous year 1 GBP = ₹ 92.470) and items relating to profit and loss have been translated at average rate of 1 GBP = ₹ 98.6808 (Previous year 1 GBP = ₹ 98.620).

The amounts have been converted in INR to comply with the financial reporting requirement in India.

Note No. 2.20

The previous year's figures have been reworked, regrouped, rearranged and reclassified wherever necessary.

As per our report attached

For and on behalf of the Board

For Shridhar & Associates

Chartered Accountants
Firm Regn. No. 134427W

Jiro Mase

Director

Jitendra Sawjany

Partner
Membership No : 050980

Place : Mumbai

Date : May 27, 2016

Vanco South America Ltda

Independent Auditor's Report

To
The Board of Directors of Vanco South America Ltda

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Vanco South America Ltda ("the Company"), which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India including Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion whether the Company has in place an adequate Internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements read together with the notes thereon give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016 and its loss and its cash flows for the year ended on that date.

Other Reporting Requirements

We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account.

Other Matters

This report is issued for the information and use of the Board of Directors of the Company and of Reliance Communications Limited, the holding company in India to comply with the financial reporting requirements in India and should not be used for any other purposes without our prior written consent.

For Shridhar & Associates
Chartered Accountants
Firm Registration No.: 134427W

Jitendra Sawjany
Partner
Membership No. 050980

Place: Mumbai
Dated: May 27, 2016

Vanco South America Ltda

Balance Sheet as at March 31, 2016

(Amount in ₹)

	Note No.	As at March 31, 2016	As at March 31, 2015
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2.01	1,47,98,087	1,53,42,307
Reserves and Surplus	2.02	<u>(14,36,91,346)</u>	<u>(14,68,14,943)</u>
		(12,88,93,259)	(13,14,72,636)
Current Liabilities			
Other Current Liabilities	2.03	28,93,99,131	21,34,17,354
Short Term Provisions	2.04	<u>65,46,988</u>	<u>85,09,991</u>
		29,59,46,119	22,19,27,345
TOTAL		<u>16,70,52,860</u>	<u>9,04,54,709</u>
ASSETS			
Non Current Assets			
Fixed Assets	2.05	<u>76,764</u>	<u>57,122</u>
		76,764	57,122
Current Assets			
Trade Receivables	2.06	1,03,11,954	1,63,57,264
Cash and Bank Balances	2.07	15,53,22,548	7,40,40,323
Short Term Loans & Advances	2.08	<u>13,41,594</u>	<u>-</u>
		16,69,76,096	9,03,97,587
TOTAL		<u>16,70,52,860</u>	<u>9,04,54,709</u>
SIGNIFICANT ACCOUNTING POLICIES	1		
Notes Forming part of the Financial Statements	2		

As per our report attached

For and on behalf of the Board

For Shridhar & Associates
Chartered Accountants
Firm Regn. No. 134427W

Cicero Augusto Oliveira de Alencar **Director**

Jitendra Sawjany
Partner
Membership No : 050980

Place : Mumbai
Date : May 27, 2016

Vanco South America Ltda

Statement of Profit and Loss for the year ended March 31, 2016

	Note No.	For the Year ended March 31, 2016	(Amount in ₹) For the Year ended March 31, 2015
Income			
Service Revenue and Other Operating Income	2.09	10,78,36,611	11,16,44,783
Other Income	2.10	34,813	-
Total		10,78,71,424	11,16,44,783
Expenditure			
Network Operation Expenses	2.11	6,90,74,716	8,80,53,119
Employee benefits Expenses	2.12	44,89,559	79,54,050
Depreciation	2.05	35,214	32,482
Sales and General Administration Expenses	2.13	3,04,64,797	6,03,64,173
Total		10,40,64,286	15,64,03,824
Profit/(Loss) before Tax		38,07,138	(4,47,59,041)
Provision for :			
- Current Tax		58,64,059	1,65,15,437
Profit / (Loss) after Tax		(20,56,921)	(6,12,74,478)
Dividend		-	6,07,90,771
Profit / (Loss) for the year		(20,56,921)	(12,20,65,249)
Earning per Share (Basic & Diluted)	2.15	(4.69)	(278.36)
Significant Accounting Policies	1		
Notes forming part of the Financial Statements	2		

As per our report attached

For Shridhar & Associates
Chartered Accountants
Firm Regn. No. 134427W

Jitendra Sawjany
Partner
Membership No : 050980

Place : Mumbai
Date : May 27, 2016

For and on behalf of the Board

Cicero Augusto Oliveira de Alencar **Director**

Vanco South America Ltda

Cash Flow Statement for the year ended March 31, 2016

	For the Year ended March 31, 2016	(Amount in ₹) For the Year ended March 31, 2015
A CASH FLOW FROM OPERATING ACTIVITIES		
Profit/ (Loss) before Tax	(20,56,921)	(6,12,74,478)
Adjustments for :		
Depreciation	35,214	32,482
Effect of Exchange difference on translation of Assets & Liabilities	45,81,442	3,30,70,434
	<u>46,16,656</u>	<u>3,31,02,916</u>
Operation Profit/ (Loss) before Working Capital Changes	<u>25,59,735</u>	<u>(2,81,71,562)</u>
Adjustment for :		
Decrease / (Increase) in Trade Receivable	60,45,310	(53,88,275)
Increase / (Decrease) in Short Term Loans and Advances	(13,41,594)	3,61,508
Increase / (Decrease) in Trade and other payables	-	(45,546)
Increase / (Decrease) in Other Current Liabilities	7,59,81,777	8,73,31,079
Increase / (Decrease) in Short Term Provision	(19,63,003)	85,09,992
Increase/ (Decrease) in Uneraned Income	-	(1,55,720)
	<u>7,87,22,490</u>	<u>9,06,13,038</u>
Net Cash generated from Operating Activities (A)	<u>8,12,82,225</u>	<u>6,24,41,474</u>
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment and Intangibles	-	-
Net Cash from / (used in) Investing Activities (B)	<u>-</u>	<u>-</u>
C CASH FLOW FROM FINANCING ACTIVITIES		
Distribution to Parent	-	(6,07,90,771)
Net Cash from / (used in) Financing Activities (C)	<u>-</u>	<u>(6,07,90,771)</u>
Net Increase/ (Decrease) in Cash & Cash Equivalents (A+ B+C)	8,12,82,225	16,50,703
Cash and Cash Equivalent at the beginning of the year	7,40,40,323	7,23,89,620
Cash & Cash Equivalent at the end of the Year	<u>15,53,22,548</u>	<u>7,40,40,323</u>

As per our report attached

For and on behalf of the Board

For Shridhar & Associates
Chartered Accountants
Firm Regn. No. 134427W

Cicero Augusto Oliveira de Alencar **Director**

Jitendra Sawjany
Partner
Membership No : 050980

Place : Mumbai
Date : May 27, 2016

Note 1

SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation of Financial Statements

The financial statements are prepared under historical cost convention, in accordance with the generally accepted accounting principles (GAAP) in India and Comply with Accounting Standard specified under Section 133 of the Companies Act, 2013 ("the Act") read with Rule 7 of the Companies (Accounts) Rules, 2014 and other provisions of the Act, to the extent notified and applicable as well as applicable guidance note and pronouncements of the Institute of Chartered Accountants of India (the ICAI).

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Schedule III to the Companies Act, 2013. Based on the nature of the services and their realisation in cash & cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current or non-current classification of assets and liabilities.

b) Revenue Recognition

A network contract typically covers the design, supply and installation of the network and thereafter the provision of Packaged Network Solutions. Turnover relating to the initial part of the contract is recognized over the contract implementation period. The remainder of the contract value is recognized evenly over the period of the contract.

To the extent that the recognition differs from the contractual billing terms, either turnover is accrued or amounts billed in advance are treated as deferred income.

c) Employee Benefits

Pension Obligations

Group companies operate employees' personal pension schemes. The schemes are funded through payments to insurance companies as defined contribution plans.

The group has no legal or constructive obligations to pay further contribution if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The contributions are recognized as employee benefit expense when they are due.

Bonus Plans

The Group recognizes a liability and an expense for bonuses. The Group recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Commissions

Commissions payable to staff on securing new contracts which are directly attributable to the contract, are recognized as a period cost as an when incurred.

d) Use of Estimates

The presentation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the consolidated financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known / materialised.

e) Accounting for Taxes on Income

Provision for Income Tax is made on the basis of estimated taxable income for the year at current rates after considering exemptions and deductions available under the Income Tax Laws of the respective countries of the subsidiaries. Tax expense comprises of both Current Tax and Deferred Tax at the applicable enacted or substantively enacted rates. Current tax represents the amount of Income Tax payable in respect of the taxable income for the reporting period. Deferred tax represents the effect of timing difference between taxable income and accounting income for the reporting period that originate in one period and are capable of reversal in one or more subsequent periods. The deferred tax asset is recognised and carried forward only to the extent that there is a reasonable certainty that the asset will be realised in future.

f) Fixed Assets

Accounting of Tangible Fixed Assets

All Tangible Fixed Assets is shown at cost less subsequent depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the items.

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Profit & Loss Account during the financial period in which they are incurred.

Depreciation on assets is calculated using the straight-line method to allocate the cost of each asset to its residual value over its estimated useful life as follows:

Leasehold improvements..... Over the period of the lease

Computer equipment..... 3 to 5 years.

Fixtures, fittings and equipment..... 3 to 5 years.

Motor Vehicles..... 5 years.

Major renovations are depreciated over the remaining useful life of the related asset or to the date of the next major renovation, whichever is sooner.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement. Borrowing costs incurred for the construction of any qualifying assets are capitalized during the period of time that is required to complete and prepare the asset for its intended use.

Intangible Assets

Computer software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives (three to five years).

Costs that are directly associated with the production of identifiable and unique software products controlled by the Group and that will probably generate economic benefits exceeding costs beyond one year, are recognized as intangible assets. Direct costs include the costs of software development employees and an appropriate portion of relevant overheads.

Computer software development costs recognized as assets are amortized over their estimated useful lives (not exceeding five years).

g) Effects of Changes in Foreign Currency Rates

Initial Recognition

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Subsequent Recognition

As at the reporting date, non-monetary items which are carried in terms of historical cost and denominated in a foreign currency are reported using the exchange rate at the date of the transaction. All non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined. All monetary assets and liabilities in foreign currency are restated at the end of accounting period.

h) Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised when the company has legal and constructive obligation as a result of past events which it is probable that a cash outflow will be required and a reliable estimate can be made of the amount of obligation.

Contingent Liabilities are disclosed when the company has possible or present obligation and it is probable that a cash flow will not be required to settle the obligation.

Contingent Assets are neither recognised nor disclosed in the financial statements.

Vanco South America Ltda

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

Note No.	As at March 31, 2016	(Amount in ₹) As at March 31, 2015		
2.01 Share Capital				
Authorised				
800,000 (800,000) Ordinary shares of BRL 1 each	<u>2,69,96,480</u>	<u>2,79,89,313</u>		
	<u>2,69,96,480</u>	<u>2,79,89,313</u>		
Issued, Subscribed and Paid up				
438,519 (438,519) ordinary shares of BRL 1 each fully paid up.	<u>1,47,98,087</u>	<u>1,53,42,307</u>		
	<u>1,47,98,087</u>	<u>1,53,42,307</u>		
a) Shares heldy by Holding Company and Subsidiary of Holding Company				
	No. of Shares	No. of Shares		
Reliance Vanco Group Limited	<u>4,38,518</u>	<u>4,38,518</u>		
Vanco Row Limited	<u>1</u>	<u>1</u>		
	<u>4,38,519</u>	<u>4,38,519</u>		
b) Details of shares heldy by shareholder holding more than 5 % of the aggergate shares in the Company				
Partiulars	% of Holding	No. of Shares	% of Holding	No. of Shares
Reliance Vanco Group Limited	99.99	4,38,518	99.99	4,38,518
c) Terms/Rights attached to the shares				
The Company has Ordinary Shares having a par value of BRL 1 each. Each Shareholder is entitled to one vote per share. In the event of liquidation of the Company, the holder of shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of shares held by the shareholder.				
d) Reconciliation of shares outstanding at the beginning and at the end of the year.				
Ordinary Shares	No. of Shares	Amt (₹)	No. of Shares	(Amount in ₹)
Balance as at the beginning of the year	<u>4,38,519</u>	<u>1,47,98,087</u>	4,38,519	1,53,42,307
Add : Movement for the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At the end of the year	<u>4,38,519</u>	<u>1,47,98,087</u>	<u>4,38,519</u>	<u>1,53,42,307</u>
2.02 Reserves and Surplus				
Surplus / (Deficit) in the Statement of P & L				
Balance as at the beginning of the year		<u>(18,03,70,480)</u>		(5,83,05,231)
Profit / (Loss) for the Year		<u>(20,56,921)</u>		(12,20,65,249)
Balance as at the end of the year		<u>(18,24,27,401)</u>		(18,03,70,480)
Foreign Currency Translation Reserve		<u>3,87,36,055</u>		3,35,55,537
		<u>(14,36,91,346)</u>		(14,68,14,943)
2.03 Other Current Liabilities				
Statutory Dues Payable to Govt Authorities		<u>9,69,832</u>		8,92,838
Unearned Income		<u>13,28,813</u>		19,76,872
Payable to Related Party (Refer Note-2.17)		<u>28,71,00,486</u>		21,05,50,644
		<u>28,93,99,131</u>		21,34,20,354
2.04 Short Term Provisions				
Income Tax Provision		<u>65,46,988</u>		85,09,991
		<u>65,46,988</u>		85,09,991

(Amount in ₹)

Note No. 2.05
Fixed Assets and Depreciation

Particulars	Gross Block		Depreciation			Net Block		
	As at 1st April, 2015	Effect of Exchange difference on translation of assets & Liabilities	As at 31st March, 2016	As at 1st April, 2015	For the year	Effect of Exchange difference on translation of assets & Liabilities	As at 31st March, 2016	As at 31st March 2015
Tangible Assets								
Computer Equipment	48,13,070	(1,13,386)	46,99,684	47,55,948	35,214	(1,68,242)	76,764	57,1,122
Total	48,13,070	(1,13,386)	46,99,684	47,55,948	35,214	(1,68,242)	76,764	57,1,122
Previous Year	51,92,776	(3,79,706)	48,13,070	51,04,061	32,482	(3,80,595)	57,1,122	

Vanco South America Ltda

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

	As at March 31, 2016	(Amount in ₹) As at March 31, 2015
2.06 Trade Receivables		
(Unsecured)		
Due for more than Six Months		
Considered Doubtful	-	-
Less : Provision for doubtful debts	-	-
	<u>-</u>	<u>-</u>
Others		
Considered Good	1,03,11,954	1,63,57,264
Less : Provision for Doubtful debts	-	-
	<u>1,03,11,954</u>	<u>1,63,57,264</u>
2.07 Cash and Bank Balances		
Balance with Banks		
Current Accounts	15,53,22,548	7,40,40,323
	<u>15,53,22,548</u>	<u>7,40,40,323</u>
2.08 Short Term Loans & Advances		
Prepaid Expenses	13,36,045	-
Other Loans & Advances	5,549	-
	<u>13,41,594</u>	<u>-</u>
	For the year ended March 31, 2016	For the year ended March 31, 2015
2.09 Service Revenue and Other Operating Income		
Enterprise Value added Services	10,78,36,611	11,16,44,783
	<u>10,78,36,611</u>	<u>11,16,44,783</u>
2.10 Other Income		
Misc Income	34,813	-
	<u>34,813</u>	<u>-</u>
2.11 Network Operation Expenses		
Network Operation Expenses	6,90,74,716	8,80,53,119
	<u>6,90,74,716</u>	<u>8,80,53,119</u>
2.12 Employee benefits Expenses		
Salaries	44,89,559	79,54,050
	<u>44,89,559</u>	<u>79,54,050</u>
2.13 Sales and General Administration Expenses		
Rent	9,33,378	12,89,869
Forex Loss	1,38,43,386	3,91,65,274
Rates & Taxes	1,28,51,608	1,67,88,390
Professional Fees	6,42,497	5,89,577
Insurance	3,49,718	-
Travelling	1,93,616	-
Bank Charges	14,403	-
Provision/ Reversal of Doubtful Debts	-	8,53,730
Other General and Admin Expense	16,36,191	16,77,333
	<u>16,36,191</u>	<u>16,77,333</u>
	<u>3,04,64,797</u>	<u>6,03,64,173</u>

Vanco South America Ltda

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

Note 2.14

BACKGROUND AND ORGANISATION

Vanco South America Ltda is a virtual Network operator. The Company provides enterprise clients with managed network solutions including the design, integration, implementation, security and management of global corporate networks. The Company provides IT Outsourcers enabling the sub-contract of the above service package as part of a wider IT outsourcing solution.

Vanco South America Ltda is asset-light, instead purchasing infrastructure from the hundreds of carriers globally, the company get the best prices for clients, design a solution using the most appropriate technology to meet customers' global requirements, and is 100% focused on delivering the highest quality customer service.

Note 2.15

Earnings per Share

	Amount in ₹
Earnings per Share	
	For the year ended March 31,2016
	For the year ended March 31,2015
A Profit / (Loss) after Tax	(2,056,921)
	(61,274,478)
B Weighted average number of shares of BRL 1 each used as denominator for calculating Basic and Diluted EPS	438,519
	438,519
C Basic and Diluted Earnings / (Loss) per Share (A/B)	(4.69)
	(278.36)

Note 2.16

Segment Reporting

In accordance with Accounting Standard 17 "Segmental Reporting" issued by the Institute of Chartered Accountants of India. Since 100% of the Company's business is from telecommunication activities, there are no other reportable segments. Thus, the segment revenue, total carrying amount of segment assets, total carrying amount of segment liabilities, total cost incurred to acquire segment assets, total amount of charge of depreciation and amortization during the period are all as is reflected in the Financial Statements as of and for the year ended March 31,2016.

Note 2.17

Related Party Transactions

In accordance with Accounting Standard 18 "Related Party Disclosures" issued by the Institute of Chartered Accountants of India, the Company's related parties and transactions are disclosed below:

- Parties where control exist:
 - Reliance Vanco Group Limited
 - Reliance Communications Limited
- Summarized below are the transactions entered into with related parties and balance at the end of the year.

Amount in ₹

	During the Year				Year end balances	
	Network Operating Expenses		Dividend Distributed		Other Current Liabilities	
Name of the Entity	2015-2016	2014-2015	2015-2016	2014-2015	2015-2016	2014-2015
Reliance Vanco Group Limited	72,342,983	72,583,515	-	60,790,771	287,100,486	210,550,644

Vanco South America Ltda

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

Note 2.19

The amounts relating to Balance Sheet items appearing in Indian Rupees have been translated at Closing Rate of 1 GBP = ₹ 95.473 (Previous year 1 GBP = ₹ 92.470) and items relating to profit and loss have been translated at average rate of 1 GBP = ₹ 98.6808 (Previous year 1 GBP = ₹ 98.62).

The amounts have been converted in INR to comply with the financial reporting requirement in India.

Note 2.20

The previous year's figures have been reworked, regrouped, rearranged and reclassified wherever necessary.

As per our report attached

For and on behalf of the Board

For Shridhar & Associates

Chartered Accountants

Firm Regn. No. 134427W

Cicero Augusto Oliveira de Alencar

Director

Jitendra Sawjany

Partner

Membership No : 050980

Place : Mumbai

Date : May 27, 2016

Reliance Mobile Commerce Limited

Independent Auditor's Report

To

The Members of Reliance Mobile Commerce Limited Report on the Financial Statements

We have audited the accompanying financial statements of Reliance Mobile Commerce Limited ("the company"), which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2016, and its loss and cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

As required by 'the Companies (Auditor's Report) Order, 2016', issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (hereinafter referred to as the "order"), we give in the Annexure "A" statement on the matters specified in paragraphs 3 & 4 of the Order.

As required by Section 143 (3) of the Act, we report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors as on March 31, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) 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".
- (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 does not have any pending litigations as at March 31, 2016, which would impact its financial position in its Financial Statements.
 - ii. The Company did not have any long-term contracts including derivative contracts as at 31st March, 2016 for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2016.

For Chaturvedi & Shah
Chartered Accountants
(Firm Reg. No. 101720W)

Lalit R. Mhalsekar
(Partner)
Membership No. : 103418

Place: Mumbai
Dated: May 28, 2016

Reliance Mobile Commerce Limited

Annexure A to Independent Auditor's Report - 31st March 2016

With reference to the Annexure referred to in the Independent Auditors' Report to the Members of Reliance Mobile Commerce Limited ("the Company") on the financial statements for the year ended March 31, 2016, we report the following:

1. The company does not have any fixed assets during the year; hence clause 3(i) of the order is not applicable to the company.
2. The company does not have any inventories during the year; hence clause 3(ii) of the order is not applicable to the company.
3. 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 paragraphs 3(iii) (a), (b) and (c) of the Order are not applicable to the Company.
4. In our opinion and according to the information and explanations given to us, the company has not given loans, investments, guarantees, and any security under provisions of section 185 and 186 of the Companies Act, 2013. Accordingly, Paragraph 3(iv) of the Order is not applicable to the Company.
5. The Company has not accepted deposits. Therefore, the question of compliance with the directives issued by the Reserve Bank of India under the provisions of Section 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed there under to the extent notified does not arise.
6. The Central Government has not prescribed maintenance of cost records under Sub-Section (1) of section 148 of the Companies Act, 2013. Accordingly the clause 3(vi) is not applicable.
7. (a) According to the information and explanations given to us and on the basis of our examination of the records of the company, undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Duty of customs, Duty of excise, value added tax, Cess, and other statutory dues, wherever applicable, have been generally regularly deposited with the appropriate authorities in India.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Duty of customs, duty of excise, value added tax, cess and other material dues were in arrears as at March 31, 2016 for a period of more than six months from the date they became payable.
- (b) According to the information and explanation given to us, there are no dues of Income Tax, Sales Tax, Service Tax, Duty of customs, duty of excise and value added tax which have not been deposited on account of dispute.
8. The company has not raised loans from Financial Institutions or Banks or Government or debentureholders. Hence clause 3(viii) of the order requiring comment on repayment of the dues to them is not applicable.
9. In our opinion and according to the information and explanations given to us, the company has not raised money by way of Initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, the provision of Clause 3(ix) of the order is not applicable to the company.
10. According to the information and explanations given to us, no significant fraud on or by the company by its officers or employees, that causes a material misstatement to the financial statements, has been noticed or reported during the year.
11. According to the information and explanations given to us, the company has not paid or provided managerial remuneration during the year. Accordingly, the provision of Clause 3(xi) of the order is not applicable to the company.
12. As the company is not the Nidhi company, the provision of Clause 3(xii) of the order is not applicable to the company.
13. According to the information and explanations given to us, the company has made all the transactions with the related parties in compliance with sections 177 & 188 of Companies Act and the details have been disclosed in the Financial Statements as required by the applicable Accounting Standards.
14. According to the information and explanations given to us, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year as per section 42 of the Companies Act, 2013. Accordingly, the provision of Clause 3(xiv) of the order is not applicable to the company.
15. According to the information and explanations given to us, the company has not entered into any non cash transactions with the directors or persons connected with them as per section 192 of Companies Act, 2013.
16. The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the clause 3(xvi) is not applicable.

For Chaturvedi & Shah
Chartered Accountants
(Firm Reg. No. 101720W)

Lalit R. Mhalsekar
(Partner)
Membership No. : 103418

Place: Mumbai
Dated: May 28, 2016

Reliance Mobile Commerce Limited

Annexure B to Independent Auditor's Report - 31st March 2016

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF Reliance Mobile Commerce Limited

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 Mobile Commerce Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the 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". 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 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 Companies Act, 2013, 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 Institute of Chartered Accountants of India. 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 judgement, 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 Institute of Chartered Accountants of India".

For Chaturvedi & Shah
Chartered Accountants
(Firm Reg. No. 101720W)

Lalit R. Mhalsekar
(Partner)
Membership No. : 103418

Place: Mumbai
Dated: May 28, 2016

Reliance Mobile Commerce Limited

Balance Sheet as at March 31, 2016

		As at March 31, 2016		(Amount in ₹) As at March 31, 2015	
EQUITY AND LIABILITIES					
Shareholders' Funds					
(a) Share Capital	2.01	2 00 00 000		2 00 00 000	
(b) Reserves and Surplus	2.02	<u>(1 81 71 907)</u>	18 28 093	<u>51 06 627</u>	2 51 06 627
Current Liabilities					
(a) Other Current Liabilities	2.03	28 44 988		13 66 785	
(b) Short Term Provisions	2.04	<u>2 63 604</u>	31 08 592	<u>7 71 561</u>	21 38 346
TOTAL			<u><u>49 36 685</u></u>		<u><u>2 72 44 973</u></u>
ASSETS					
Current Assets					
(a) Cash and Bank Balances	2.05	14 33 045		2 65 74 839	
(b) Other Current Assets	2.06	<u>35 03 640</u>	49 36 685	<u>6 70 134</u>	2 72 44 973
TOTAL			<u><u>49 36 685</u></u>		<u><u>2 72 44 973</u></u>
Significant Accounting Policies	1				
Notes to the Financial Statements	2				

Notes referred to above form an integral part of the Financial Statements.

As per our report of even date

For Chaturvedi & Shah
Chartered Accountants
(Firm Reg. No. 101720W)

Lalit R. Mhalsekar
(Partner)
Membership No.: 103418

For and on behalf of the Board

Manikantan Viswanathan
DIN :- 03338690

Shrenik Vaishnav
DIN :- 00386889

} **Directors**

Place : Mumbai
Dated : May 28, 2016

Reliance Mobile Commerce Limited

Statement of Profit and Loss for the year ended March 31, 2016

	Notes	For the year ended March 31, 2016	(Amount in ₹) For the year ended March 31, 2015
INCOME			
Interest Income	2.07	25 36 746	15 74 775
		25 36 746	15 74 775
EXPENDITURE			
General Administration Expenses	2.08	2 51 55 218	36 806
Profit Before Tax		(2 26 18 472)	15 37 969
Current Tax		6 15 000	5 15 000
Taxes for Earlier Year		45 062	-
Profit After tax		(2 32 78 534)	10 22 969
Earning per share of face value of ₹ 10 each fully paid up	2.09		
Basic of ₹ 10 each fully paid up		(11.64)	0.51
Diluted of ₹ 10 each fully paid up		(11.64)	0.51

Significant Accounting Policies

1

Notes to the Financial Statements

2

Notes referred to above form an integral part of the Financial Statements.

As per our report of even date

For and on behalf of the Board

For Chaturvedi & Shah

Chartered Accountants
(Firm Reg. No. 101720W)

Manikantan Viswanathan

DIN :- 03338690

Shrenik Vaishnav

DIN :- 00386889

} **Directors**

Lalit R. Mhalsekar

(Partner)

Membership No.: 103418

Place : Mumbai

Dated : May 28, 2016

Reliance Mobile Commerce Limited

Cash Flow Statement for the year ended March 31, 2016

	For the year ended March 31, 2016	(Amount in ₹) For the year ended March 31, 2015
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit /(Loss) before tax as per Statement of Profit and Loss	(2 26 18 472)	15 37 969
Adjusted for:		
Interest on Fixed Deposit with Bank	<u>(25 36 746)</u>	<u>(15 74 775)</u>
	(25 36 746)	(15 74 775)
Operating Profit/(Loss) before Working Capital Changes	(2 51 55 218)	(36 806)
Adjusted for:		
Loans & Advances and Other Current Assets	<u>(35 03 640)</u>	
Other Current Liabilities	<u>14 78 203</u>	36 683
	(20 25 437)	36 683
Cash (Used in) Operations	(2 71 80 655)	(123)
Tax Paid	<u>(11 68 019)</u>	<u>(90 465)</u>
	(11 68 019)	(90 465)
Net Cash (used in) / Generated from Operating Activities	<u>(2 83 48 674)</u>	<u>(90 588)</u>
B CASH FLOW FROM INVESTING ACTIVITIES		
Interest on Fixed Deposit with Bank	<u>32 06 880</u>	<u>22 63 637</u>
Net Cash Generated from Investing Activities	<u>32 06 880</u>	<u>22 63 637</u>
C CASH FLOW FROM FINANCING ACTIVITIES		
	-	-
Net Cash from Financing Activities	<u>-</u>	<u>-</u>
Net (decrease)/ Increase in Cash and Cash Equivalents	(2 51 41 794)	21 73 049
Opening Balance of Cash and Cash Equivalents	2 65 74 839	2 44 01 790
Closing Balance of Cash and Cash Equivalents	<u>14 33 045</u>	<u>2 65 74 839</u>

Note:

- (1) Figures in brackets indicate cash outgo.
- (2) Cash and cash equivalents includes cash on hand and bank balances including Fixed Deposits.
- (3) Cash Flow Statement has been prepared under the Indirect Method set out in Accounting Standard 3 "Cash Flow Statements".

As per our report of even date

For Chaturvedi & Shah
Chartered Accountants
(Firm Reg. No. 101720W)

Lalit R. Mhalsekar

(Partner)

Membership No.: 103418

Place : Mumbai

Dated : May 28, 2016

For and on behalf of the Board

Manikantan Viswanathan
DIN :- 03338690

Shrenik Vaishnav
DIN :- 00386889

} **Directors**

Reliance Mobile Commerce Limited

Significant Accounting Policies to the Financial Statements

Note : 1

1.01 Basis of Preparation of Financial Statements

The Financial Statements are prepared under historical cost convention, in accordance with the generally accepted accounting principles (GAAP) in India and to comply with Accounting Standard specified under Section 133 the Companies Act, 2013 ("the Act") read with Rule 7 of the Companies (Accounts) Rules 2014 and other provisions of the Act to the extent notified and applicable, as well as applicable guidance note and pronouncements of the Institute of Chartered Accountants of India (ICAI).

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Schedule III to the Act, 2013. Based on the nature of the services and their realisation in cash & cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current or non-current classification of assets and liabilities.

1.02 Revenue Recognition

The Company follows mercantile system of accounting and recognises income and expenditure on accrual basis. Interest Income from Financing activities is recognised on an accrual basis.

1.03 Use of estimates

The preparation and presentation of Financial Statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities and disclosure of contingent liabilities on the date of the Financial Statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates is recognised in the period in which the results are known/ materialised

1.04 Taxes on Income and Deferred Tax

Tax expense comprises both Current Tax and Deferred Tax at the applicable enacted or substantively enacted rates. Current Tax represents the amount of Income Tax payable/recoverable in respect of the Taxable income/loss for the reporting period. Deferred Tax represents the effect of timing difference between Taxable income and accounting income for the reporting period that originate in one period and are capable of reversal in one or more subsequent periods. The Deferred Tax Asset is recognised and carried forward only to the extent that there is a reasonable certainty that the assets will be realised in future.

1.05 Provisions, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made. Contingent assets are neither recognised nor disclosed in the Financial Statements.

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

	As at March 31, 2016	(Amount in ₹) As at March 31, 2015
Note : 2.01		
Share Capital		
Authorised		
20 00 000 (20 00 000) Equity Shares of ₹ 10 each	<u>2 00 00 000</u>	<u>2 00 00 000</u>
	<u>2 00 00 000</u>	<u>2 00 00 000</u>
Issued, Subscribed and Paid up		
20 00 000 (20 00 000) Equity Shares of ₹ 10 each fully paid up	<u>2 00 00 000</u>	<u>2 00 00 000</u>
	<u>2 00 00 000</u>	<u>2 00 00 000</u>

Equity Shares

- All the 20 00 000 shares are held by Reliance Communications Limited, the Holding Company & its nominees.
- Terms/rights attached to equity shares**

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after the distribution of all the preferential amounts, in proportion to their shareholdings.

Reliance Mobile Commerce Limited

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

	As at March 31, 2016	(Amount in ₹) As at March 31, 2015
Note : 2.02		
Reserves and Surplus		
Surplus in the Statement of Profit and Loss		
As per last Balance Sheet	51 06 627	40 83 658
Add: Profit\ (Loss) during the year	<u>(2 32 78 534)</u>	<u>10 22 969</u>
	<u>(1 81 71 907)</u>	51 06 627
	<u>(1 81 71 907)</u>	<u>51 06 627</u>
Note : 2.03		
Other Current Liabilities		
Provision for Expenses	29 939	41 366
Payable to Related Parties	23 15 049	13 25 419
Payable to Tax Authorities	5 00 000	-
	<u>28 44 988</u>	<u>13 66 785</u>
Note : 2.04		
Short Term Provisions		
Provision for Tax (Net)	2 63 604	7 71 561
	<u>2 63 604</u>	<u>7 71 561</u>
Note : 2.05		
Cash and Bank Balance		
Cash and Cash Equivalents		
Balance in Current Account with Scheduled Banks	14 33 045	515
Other Bank Balances		
In Fixed Deposit with Scheduled Bank	-	2 65 74 324
	<u>14 33 045</u>	<u>2 65 74 839</u>
Note : 2.06		
Other Current Assets		
Interest accrued on Fixed Deposits	-	6 70 134
Others	35 03 640	-
	<u>35 03 640</u>	<u>6 70 134</u>

Reliance Mobile Commerce Limited

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

	For the year ended March 31, 2016	(Amount in ₹) For the year ended March 31, 2015
Note :2.07		
Interest Income		
Interest on Fixed Deposit with Bank*	25 36 746	15 74 775
*(Tax Deducted at Source 1 98 389 (Previous year ₹ 90 465))		
	<u>25 36 746</u>	<u>15 74 775</u>

Note : 2.08

General administration Expenses

IT Solution Charges	2 51 25 000	-	
Professional Fees	14 070	9 000	
Filing Fees	1 800	13 200	9 000
Payment to Auditors – Audit Fees	12 060		13 483
Bank charges	2 288		1 123
	<u>2 51 55 218</u>		<u>36 806</u>

Note : 2.09

Earnings per Share (EPS)

Numerator – Profit after tax (₹)	(2 32 78 534)	10 22 969
Denominator – Weighted number of equity shares	20 00 000	20 00 000
Basic as well as diluted, earning per equity share (₹)	(11.64)	0.51

Note : 2.10

Deferred Tax Assets (net)

Deferred Tax Assets		
Disallowance, if any, under the Income Tax Act, 1961	83 17 070	-
Deferred Tax Liabilities		
Related to timing difference	-	-
Deferred Tax Assets (net) *	<u>83 17 070</u>	<u>-</u>

* During the year, in absence of virtual certainty of realisability of deferred tax assets, the company on conservative basis has restricted deferred tax asset to Nil.

Note : 2.11

Segment Reporting

There are no reportable Segments as per AS-17 (segment reporting) issued by the Institute of Chartered Accountants of India.

Note : 2.12

Related Parties :

As per AS- 18, issued by the Institute of Chartered Accountants of India, the disclosures of transaction with the related parties as defined in the Accounting Standard are given below

a) Name of the Related Party	Relationship
i Reliance Communications Limited	Holding Company
ii Reliance Communications Infrastructure Limited	Fellow Subsidiary Company
iii Reliance Tech Services Limited	Fellow Subsidiary Company

Reliance Mobile Commerce Limited

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

b) Transactions during the year with related parties :

Sr. No.	Nature of Transactions	(Amount in ₹)		
		Holding Company	Fellow Subsidiary Company	Total
1	Other Payable	3 39 826	19 75 223	23 15 049
		(3 39 826)	(9 85 593)	(13 25 419)
2	Expenses			
	IT Services	-	2 50 00 000	2 50 00 000
		(-)	(-)	(-)

As per our report of even date

For Chaturvedi & Shah

Chartered Accountants
(Firm Reg. No. 101720W)

Lalit R. Mhalsekar

(Partner)

Membership No.: 103418

Place : Mumbai

Dated : May 28, 2016

For and on behalf of the Board

Manikantan Viswanathan

DIN :- 03338690

Shrenik Vaishnav

DIN :- 00386889

} Directors

Net Direct SA (Proprietary) limited (In Liquidation)

Balance Sheet as at March 31, 2016

	Note	As at March 31, 2016	Amount in INR As at March 31, 2015
EQUITY AND LIABILITIES			
Shareholder's Fund			
Share Capital	2.01	477	527
Reserves and Surplus	2.02	<u>(2,32,87,678)</u>	<u>(2,68,99,587)</u>
		<u>(2,32,87,201)</u>	<u>(2,68,99,060)</u>
Current Liabilities			
Other Current Liabilities	2.03	<u>2,32,87,201</u>	<u>2,68,99,060</u>
		<u>2,32,87,201</u>	<u>2,68,99,060</u>
Total		<u>-</u>	<u>-</u>
ASSETS			
Non Current Assets			
Fixed Assets	2.04	<u>-</u>	<u>-</u>
Total		<u>-</u>	<u>-</u>
Significant Accounting Policies	1		
Notes forming part of financials Statements	2		

For Net Direct SA (Proprietary) limited (In Liquidation)

Place : Mumbai
Date : May 27, 2016

Liquidator

Net Direct SA (Proprietary) limited (In Liquidation)

Statement of Profit and Loss for the year ended March 31, 2016

Amount in INR

	Note	For the year ended March 31, 2016	For the year ended March 31, 2015
INCOME			
Service Revenue and Other Operating Income		-	-
Other Income		-	-
		<u>-</u>	<u>-</u>
EXPENDITURE			
Network Operation Expenses		-	-
Sale and General Administration Expenses		-	-
		<u>-</u>	<u>-</u>
PROFIT/ (LOSS) BEFORE TAX			
		-	-
Provision for:			
-Income Tax		-	-
		<u>-</u>	<u>-</u>
PROFIT/ (LOSS) AFTER TAX			
		-	-
Basic and Diluted Earnings Per Share			-
Significant Accounting Policies	1		
Notes forming part of financials Statements	2		

For Net Direct SA (Proprietary) limited (In Liquidation)

Place : Mumbai
Date : May 27, 2016

Liquidator

Net Direct SA (Proprietary) limited (In Liquidation)

Cash Flow Statement for the year ended March 31, 2016

	For the year ended March 31, 2016	Amount in INR For the year ended March 31, 2015
A CASH FLOW FROM OPERATING ACTIVITY		
Net Profit before tax as per Profit and Loss Account		
Adjusted for:		
Effects of exchange difference on translation of assets & liabilities	_____	_____
Operating Profit before Working capital changes	-	-
Adjusted for:		
Receivables and other Advances		
Trade Payables	_____	_____
Cash Generated from operation	-	-
Income tax Paid	-	-
Net Cash from operating Activity	_____	_____
B CASH FLOW FROM INVESTING ACTIVITIES		
Financial Income	-	-
Net Cash used in Investing Activities	_____	_____
C CASH FLOW FROM FINANCING ACTIVITIES		
Net Proceeds/ (Repayment) from short term Borrowings		
Net Cash Used In Financing Activities	_____	_____
Net Increase / (Decrease) in Cash and Cash Equivalent	-	-
Opening Balance of Cash and Cash Equivalent		
Closing Balance of Cash and Cash Equivalent	_____	_____

For Net Direct SA (Proprietary) limited (In Liquidation)

Place : Mumbai
Date : May 27, 2016

Liquidator

Net Direct SA (Proprietary) limited (In Liquidation)

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

1. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation of Financial Statements

The financial statements are prepared under historical cost convention, in accordance with the generally accepted accounting principles (GAAP) in India and Comply with Accounting Standard specified under Section 133 of the Companies Act, 2013 ("the Act") read with Rule 7 of the Companies (Accounts) Rules, 2014 and other provisions of the Act, to the extent notified and applicable as well as applicable guidance note and pronouncements of the Institute of Chartered Accountants of India (the ICAI).

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Schedule III to the Companies Act, 2013. Based on the nature of the services and their realisation in cash & cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current or non-current classification of assets and liabilities.

Company is in process of liquidation and liquidators has been appointed.

b) Revenue Recognition

A network contract typically covers the design, supply and installation of the network and thereafter the provision of Packaged Network Solutions. Turnover relating to the initial part of the contract is recognized over the contract implementation period. The remainder of the contract value is recognized evenly over the period of the contract.

To the extent that the recognition differs from the contractual billing terms, either turnover is accrued or amounts billed in advance are treated as deferred income.

c) Employee Benefits

Pension Obligations

Group companies operate employees' personal pension schemes. The schemes are funded through Payments to insurance companies as defined contribution plans.

The group has no legal or constructive obligations to pay further contribution if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The contributions are recognized as employee benefit expense when they are due.

Bonus Plans

The Group recognizes a liability and an expense for bonuses. The Group recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Commissions

Commissions payable to staff on securing new contracts which are directly attributable to the contract, are recognized as a period cost as an when incurred.

d) Use of Estimates

The presentation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the consolidated financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known / materialised.

e) Accounting for Taxes on Income

Provision for Income Tax is made on the basis of estimated taxable income for the year at current rates after considering exemptions and deductions available under the Income Tax Laws of the respective countries of the subsidiaries. Tax expense comprises of both Current Tax and Deferred Tax at the applicable enacted or substantively enacted rates. Current tax represents the amount of Income Tax payable in respect of the taxable income for the reporting period. Deferred tax represents the effect of timing difference between taxable income and accounting income for the reporting period that originate in one period and are capable of reversal in one or more subsequent periods. The deferred tax asset is recognised and carried forward only to the extent that there is a reasonable certainty that the asset will be realised in future.

f) Fixed Assets

Accounting of Tangible Fixed Assets

All Tangible Fixed Assets is shown at cost less subsequent depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the items.

Net Direct SA (Proprietary) limited (In Liquidation)

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Profit & Loss Account during the financial period in which they are incurred.

Depreciation on assets is calculated using the straight-line method to allocate the cost of each asset to its residual value over its estimated useful life as follows:

Leasehold improvements..... Over the period of the lease

Computer equipment..... 3 to 5 years.

Fixtures, fittings and equipment.....3 to 5 years.

Motor Vehicles..... 5 years.

Major renovations are depreciated over the remaining useful life of the related asset or to the date of the next major renovation, whichever is sooner.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement. Borrowing costs incurred for the construction of any qualifying assets are capitalized during the period of time that is required to complete and prepare the asset for its intended use.

Intangible Assets

Computer software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives (three to five years).

Costs that are directly associated with the production of identifiable and unique software products controlled by the Group and that will probably generate economic benefits exceeding costs beyond one year, are recognized as intangible assets. Direct costs include the costs of software development employees and an appropriate portion of relevant overheads.

Computer software development costs recognized as assets are amortized over their estimated useful lives (not exceeding five years).

g) Effects of Changes in Foreign Currency Rates

Initial Recognition

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Subsequent Recognition

As at the reporting date, non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. All non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined. All monetary assets and liabilities in foreign currency are restated at the end of accounting period.

h) Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised when the company has legal and constructive obligation as a result of past events which it is probable that a cash outflow will be required and a reliable estimate can be made of the amount of obligation.

Contingent Liabilities are disclosed when the company has possible or present obligation and it is probable that a cash flow will not be required to settle the obligation. Contingent Assets are neither recognised nor disclosed in the financial statements.

Net Direct SA (Proprietary) limited (In Liquidation)

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

	As at March 31, 2016	Amount in INR As at March 31, 2015
NOTE 2.01		
Share Capital		
Authorised		
1000 (1000) Ordinary Shares of ZAR 1 Per Share	<u>5,273</u>	<u>5,273</u>
	<u>5,273</u>	<u>5,273</u>
Issued Subscribed and Paid up		
100 (100) Ordinary Shares of ZAR 1 Per Share	<u>477</u>	<u>527</u>
	<u>477</u>	<u>527</u>

a) Details of Ordinary Shares held by Holding company and subsidiary of Holding Company

	No. of Shares	No. of Shares
Held by Reliance Vanco Group limited	100	100
	100	100

b) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company

Particulars	% of Holding	No. of Shares	% of Holding	No. of Shares
Reliance Vanco Group limited	100%	100	100%	100

c) Rights, Preferences and Restriction attached to the shares

The Company has only Ordinary Shares (shares) having a par value of ZAR 1 each per share. Each holder of shares is entitled to one vote per share. In the event of liquidation of the Company, the holder of shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of shares held by the shareholder.

d) Reconciliation Shares outstanding at the beginning and at the end of year

	No. of Shares	Amount	No. of Shares	Amount
Equity Shares				
Balance as at the beginning of the year	100	477	100	527
Add: Shares issued during the year	-	-	-	-
At the end of the year	100	477	100	527

Note No 2.02

RESERVES AND SURPLUS

Exchange Fluctuation Reserve	64,69,404	28,57,495
Surplus in Statement of Profit and Loss		
As per last Balance Sheet	(2,97,57,082)	(2,97,57,082)
Add: Profit / (loss) during the year	<u>-</u>	<u>(2,97,57,082)</u>
	<u>(2,32,87,678)</u>	<u>(2,68,99,587)</u>

Note No 2.03

OTHER CURRENT LIABILITIES

Payable to related parties	<u>2,32,87,201</u>	<u>2,68,99,060</u>
	<u>2,32,87,201</u>	<u>2,68,99,060</u>

Net Direct SA (Proprietary) limited (In Liquidation)

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

Note No : 2.04 Fixed Assets

Notes on Accounts to the Balance Sheet and Statement of Profit and Loss

Particulars	Gross Block			Depreciation			Net Block				
	As at April 01, 2015	Additions during the year	Deductions/ adjustments	Adjustments on account of Foreign Exchange	As at March 31, 2016	As at April 01, 2015	Deductions/ adjustments	Adjustments on account of Foreign Exchange	For the year	As at March 31, 2016	As at 31, March 2015
Leasehold Assets	7,70,725	-	-	(56,357)	7,14,368	7,70,725	-	(56,357)	-	7,14,368	-
Furniture & Fixtures	34,89,698	-	-	(2,55,173)	32,34,525	34,89,698	-	(2,55,173)	-	32,34,525	-
Computer Equipment	42,84,698	-	-	(3,13,305)	39,71,393	42,84,698	-	(3,13,305)	-	39,71,393	-
Network Assets	-	-	-	-	-	-	-	-	-	-	-
Sub Total	85,45,121	-	-	(6,24,835)	79,20,286	85,45,121	-	(6,24,835)	-	79,20,286	-
Pervious Year	85,45,121	-	-	(6,24,835)	79,20,286	85,45,121	-	(6,24,835)	-	79,20,286	-
Softwares and Licenses	18,76,814	-	-	(1,37,236)	17,39,578	18,76,814	-	(1,37,236)	-	17,39,578	-
Sub Total	18,76,814	-	-	(1,37,236)	17,39,578	18,76,814	-	(1,37,236)	-	17,39,578	-
Pervious Year	18,76,814	-	-	(1,37,236)	17,39,578	18,76,814	-	(1,37,236)	-	17,39,578	-
Total	1,04,21,935	-	-	(7,62,071)	96,59,864	1,04,21,935	-	(7,62,071)	-	96,59,864	-
Pervious Year	1,04,21,935	-	-	(7,62,071)	96,59,864	1,04,21,935	-	(7,62,071)	-	96,59,864	-

Net Direct SA (Proprietary) limited (In Liquidation)

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

2.05 BACKGROUND AND ORGANISATION

Net Direct SA (Proprietary) Limited is a virtual Network operator. The Company provides enterprise clients with managed network solutions including the design, integration, implementation, security and management of global corporate networks. The Company provides IT Outsourcers enabling the sub-contract of the above service package as part of a wider IT outsourcing solution.

Net Direct SA (Proprietary) Limited is asset-light, instead purchasing infrastructure from the hundreds of carriers globally, the company get the best prices for clients, design a solution using the most appropriate technology to meet customers' global requirements, and is 100% focused on delivering the highest quality customer service.

2.06 Earnings Per Share

Particulars	FY 15-16	FY 14-15
A Profit / (Loss) after Tax and minority interest	Nil	Nil
B Weighted average number of share of ZAR 1 each used as denominator for calculating Basic and Diluted EPS	1,000	1,000
C Basic and Diluted Earnings / (Loss) per Share before Exceptional items (E/G)	Nil	Nil

2.07 Segment Reporting

In accordance with Accounting Standard 17 "Segmental Reporting" issued by the Council of the Institute of Chartered Accountants of India. Since 100% of the Company's business is from telecommunication activities, there are no other primary reportable segments. Thus, the segment revenue, total carrying amount of segment assets, total carrying amount of segment liabilities, total cost incurred to acquire segment assets, total amount of charge of depreciation and amortization during the period are all as is reflected in the Financial Statements as of and for the period ended March 31, 2016.

2.08 Related Party Transactions

In accordance with Accounting Standard 18 "Related Party Disclosures" issued by the Institute of Chartered Accountants of India, the company's related parties and transactions are disclosed below:

- a. Parties where control exist:
 - i) Reliance Communications Limited
 - ii) Reliance Vanco Group Limited
- b) Summarized below are the transactions entered into with related parties:

Name of the Entity	During the Year :		As on March 31, 2016		As on March 31, 2016	
	Service Income	Network Operating Expenses	Sundry Debtors	Sundry Creditors	Sundry Debtors	Sundry Creditors
Reliance Vanco Group Ltd	-	-	-	23,287,201	-	26,899,060

2.09 Translation in INR

The amounts relating to Balance Sheet items appearing in Indian Rupees have been translated at Closing Rate of 1 GBP = INR 95.473 (Previous year 1 GBP = INR 92.47) and items relating to profit and loss have been translated at average rate of 1 GBP = INR 98.6808 and (Previous year 1 GBP = INR 98.62).

The amounts have been converted in INR to comply with the financial reporting requirement in India

2.10 The previous year figures have been regrouped, rearranged and reclassified wherever necessary.

For Net Direct SA (Proprietary) limited (In Liquidation)

Place : Mumbai
Date : May 27, 2016

Liquidator

Vanco (Shanghai) Co. Limited

Independent Auditor's Report

To
The Board of Directors of Vanco (Shanghai) Co. Limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Vanco (Shanghai) Co. Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India including Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion whether the Company has in place an adequate Internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements read together with the notes thereon give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016 and its loss and its cash flows for the year ended on that date.

Other Reporting Requirements

We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account.

Other Matters

This report is issued for the information and use of the Board of Directors of the Company and of Reliance Communications Limited, the holding company in India to comply with the financial reporting requirements in India and should not be used for any other purposes without our prior written consent.

For Shridhar & Associates
Chartered Accountants
Firm Registration No.: 134427W

Jitendra Sawjany
Partner
Membership No. 050980

Place: Mumbai
Dated: May 27, 2016

Vanco (Shanghai) Co. Limited

Balance Sheet as at March 31, 2016

(Amount in ₹)

	Note No.	As at March 31, 2016	As at March 31, 2015
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2.01	1,15,60,011	1,12,82,511
Reserves and Surplus	2.02	<u>(1,59,52,359)</u>	<u>(65,35,615)</u>
		(43,92,348)	47,46,896
Current Liabilities			
Other Current Liabilities	2.03	68,50,077	22,00,230
Short Term Provision	2.04	<u>1,43,295</u>	-
		69,93,372	22,00,230
TOTAL		<u>26,01,024</u>	<u>69,47,126</u>
ASSETS			
Non Current Assets			
Fixed Assets	2.05	<u>41,537</u>	40,543
		41,537	40,543
Current Assets			
Cash and Bank Balances	2.06	16,66,126	16,38,372
Short-term Loans and Advances	2.07	8,93,361	3,34,046
Other Current Assets	2.08	-	49,34,165
		25,59,487	69,06,583
TOTAL		<u>26,01,024</u>	<u>69,47,126</u>
Significant Accounting Policies	1		
Notes forming part of the Financials Statements	2		

As per our report attached

For Shridhar & Associates
Chartered Accountants
Firm Regn. No. 134427W

Jitendra Sawjany
Partner
Membership No : 050980

Place : Mumbai
Date : May 27, 2016

For and on behalf of the Board

Andrew Goldie
Janet Troxell } **Directors**

Vanco (Shanghai) Co. Limited

Statement of Profit and Loss for the year ended March 31, 2016

	Note No.	For the Year ended March 31, 2016	(Amount in ₹) For the Year ended March 31, 2015
Income			
Service Revenue and Other Operating Income	2.09	-	14,60,370
Other Income	2.10	2,14,674	3,88,217
		<u>2,14,674</u>	<u>18,48,587</u>
Expenditure			
Network Operation Expenses	2.11	82,19,347	-
Sales and General Administration Expenses	2.12	12,52,134	15,09,290
		<u>94,71,481</u>	<u>15,09,290</u>
Profit/(Loss) before Tax		<u>(92,56,807)</u>	<u>3,39,297</u>
Provision for :			
- Current Tax		-	23,63,424
Profit / (Loss) for the year		<u>(92,56,807)</u>	<u>(20,24,127)</u>
Earning Per Share			
(Basic & Diluted)	2.14	(66.12)	(14.45)
Significant Accounting Policies	1		
Notes forming part of the Financial Statements	2		

As per our report attached

For and on behalf of the Board

For Shridhar & Associates
Chartered Accountants
Firm Regn. No. 134427W

Andrew Goldie
Janet Troxell } **Directors**

Jitendra Sawjany
Partner
Membership No : 050980

Place : Mumbai
Date : May 27, 2016

Vanco (Shanghai) Co. Limited

Cash Flow Statement for the year ended March 31, 2016

(Amount in ₹)

	For the Year ended March 31, 2016	For the Year ended March 31, 2015
A CASH FLOW FROM OPERATING ACTIVITIES		
Profit/ (Loss) before Tax	(92,56,807)	(20,24,127)
Adjustments for :		
Depreciation	-	-
Effect of Exchange difference on translation of Assets & Liabilities	1,16,569	(9,08,302)
	<u>1,16,569</u>	<u>(9,08,302)</u>
Operation Profit before Working Capital Changes	<u>(91,40,238)</u>	<u>(29,32,429)</u>
Adjustment for :		
Decrease / (Increase) in Other Current assets	49,34,165	(5,36,675)
Increase / (Decrease) in Short Term Loans and Advances	(5,59,315)	22,677
Increase / (Decrease) in Other Current Liabilities	46,49,847	22,00,230
Increase / (Decrease) in Short Term Provision	1,43,295	-
	<u>91,67,992</u>	<u>16,86,232</u>
Net Cash generated from/(Used in) Operating Activities (A)	<u>27,754</u>	<u>(12,46,197)</u>
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment and Intangibles	-	-
Net Cash form/(used in) Investing Activities (B)	<u>-</u>	<u>-</u>
C CASH FLOW FROM FINANCING ACTIVITIES		
Financial assistance received from related parties	-	3,39,297
Net Cash from/(used in) Financing Activities (C)	<u>-</u>	<u>3,39,297</u>
Net Increase /(Decrease) in Cash & Cash Equivalent (A+ B+C)	27,754	(9,06,900)
Cash and Cash Equivalent at the beginning of the year	16,38,372	25,45,272
Cash & Cash Equivalent at the end of the Year	<u>16,66,126</u>	<u>16,38,372</u>

As per our report attached

For Shridhar & Associates
Chartered Accountants
Firm Regn. No. 134427W

Jitendra Sawjany
Partner
Membership No : 050980

Place : Mumbai
Date : May 27, 2016

For and on behalf of the Board

Andrew Goldie
Janet Troxell } **Directors**

Note 1

SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation of Financial Statements

The financial statements are prepared under historical cost convention, in accordance with the generally accepted accounting principles (GAAP) in India and Comply with Accounting Standard specified under Section 133 of the Companies Act, 2013 ("the Act") read with Rule 7 of the Companies (Accounts) Rules, 2014 and other provisions of the Act, to the extent notified and applicable as well as applicable guidance note and pronouncements of the Institute of Chartered Accountants of India (the ICAI).

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Schedule III to the Companies Act, 2013. Based on the nature of the services and their realisation in cash & cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current or non-current classification of assets and liabilities.

b) Revenue Recognition

A network contract typically covers the design, supply and installation of the network and thereafter the provision of Packaged Network Solutions. Turnover relating to the initial part of the contract is recognized over the contract implementation period. The remainder of the contract value is recognized evenly over the period of the contract.

To the extent that the recognition differs from the contractual billing terms, either turnover is accrued or amounts billed in advance are treated as deferred income.

c) Employee Benefits

Pension Obligations

Group companies operate employees' personal pension schemes. The schemes are funded through payments to insurance companies as defined contribution plans.

The group has no legal or constructive obligations to pay further contribution if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The contributions are recognized as employee benefit expense when they are due.

Bonus Plans

The Group recognizes a liability and an expense for bonuses. The Group recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Commissions

Commissions payable to staff on securing new contracts which are directly attributable to the contract, are recognized as a period cost as an when incurred.

d) Use of Estimates

The presentation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the consolidated financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known / materialised.

e) Accounting for Taxes on Income

Provision for Income Tax is made on the basis of estimated taxable income for the year at current rates after considering exemptions and deductions available under the Income Tax Laws of the respective countries of the subsidiaries. Tax expense comprises of both Current Tax and Deferred Tax at the applicable enacted or substantively enacted rates. Current tax represents the amount of Income Tax payable in respect of the taxable income for the reporting period. Deferred tax represents the effect of timing difference between taxable income and accounting income for the reporting period that originate in one period and are capable of reversal in one or more subsequent periods. The deferred tax asset is recognised and carried forward only to the extent that there is a reasonable certainty that the asset will be realised in future.

f) Fixed Assets

Accounting of Tangible Fixed Assets

All Tangible Fixed Assets is shown at cost less subsequent depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the items.

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Profit & Loss Account during the financial period in which they are incurred.

Depreciation on assets is calculated using the straight-line method to allocate the cost of each asset to its residual value over its estimated useful life as follows:

Leasehold improvements..... Over the period of the lease

Computer equipment..... 3 to 5 years.

Fixtures, fittings and equipment..... 3 to 5 years.

Motor Vehicles..... 5 years.

Major renovations are depreciated over the remaining useful life of the related asset or to the date of the next major renovation, whichever is sooner.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement. Borrowing costs incurred for the construction of any qualifying assets are capitalized during the period of time that is required to complete and prepare the asset for its intended use.

Intangible Assets

Computer software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives (three to five years).

Costs that are directly associated with the production of identifiable and unique software products controlled by the Group and that will probably generate economic benefits exceeding costs beyond one year, are recognized as intangible assets. Direct costs include the costs of software development employees and an appropriate portion of relevant overheads.

Computer software development costs recognized as assets are amortized over their estimated useful lives (not exceeding five years).

g) Effects of Changes in Foreign Currency Rates

Initial Recognition

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Subsequent Recognition

As at the reporting date, non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. All non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined. All monetary assets and liabilities in foreign currency are restated at the end of accounting period.

h) Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised when the company has legal and constructive obligation as a result of past events which it is probable that a cash outflow will be required and a reliable estimate can be made of the amount of obligation.

Contingent Liabilities are disclosed when the company has possible or present obligation and it is probable that a cash flow will not be required to settle the obligation.

Contingent Assets are neither recognised nor disclosed in the financial statements.

Vanco (Shanghai) Co. Limited

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

Note No.	As at		(Amount in ₹)	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
2.01 Share Capital				
Authorised				
1,40,000(1,40,000) Ordinary shares @ CNY 1 each.	1,15,60,011		1,12,82,511	
	1,15,60,011		1,12,82,511	
Issued, Subscribed and Paid up				
1,40,000(1,40,000) Ordinary shares @ CNY 1 each fully paid up.	1,15,60,011		1,12,82,511	
	1,15,60,011		1,12,82,511	
a) Shares held by Holding Company				
	No. of shares		No. of shares	
Reliance Vanco Group Limited	1,40,000		1,40,000	
b) Details of Shareholder holding more than 5% of the aggregate shares in the company				
	% of Holding	No. of shares	% of Holding	No. of shares
Reliance Vanco Group Limited	100	1,40,000	100	1,40,000
c) Term/Rights attached to the shares				
The Company has ordinary Shares having a par value of CNY 1 each. Each Shareholder is entitled to one vote per share. In the event of liquidation of the Company, the holder of shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of shares held by the shareholder.				
d) Reconciliation of shares outstanding at the beginning and at the end of the year				
Ordinary Shares	No. of shares	Amt(')	No. of shares	Amt(')
Balance as at the beginning of the year	1,40,000	1,15,60,011	1,40,000	1,12,82,511
Add: Movement during the year	-	-	-	-
At the end of the year	1,40,000	1,15,60,011	1,40,000	1,12,82,511
2.02 Reserves and Surplus				
Surplus / (Deficit) in the statement of P & L				
Balance as at the beginning of the Year		(68,62,997)		(48,38,870)
Profit / (Loss) for the Year		(92,56,807)		(20,24,127)
Balance as at the end of the Year		(1,61,19,804)		(68,62,997)
Foreign Currency Translation Reserve		1,67,445		3,27,382
		(1,59,52,359)		(65,35,615)
2.03 Other Current Liabilities				
Payable to Related Party- (Refer note no. 2.16)		66,04,917		-
Other Liabilities		2,45,160		22,00,230
		68,50,077		22,00,230
2.04 Short Term Provision				
Income Tax Provision		1,43,295		-
		1,43,295		-

Vanco (Shanghai) Co. Limited

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

(Amount in ₹)

Note No.2.05 Fixed Assets and Depreciation

Particulars	Gross Block			Depreciation			Net Block	
	As at 1st April, 2015	Adjustment on account of Foreign Exchange	As at 31st March, 2016	For the year	As at 31st March, 2016	Adjustment on account of Foreign Exchange	As at 31st March 2016	As at 31st March 2015
Tangible Assets								
Computer Equipment	4,05,426	9,974	4,15,400	-	3,73,863	8,979	41,537	40,542
Total	4,05,426	9,974	4,15,400	-	3,73,863	8,979	41,537	40,542
Previous Year	4,37,412	(31,986)	4,05,426	-	3,64,884	(28,787)	40,542	

Vanco (Shanghai) Co. Limited

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

	As at March 31, 2016	(Amount in ₹) As at March 31, 2015
2.06 Cash and Bank Balances		
Balance with Banks		16,38,372
Current Accounts	<u>16,66,126</u>	<u>16,38,372</u>
	16,66,126	16,38,372
2.07 Short Term Loans and Advances		
Balance with Govt. Authorities	8,21,302	2,63,717
Deposits	<u>72,059</u>	<u>70,329</u>
	8,93,361	3,34,046
2.08 Other Current Assets		
Receivables from Related Party-(Refer note no. 2.16)	-	49,34,165
	<u>-</u>	<u>49,34,165</u>
	-	49,34,165
		(Amount in ₹)
	For the year ended March 31, 2016	For the year ended March 31, 2015
2.09 Service Revenue and Other Operating Income		
Enterprise Value added Services	-	14,60,370
	<u>-</u>	<u>14,60,370</u>
	-	14,60,370
2.10 Other Income		
Forex Gain	2,10,484	3,88,217
Interest Income	<u>4,190</u>	-
	2,14,674	<u>3,88,217</u>
2.11 Network Operation Expenses		
Network Operation Expenses	<u>82,19,347</u>	-
	82,19,347	<u>-</u>
2.12 Sales and General Administration Expenses		
Rent	3,24,296	4,14,752
Professional Fees	5,09,732	7,06,180
Bank Charges	9,914	-
Other General and Administrative Expenses	<u>1,030</u>	16,333
	8,44,972	11,37,265
Payment to Auditor	<u>4,07,162</u>	3,72,025
	12,52,134	<u>15,09,290</u>

Note 2.13

BACKGROUND AND ORGANISATION

Vanco (Shanghai) Co. Ltd is a virtual Network operator. The Company provides enterprise clients with managed network solutions including the design, integration, implementation, security and management of global corporate networks. The Company provides IT Outsourcers enabling the sub-contract of the above service package as part of a wider IT outsourcing solution.

Vanco (Shanghai) Co. Ltd is asset-light, instead purchasing infrastructure from the hundreds of carriers globally, the company get the best prices for clients, design a solution using the most appropriate technology to meet customers' global requirements, and is 100% focused on delivering the highest quality customer service.

Vanco (Shanghai) Co. Limited

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

Note 2.14

Earnings per Share

Amount in ₹ except number of shares

Earnings per Share	For the year ended March 31st, 2016	For the year ended March 31st, 2015
A Profit / (Loss) after Tax	(9,256,807)	(2,024,127)
B Weighted average number of share of CNY 1 each used as denominator for calculating Basic and Diluted EPS	140,000	140,000
C Basic and Diluted Earnings / (Loss) per Share (A/B)	(66.12)	(14.45)

Note No 2.15

Segment Reporting

In accordance with Accounting Standard 17 "Segmental Reporting" issued by the Institute of Chartered Accountants of India. Since 100% of the Company's business is from telecommunication activities, there are no other reportable segments. Thus, the segment revenue, total carrying amount of segment assets, total carrying amount of segment liabilities, total cost incurred to acquire segment assets, total amount of charge of depreciation and amortization during the period are all as is reflected in the Financial Statements as of and for the year ended March 31, 2016.

Note 2.16

Related Party Transactions

In accordance with Accounting Standard 18 "Related Party Disclosures" issued by the Institute of Chartered Accountants of India, the company's related parties and transactions are disclosed below:

- a. Parties where control exist:
 - i) Reliance Vanco Group Limited.
 - ii) Reliance Communication Limited.
- b. Summarized below are the transactions entered into with related parties and closing balance as at the end of the Year.

	During the Year		Year End Balances			
	Service Income		Other Current Assets		Other Current Liabilities	
Name of the entity	2015-2016	2014-2015	2015-2016	2014-2015	2015-2016	2014-2015
Reliance Vanco Group Limited	12,08,445	15,84,625	-	49,34,165	66,04,917	-

Note 2.17

The amounts relating to Balance Sheet items appearing in Indian Rupees have been translated at Closing Rate of 1 GBP = ₹ 95.473 (Previous year 1 GBP = ₹ 92.470) and items relating to profit and loss have been translated at average rate of 1 GBP = ₹ 98.6808 and (Previous year 1 GBP = ₹ 98.620).

The amounts have been converted in INR to comply with the financial reporting requirement in India.

Note 2.18

The previous year's figures have been reworked, regrouped, rearranged and reclassified wherever necessary

As per our report attached

For and on behalf of the Board

For Shridhar & Associates
Chartered Accountants
Firm Regn. No. 134427W

Andrew Goldie
Janet Troxell

} **Directors**

Jitendra Sawjany

Partner
Membership No : 050980

Place : Mumbai
Date : May 27, 2016

Vanco Solutions Inc

Independent Auditor's Report

To
The Board of Directors of Vanco Solutions Inc
Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Vanco Solutions Inc ("the Company"), which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India including Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion whether the Company has in place an adequate Internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements read together with the notes thereon give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016 and its loss and its cash flows for the year ended on that date.

Other Reporting Requirements

We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account.

Other Matters

This report is issued for the information and use of the Board of Directors of the Company and of Reliance Communications Limited, the holding company in India to comply with the financial reporting requirements in India and should not be used for any other purposes without our prior written consent.

For Shridhar & Associates
Chartered Accountants
Firm Registration No.: 134427W

Jitendra Sawjany
Partner
Membership No. 050980

Place: Mumbai
Dated: May 27, 2016

Vanco Solutions Inc

Balance Sheet as at March 31, 2016

	Note	As at March 31, 2016	Amount in ₹ As at March 31, 2015
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2.01	33,27,443	31,14,097
Reserves and Surplus	2.02	(10,22,43,517)	(7,54,60,958)
		<u>(9,89,16,074)</u>	<u>(7,23,46,861)</u>
Current Liabilities			
Trade Payables	2.03	18,37,581	-
Other Current Liabilities	2.04	27,58,66,603	32,83,68,998
		<u>27,77,04,184</u>	<u>32,83,68,998</u>
TOTAL		<u>17,87,88,110</u>	<u>25,60,22,137</u>
ASSETS			
Current Assets			
Trade Receivables	2.05	1,52,73,608	1,21,35,431
Cash and Bank Balances	2.06	4,57,306	-
Short Term Loans And Advances	2.07	13,53,38,443	24,38,86,706
Other Currents Assets	2.08	2,77,18,753	-
		<u>17,87,88,110</u>	<u>25,60,22,137</u>
TOTAL		<u>17,87,88,110</u>	<u>25,60,22,137</u>
Significant Accountig Policies	1		
Notes forming part of Financial Statements	2		

As per our report attached

For Shridhar & Associates
Chartered Accountants
Firm Regn. No. 134427W

Jitendra Sawjany
Partner
Membership No : 050980

Place : Mumbai
Date : May 27, 2016

For and on behalf of the Board

Janet Troxell
Andrew Goldie

} **Directors**

Vanco Solutions Inc

Statement of Profit and Loss for the year ended March 31, 2016

	Note	For the year ended March 31, 2016	Amount in ₹ For the the year ended March 31, 2015
INCOME			
Service Revenue and Other Operating Income	2.09	71,34,98,182	47,57,08,371
Other Income	2.10	55,14,588	-
TOTAL		71,90,12,770	47,57,08,371
EXPENDITURE			
Network Operation Expenses	2.11	56,52,03,515	39,12,17,263
Sales and General Administration Expenses	2.12	17,50,58,479	1,62,22,743
TOTAL		74,02,61,994	40,74,40,006
Profit / (Loss) before Tax		(2,12,49,224)	6,82,68,365
Provision for Taxation			
- Current Tax		-	-
Profit / (Loss) for the year		(2,12,49,224)	6,82,68,365
Earning Per Share (Basic and Diluted)	2.14	(2,12,492)	6,82,684
Significant Accounting Policies	1		
Notes forming part of Financial Statements	2		

As per our report attached

For Shridhar & Associates
Chartered Accountants
Firm Regn. No. 134427W

Jitendra Sawjany
Partner
Membership No : 050980

Place : Mumbai
Date : May 27, 2016

For and on behalf of the Board

Janet Troxell
Andrew Goldie } **Directors**

Vanco Solutions Inc

Cash Flow Statement for the year ended March 31, 2016

	For the year ended March 31, 2016	Amount in ₹ For the year ended March 31, 2015
A) CASH FLOW FROM OPERATING ACTIVITIES:		
Profit/(Loss) Before Tax	(2,12,49,224)	6,82,68,365
Adjustments for:		
Effects of Exchange difference on translation of Assets and Liabilities	(53,19,989)	1,24,44,718
Operating Profit before Working Capital Changes	(2,65,69,213)	8,07,13,083
Adjustments for:		
Trade and Other receivables	(31,38,177)	(14,90,998)
Other Current Assets	(2,77,18,753)	(8,26,70,582)
Trade and Other payables	18,37,581	29,34,366
Unearned Income	(18,26,95,857)	-
Other Current Liabilities	13,01,93,462	-
Short Term loans and Advances	10,85,48,263	-
	2,70,26,519	(8,12,27,214)
Net cash generated from operating activities before tax	4,57,306	(5,14,131)
Income tax paid	-	-
Net Cash generated from/(used in) Operating Activities (A)	4,57,306	(5,14,131)
B) CASH FLOW FROM INVESTING ACTIVITIES:		
Net Cash from/(Used in) Investing Activities (B)	-	-
C) CASH FLOW FROM FINANCING ACTIVITIES:		
Financial assistance received from related parties	-	-
Net Cash from/(Used in) Financing Activities (C)	-	-
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	4,57,306	(5,14,131)
Cash and Cash Equivalents at the Beginning of the Year	-	5,14,131
Cash and Cash Equivalents at the End of the Year	4,57,306	-

As per our report attached

For Shridhar & Associates
Chartered Accountants
Firm Regn. No. 134427W

Jitendra Sawjany
Partner
Membership No : 050980

Place : Mumbai
Date : May 27, 2016

For and on behalf of the Board

Janet Troxell
Andrew Goldie } **Directors**

Note No. 1

SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation of Financial Statements

The financial statements are prepared under historical cost convention, in accordance with the generally accepted accounting principles (GAAP) in India and Comply with Accounting Standard specified under Section 133 of the Companies Act, 2013 ("the Act") read with Rule 7 of the Companies (Accounts) Rules, 2014 and other provisions of the Act, to the extent notified and applicable as well as applicable guidance note and pronouncements of the Institute of Chartered Accountants of India (the ICAI).

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Schedule III to the Companies Act, 2013. Based on the nature of the services and their realisation in cash & cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current or non-current classification of assets and liabilities.

Financial Statements have been prepared on a going concern basis and financial support as may be required, shall be extended by associates and / or parent company.

b) Revenue Recognition

A network contract typically covers the design, supply and installation of the network and thereafter the provision of Packaged Network Solutions. Turnover relating to the initial part of the contract is recognized over the contract implementation period. The remainder of the contract value is recognized evenly over the period of the contract.

To the extent that the recognition differs from the contractual billing terms, either turnover is accrued or amounts billed in advance are treated as deferred income.

c) Employee Benefits

Pension Obligations

Group companies operate employees' personal pension schemes. The schemes are funded through payments to insurance companies as defined contribution plans.

The group has no legal or constructive obligations to pay further contribution if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The contributions are recognized as employee benefit expense when they are due.

Bonus Plans

The Group recognizes a liability and an expense for bonuses. The Group recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Commissions

Commissions payable to staff on securing new contracts which are directly attributable to the contract, are recognized as a period cost as an when incurred.

d) Use of Estimates

The presentation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the consolidated financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known / materialised.

e) Accounting for Taxes on Income

Provision for Income Tax is made on the basis of estimated taxable income for the year at current rates after considering exemptions and deductions available under the Income Tax Laws of the respective countries of the subsidiaries. Tax expense comprises of both Current Tax and Deferred Tax at the applicable enacted or substantively enacted rates. Current tax represents the amount of Income Tax payable in respect of the taxable income for the reporting period. Deferred tax represents the effect of timing difference between taxable income and accounting income for the reporting period that originate in one period and are capable of reversal in one or more subsequent periods. The deferred tax asset is recognised and carried forward only to the extent that there is a reasonable certainty that the asset will be realised in future.

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

f) Fixed Assets

Accounting of Tangible Fixed Assets

All Tangible Fixed Assets is shown at cost less subsequent depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Profit & Loss Account during the financial period in which they are incurred.

Depreciation on assets is calculated using the straight-line method to allocate the cost of each asset to its residual value over its estimated useful life as follows:

Leasehold improvements..... Over the period of the lease

Computer equipment..... 3 to 5 years.

Fixtures, fittings and equipment..... 3 to 5 years.

Motor Vehicles..... 5 years.

Major renovations are depreciated over the remaining useful life of the related asset or to the date of the next major renovation, whichever is sooner.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement. Borrowing costs incurred for the construction of any qualifying assets are capitalized during the period of time that is required to complete and prepare the asset for its intended use.

Intangible Assets

Computer software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives (three to five years).

Costs that are directly associated with the production of identifiable and unique software products controlled by the Group and that will probably generate economic benefits exceeding costs beyond one year, are recognized as intangible assets. Direct costs include the costs of software development employees and an appropriate portion of relevant overheads.

Computer software development costs recognized as assets are amortized over their estimated useful lives (not exceeding five years).

g) Foreign Currency Translation

Initial Recognition

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Subsequent Recognition

As at the reporting date, non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. All non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined. All monetary assets and liabilities in foreign currency are restated at the end of accounting period.

h) Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised when the company has legal and constructive obligation as a result of past events which it is probable that a cash outflow will be required and a reliable estimate can be made of the amount of obligation.

Contingent Liabilities are disclosed when the company has possible or present obligation and it is probable that a cash flow will not be required to settle the obligation. Contingent Assets are neither recognised nor disclosed in the financial statements.

Vanco Solutions Inc

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

	As at March 31, 2016	Amount in ₹ As at March 31, 2015
Note No. 2.01		
Share Capital		
Authorised		
1000 (1000) ordinary share of US \$ 0.10 each	<u>6,655</u>	6,250
	<u>6,655</u>	<u>6,250</u>

Issued, Subscribed and Paid up

100 (100) ordinary share of US \$ 0.10 each, fully paid up held by VNO Direct Limited	<u>33,27,443</u>	31,14,097
	<u>33,27,443</u>	<u>31,14,097</u>

a) Ordinary Shares held by Holding Company

	No. of Shares	No of Shares
VNO Direct Limited	<u>100</u>	100
	<u>100</u>	<u>100</u>

b) Details of shareholders holding more than 5% of the aggregate shares in the Company

Particulars	As at 31.03.2016		As at 31.03.2015	
	% of Holding	No. of Shares	% of Holding	No. of Shares
VNO Direct Limited	100	100	100	100

c) Terms/ Rights attached to the shares

The Company has ordinary shares having a par value of US \$ 0.10 each . Each holder of share is entitled to one vote per share. In the event of liquidation of the Company the holder of shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of shares held by the shareholder.

d) Reconciliation of ordinary shares outstanding at the beginning and at the end of the year

	As at 31.03.2016		As at 31.03.2015	
	No. of Shares	Amount	No. of Shares	Amount
Ordinary Shares				
Balance as at the beginning of the year	100	33,27,443	100	31,14,097
Add: Movement for the year	-	-	-	-
At the end of the year	<u>100</u>	<u>33,27,443</u>	<u>100</u>	<u>31,14,097</u>

Note No. 2.02

Reserves and Surplus

Balance as at the beginning of the year	(8,75,16,192)	(15,57,84,557)
Profit / (Loss) for the Year	(2,12,49,224)	6,82,68,365
Balance as at the end of the year	<u>(10,87,65,416)</u>	<u>(8,75,16,192)</u>
Foreign Currency Translation Reserve	<u>65,21,899</u>	1,20,55,234
	<u>(10,22,43,517)</u>	<u>(7,54,60,958)</u>

Note No. 2.03

Trade Payables

Provision for SG&A Exp	<u>18,37,581</u>	-
	<u>18,37,581</u>	-

Vanco Solutions Inc

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

	As at March 31, 2016	Amount in ₹ As at March 31, 2015
Note No. 2.04		
Other Current Liabilities		
Unearned Income	14,56,73,141	32,83,68,998
Payables to related parties (Refer note 2.16)	13,01,93,462	-
	<u>27,58,66,603</u>	<u>32,83,68,998</u>
Note No. 2.05		
(unsecured)		
Trade receivables		
Due for More than Six months		
Considered Doubtful	58,87,294	43,44,983
Less: Provision for doubtful debts	<u>(58,87,294)</u>	<u>(43,44,983)</u>
	-	-
Others		
Considered Good	1,52,73,608	1,21,35,431
Considered Doubtful	-	-
Less: Provision for doubtful debts	-	-
	<u>1,52,73,608</u>	<u>1,21,35,431</u>
Note No. 2.06		
Cash and Bank Balances		
Balance with Banks		
- Current Accounts	4,57,306	-
	<u>4,57,306</u>	<u>-</u>
Note No. 2.07		
Short Term Loans And Advances		
Group Company Receivable-Interco (Refer note 2.16)	12,05,72,985	24,38,86,706
Balances with Govt. Authorities	1,47,65,458	-
	<u>13,53,38,443</u>	<u>24,38,86,706</u>
Note No 2.08		
Other Current Assets		
Unbilled debtors	2,77,18,753	-
	<u>2,77,18,753</u>	<u>-</u>

Vanco Solutions Inc

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

	Amount in ₹	
	For the year ended March 31, 2016	For the year ended March 31, 2015
Note No. 2.09		
Service Revenue and Other Operating Income		
Enterprise Value Added Services	71,34,98,182	47,57,08,371
	71,34,98,182	47,57,08,371
Note No. 2.10		
Other Income		
Foreign Exchange Fluctuation Gain net	55,14,588	-
	55,14,588	-
Note No. 2.11		
Network Operation Expenses		
Network Operating Expenses	56,52,03,515	39,12,17,263
	56,52,03,515	39,12,17,263
Note No. 2.12		
Sales and General Administration Expenses		
Rates & Taxes	97,90,193	37,02,893
Legal Fees	40,076	2,30,256
Professional Fees	3,91,225	2,44,639
Provision for Doubtful Debts	12,23,702	-
SG&A Group Recharge	16,32,65,150	-
Bank Charges	20,697	-
Miscellaneous	27	1,17,39,157
	17,47,31,070	1,59,16,945
Payment to auditors	3,27,409	3,05,798
	17,50,58,479	1,62,22,743

Note No. 2.13

BACKGROUND AND ORGANISATION

Vanco Solutions Inc. is a virtual Network operator. The Company provides enterprise clients with managed network solutions including the design, integration, implementation, security and management of global corporate networks. The Company provides IT Outsourcers enabling the sub-contract of the above service package as part of a wider IT outsourcing solution.

Vanco Solutions Inc. is asset-light, instead purchasing infrastructure from the hundreds of carriers globally, the company get the best prices for clients, design a solution using the most appropriate technology to meet customers' global requirements, and is 100% focused on delivering the highest quality customer service.

Note No. 2.14

Earnings Per Share

	Amount in ₹	
	For the year ended March 31, 2016	For the year ended March 31, 2015
A Profit / (Loss) after Tax	(21,249,224)	68,268,365
B Weighted average number of share of US \$ 0.1 each used as denominator for calculating Basic and Diluted EPS	100	100
C Basic and Diluted Earnings / (Loss) per Share (A/B)	(212,492)	682,684

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

Note No. 2.15

Segment Reporting

In accordance with Accounting Standard 17 "Segmental Reporting" issued by The Institute of Chartered Accountants of India. Since 100% of the Company's business is from telecommunication activities, there are no other reportable segments. Thus, the segment revenue, total carrying amount of segment assets, total carrying amount of segment liabilities, total cost incurred to acquire segment assets, total amount of charge of depreciation and amortization during the period are all as is reflected in the Financial Statements as of and for the year ended March 31, 2016.

Note No. 2.16

Related Party Transactions

In accordance with Accounting Standard 18 "Related Party Disclosures" issued by the Institute of Chartered Accountants of India, the company's related parties and transactions are disclosed below:

- a) Parties where control exist:
 - i) Flag Telecom Group Services Limited
 - ii) Reliance Vanco Group Limited
 - iii) VNO Direct Limited
 - iv) Reliance Communications Limited
- b) Enterprises as affiliated companies are:
 - i) Vanco ROW Limited
 - ii) Vanco UK Limited
 - iii) Vanco Global Limited
 - iv) Vanco International Limited
 - v) Vanco SAS
 - vi) Euronet Spain SA
 - vii) Vanco Srl
 - viii) Vanco GmbH
 - ix) Vanco Deutschland GmbH
 - x) Reliance Vanco Group Limited
 - xi) Vanco BV
 - xii) Vanco NV
 - xiii) Vanco US LLC
 - xiv) Vanco Australasia Pty. Limited
 - xv) Vanco (Asia Pacific) Pte. Limited
 - xvi) Vanco Japan KK
 - xvii) Reliance Globalcom Services Inc.
 - xviii) Vanco Sweden AB

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

c) Summarized below are the transactions entered into and closing balances with related parties:

Name of the Entity	During the year ended				Year End Balances as at				Amount in ₹			
	Service income		Network Operating Expenses		Transfer pricing cost		Short Term Loans And Advances		Other Current Liabilities		Trade Receivables	
	2015-2016	2014-2015	2015-2016	2014-2015	2015-2016	2014-2015	31.03.2016	31.03.2015	31.03.2016	31.03.2015	2015-2016	2014-2015
Vanco Australasia Pty Limited	-	-	29,30,839	24,67,209	-	-	-	-	5,10,659	-	-	-
Vanco Japan KK	-	-	-	-	-	-	-	-	-	-	-	-
Reliance Vanco Group Limited	-	-	-	-	29,65,76,993	16,63,77,616	3,45,313	-	-	-	-	-
Vanco UK Limited	-	-	18,94,13,313	14,01,86,672	-	-	-	-	-	-	-	-
Vanco (Asia Pacific) Pte Limited	-	-	77,12,668	82,84,086	-	-	12,02,27,672	24,38,86,706	29,58,647	-	-	-
Vanco International Limited	-	-	2,14,968	4,15,077	-	-	-	-	30,284	-	-	-
Vanco BV	-	-	71,43,374	26,75,955	-	-	-	-	12,29,717	-	-	-
Vanco GmbH	-	-	55,51,099	45,01,915	-	-	-	-	15,54,300	-	-	-
Vanco Deutschland GMBH	-	-	-	-	-	-	-	-	-	-	-	-
Vanco SAS	-	-	1,33,06,394	1,53,48,877	-	-	-	-	1,09,827	-	-	-
Vanco NV	-	-	29,91,416	45,33,851	-	-	-	-	5,19,880	-	-	-
Vanco Srl	-	-	63,90,525	68,69,376	-	-	-	-	11,92,132	-	-	-
Euronet Spain SA	-	-	67,62,852	98,34,554	-	-	-	-	11,02,202	-	-	-
Vanco Sweden AB	-	-	4,62,150	22,01,166	-	-	-	-	3,25,361	-	-	-
Vanco Global Limited	-	-	17,55,504	47,73,026	-	-	-	-	93,237	-	-	-
VancoUS LLC	-	-	2,01,40,920	2,54,66,079	-	-	-	-	11,80,83,597	-	-	-
Vanco Row Limited	-	-	38,50,500	19,37,533	-	-	-	-	13,04,598	-	-	-
Reliance Globalcom Service Inc.	32,75,973	-	-	-	-	-	-	11,45,981	11,79,021	-	53,16,091	-

Note No 2.17

The amounts relating to Balance Sheet items appearing in Indian Rupees have been translated at Closing Rate of 1 GBP = Rs. 95.473 (Previous year 1 GBP = Rs. 92.470) and items relating to profit and loss have been translated at average rate of 1 GBP = Rs. 98.6808 and (Previous year 1 GBP = Rs. 98.620)

The amounts have been converted in INR to comply with the financial reporting requirement in India.

Note No 2.18

The previous year's figures have been reworked, regrouped, rearranged and reclassified wherever necessary.

As per our report attached

For and on behalf of the Board

For Shridhar & Associates
Chartered Accountants
Firm Regn. No. 134427W

Janet Troxell
Andrew Goldie } **Directors**

Jitendra Sawjany
Partner
Membership No : 050980

Place : Mumbai
Date : May 27, 2016

Vanco US LLC

Independent Auditor's Report

To
The Board of Directors of Vanco US LLC

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Vanco US LLC ("the Company"), which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India including Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion whether the Company has in place an adequate Internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements read together with the notes thereon give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016 and its profit and its cash flows for the year ended on that date.

Other Reporting Requirements

We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account.

Other Matters

This report is issued for the information and use of the Board of Directors of the Company and of Reliance Communications Limited, the holding company in India to comply with the financial reporting requirements in India and should not be used for any other purposes without our prior written consent.

For Shridhar & Associates
Chartered Accountants
Firm Registration No.: 134427W

Jitendra Sawjany
Partner
Membership No. 050980

Place: Mumbai
Dated: May 27, 2016

Vanco US LLC

Balance Sheet as at March 31, 2016

	Note	As at March 31, 2016	Amount in ₹ As at March 31, 2015
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2.01	13,97,52,619	13,07,92,079
Reserves and Surplus	2.02	(1,24,29,65,671)	(1,25,90,98,974)
		<u>(1,10,32,13,052)</u>	<u>(1,12,83,06,895)</u>
Current Liabilities			
Trade Payables	2.03	41,59,43,915	7,96,72,468
Other Current Liabilities	2.04	1,62,74,73,464	1,23,27,80,186
		<u>2,04,34,17,379</u>	<u>1,31,24,52,654</u>
TOTAL		<u>94,02,04,327</u>	<u>18,41,45,759</u>
ASSETS			
Non Current Assets			
Fixed Assets	2.05		
Tangible Assets		11,272	-
Current Assets			
Trade Receivables	2.06	10,59,50,518	14,67,19,530
Cash and Bank Balances	2.07	3,54,45,037	3,26,73,496
Short-Term Loans and Advances	2.08	79,87,97,500	47,52,733
		<u>94,01,93,055</u>	<u>18,41,45,759</u>
TOTAL		<u>94,02,04,327</u>	<u>18,41,45,759</u>
Significant Accounting Policies	1		
Notes forming part of Financial Statements	2		

As per our report attached

For Shridhar & Associates
Chartered Accountants
Firm Regn. No. 134427W

Jitendra Sawjany
Partner
Membership No : 050980

Place : Mumbai
Date : May 27, 2016

For and on behalf of the Board

Janet Troxell
Andrew Goldie } **Directors**

Vanco US LLC

Statement of Profit and Loss for the year ended March 31, 2016

	Note	For the year ended March 31, 2016	Amount in ₹ For the year ended March 31, 2015
INCOME			
Service Revenue and Other Operating Income	2.09	1,66,47,82,885	1,82,46,85,580
Other Income	2.10	<u>7,88,61,389</u>	-
TOTAL		1,74,36,44,274	<u>1,82,46,85,580</u>
EXPENDITURE			
Network Operation Expenses	2.11	1,32,62,73,150	1,49,80,73,396
Employee Benefit Expenses	2.12	29,72,08,384	19,89,23,857
Depreciation	2.05	3,703	1,17,487
Sales and General Administration Expenses	2.13	<u>1,94,87,365</u>	<u>(23,89,89,062)</u>
TOTAL		1,64,29,72,602	<u>1,45,81,25,678</u>
Profit / (Loss) before Tax		10,06,71,672	36,65,59,902
Provision for :			
- Current Tax		-	5,71,124
Profit / (Loss) for the year		<u>10,06,71,672</u>	<u>36,59,88,778</u>
Earnings per Share (Basic and Diluted)	2.16	47,939	1,74,280
Significant Accounting Policies	1		
Notes forming part of Financial Statements	2		

As per our report attached

For Shridhar & Associates
Chartered Accountants
Firm Regn. No. 134427W

Jitendra Sawjany
Partner
Membership No : 050980

Place : Mumbai
Date : May 27, 2016

For and on behalf of the Board

Janet Troxell
Andrew Goldie } **Directors**

Vanco US LLC

Cash Flow Statement for the year ended March 31, 2016

	For the year ended March 31, 2016	Amount in ₹ For the year ended March 31, 2015
A) CASH FLOW FROM OPERATING ACTIVITIES:		
Profit Before Tax	10,06,71,672	36,65,59,902
Adjustments for:		
Depreciation and Amortisation	<u>3,703</u>	<u>1,17,487</u>
	3,703	1,17,487
Operating Profit before Working Capital Changes	10,06,75,375	36,66,77,389
Adjustments for:		
Trade and Other receivables	4,07,69,012	12,20,07,292
Trade and Other Payables	33,62,71,447	1,43,28,615
Unearned Income	(2,71,79,603)	(85,13,012)
Other Liabilities	42,18,72,881	(19,71,92,712)
Short Term Loans and Advances	(79,40,44,767)	(25,67,234)
Effects of Exchange difference on translation of Assets and Liabilities	<u>(7,55,77,829)</u>	<u>12,51,31,194</u>
	(9,78,88,859)	5,31,94,143
Net cash generated from/(used in) operating activities before income tax	27,86,516	41,98,71,532
Income tax paid (net of refunds received)	-	(5,71,124)
Net Cash generated from/(Used in) Operating Activities (A)	27,86,516	41,93,00,408
B) CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets	(14,975)	11,597
Net Cash (Used in)/from Investing Activities (B)	(14,975)	11,597
C) CASH FLOW FROM FINANCING ACTIVITIES:		
Financial assistance received from related parties	-	(41,83,14,380)
Net Cash From/(Used in) Financing Activities (C)	-	(41,83,14,380)
Net Increase in Cash and Cash Equivalents (A+B+C)	27,71,541	9,97,625
Cash and Cash Equivalents at the Beginning of the Year	3,26,73,496	3,16,75,871
Cash and Cash Equivalents at the End of the Year	3,54,45,037	3,26,73,496

As per our report attached

For Shridhar & Associates
Chartered Accountants
Firm Regn. No. 134427W

Jitendra Sawjany
Partner
Membership No : 050980

Place : Mumbai
Date : May 27, 2016

For and on behalf of the Board

Janet Troxell
Andrew Goldie } **Directors**

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

Note 1

SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation of Financial Statements

The financial statements are prepared under historical cost convention, in accordance with the generally accepted accounting principles (GAAP) in India and Comply with Accounting Standard specified under Section 133 of the Companies Act, 2013 ("the Act") read with Rule 7 of the Companies (Accounts) Rules, 2014 and other provisions of the Act, to the extent notified and applicable as well as applicable guidance note and pronouncements of the Institute of Chartered Accountants of India (the ICAI).

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Schedule III to the Companies Act, 2013. Based on the nature of the services and their realisation in cash & cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current or non-current classification of assets and liabilities

Financial Statements have been prepared on a going concern basis and financial support as may be required, shall be extended by associates and / or parent company.

b) Revenue Recognition

A network contract typically covers the design, supply and installation of the network and thereafter the provision of Packaged Network Solutions. Turnover relating to the initial part of the contract is recognized over the contract implementation period. The remainder of the contract value is recognized evenly over the period of the contract.

To the extent that the recognition differs from the contractual billing terms, either turnover is accrued or amounts billed in advance are treated as deferred income.

c) Employee Benefits

Pension Obligations

Group companies operate employees' personal pension schemes. The schemes are funded through payments to insurance companies as defined contribution plans.

The group has no legal or constructive obligations to pay further contribution if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The contributions are recognized as employee benefit expense when they are due.

Bonus Plans

The Group recognizes a liability and an expense for bonuses. The Group recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Commissions

Commissions payable to staff on securing new contracts which are directly attributable to the contract, are recognized as a period cost as an when incurred.

d) Use of Estimates

The presentation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the consolidated financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known / materialised.

e) Accounting for Taxes on Income

Provision for Income Tax is made on the basis of estimated taxable income for the year at current rates after considering exemptions and deductions available under the Income Tax Laws of the respective countries of the subsidiaries. Tax expense comprises of both Current Tax and Deferred Tax at the applicable enacted or substantively enacted rates. Current tax represents the amount of Income Tax payable in respect of the taxable income for the reporting period. Deferred tax represents the effect of timing difference between taxable income and accounting income for the reporting period that originate in one period and are capable of reversal in one or more subsequent periods. The deferred tax asset is recognised and carried forward only to the extent that there is a reasonable certainty that the asset will be realised in future.

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

f) Fixed Assets

Accounting of Tangible Fixed Assets

All Tangible Fixed Assets is shown at cost less subsequent depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Profit & Loss Account during the financial period in which they are incurred.

Depreciation on assets is calculated using the straight-line method to allocate the cost of each asset to its residual value over its estimated useful life as follows:

Leasehold improvements..... Over the period of the lease

Computer equipment..... 3 to 5 years.

Fixtures, fittings and equipment..... 3 to 5 years.

Motor Vehicles..... 5 years.

Major renovations are depreciated over the remaining useful life of the related asset or to the date of the next major renovation, whichever is sooner.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement. Borrowing costs incurred for the construction of any qualifying assets are capitalized during the period of time that is required to complete and prepare the asset for its intended use.

Intangible Assets

Computer software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives (three to five years).

Costs that are directly associated with the production of identifiable and unique software products controlled by the Group and that will probably generate economic benefits exceeding costs beyond one year, are recognized as intangible assets. Direct costs include the costs of software development employees and an appropriate portion of relevant overheads.

Computer software development costs recognized as assets are amortized over their estimated useful lives (not exceeding five years).

g) Foreign Currency Translation

Initial Recognition

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Subsequent Recognition

As at the reporting date, non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. All non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined. All monetary assets and liabilities in foreign currency are restated at the end of accounting period.

h) Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised when the company has legal and constructive obligation as a result of past events which it is probable that a cash outflow will be required and a reliable estimate can be made of the amount of obligation.

Contingent Liabilities are disclosed when the company has possible or present obligation and it is probable that a cash flow will not be required to settle the obligation. Contingent Assets are neither recognised nor disclosed in the financial statements.

Vanco US LLC

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

	As at March 31, 2016	Amount in ₹ As at March 31, 2015
Note 2.01		
Share Capital		
Authorised		
2100 (2100) ordinary shares of US \$ 1000 each	13,97,52,619	13,07,92,079
	13,97,52,619	13,07,92,079

Issued, Subscribed and Paid up

2100 (2100) ordinary shares of US \$ 1000 each fully paid up	13,97,52,619	13,07,92,079
	13,97,52,619	13,07,92,079

a) Ordinary Shares held by Holding Company

	No. of Shares	No. of Shares
VNO Direct Limited	2,100	2,100
	2,100	2,100

b) Details of shareholders holding more than 5% of the aggregate shares in the Company

Particulars	As at 31.03.2016		As at 31.03.2015	
	% of Holding	No. of Shares	% Holding	No. of Shares
VNO Direct Limited	100	2,100	100	2,100

c) Terms/ Rights attached to the shares

The Company has ordinary shares having a par value of US \$ 1000 each . Each holder of shares is entitled to one vote per share. In the event of liquidation of the Company, the holder of shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of shares held by the shareholder. "Global CloudXChange Limited (a ultimate holding company) had issued 7 % senior secured notes of USD 350 Million. These Notes are guaranteed by Reliance Vanco Group Limited and its material subsidiaries (including the Company) and secured by way of a pledge of equity shares."

d) Reconciliation of ordinary shares outstanding at the beginning and at the end of the year

	As at 31.03.2016		As at 31.03.2015	
	No. of Shares	Amount in ₹	No. of Shares	Amount in ₹
Ordinary Shares				
Balance as at the beginning of the year	2,100	13,97,52,619	2,100	13,07,92,079
Add: Movement for the year	-	-	-	-
At the end of the year	2,100	13,97,52,619	2,100	13,07,92,079

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

	As at March 31, 2016	Amount in ₹ As at March 31, 2015
Note 2.02		
Reserves and Surplus		
Surplus/ (Deficit) in Statement of Profit and Loss		
Balance as at the Beginning of the Year	(1,39,13,24,901)	(1,75,73,13,679)
Add: Profit for the Year	10,06,71,672	36,59,88,778
Balance as at the End of the Year	(1,29,06,53,229)	(1,39,13,24,901)
Foreign Currency Translation Reserve	4,76,87,558	13,22,25,927
	(1,24,29,65,671)	(1,25,90,98,974)
Note 2.03		
Trade Payables		
Payables to related parties(Refer Note no 2.17)	12,61,39,517	-
Trade Payables	28,98,04,398	7,96,72,468
	41,59,43,915	7,96,72,468
Note 2.04		
Other Current Liabilities		
Unearned Income	10,95,00,323	13,66,79,926
Employee Benefits Payable	2,17,58,268	-
Statutory Dues Payable	7,17,484	-
Other Liabilities	-	5,97,02,935
Payables to Related Parties (Refer note no.2.17)	1,49,54,97,389	1,03,63,97,325
	1,62,74,73,464	1,23,27,80,186

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

Note 2.05
Fixed Assets and Depreciation

Particulars	Gross Block				Depreciation				Net Block			
	As at April 01, 2015	Additions during the year	Deductions/ adjustments	Forex Difference	As at March 31, 2016	As at April 01, 2015	For the year	Deductions/ Adjustments	Forex Difference	As at March 31, 2016	As at April 01, 2016	As at April 01, 2015
Tangible Assets												
Computer Equipments	1,01,59,389	-	-	6,96,018	1,08,55,407	1,01,59,389	-	-	6,96,018	1,08,55,407	-	-
Furniture & Fixtures	-	15,039	-	-	15,039	-	3,703	-	64	3,767	11,272	-
Total	1,01,59,389	15,039	-	6,96,018	1,08,70,446	1,01,59,389	3,703	-	6,96,082	1,08,59,174	11,272	-
Previous year	1,09,60,868	-	-	(8,01,479)	1,01,59,389	1,08,31,786	1,17,487	-	(7,89,884)	1,01,59,389	-	-

Vanco US LLC

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

	For the the year ended March 31,2016	Amount in ₹ For the the year ended March 31,2015
Note 2.12		
Employee Benefit Expenses		
Salaries, Wages and Bonus	29,55,74,638	9,62,09,203
Contribution to Provident, Gratuity and Superannuation Fund	-	10,52,160
Employee Welfare and Other Amenities	16,33,746	10,16,62,494
	29,72,08,384	19,89,23,857

Note 2.13 **Sales and General Administration Expenses**

Rent	1,61,33,471	1,77,67,295
Insurance	-	7,22,777
Rates & Taxes	4,78,44,761	2,56,09,500
Legal Fees	10,74,578	18,80,670
Professional Fees	2,19,33,329	46,24,678
Travel and Entertainment	1,11,44,706	57,24,219
Bank Charges	7,38,275	8,29,132
Sales and Marketing Expenses	3,41,869	-
Communication	3,88,560	3,64,894
Provision/Reversal of Doubtful debts	1,01,60,220	67,33,682
Foreign Exchange Fluctuation Loss/(Gain)	-	(31,61,60,975)
Other General and Administrative Expenses	(9,09,26,437)	1,10,19,116
	1,88,33,332	(24,08,85,012)
Payment to auditors	6,54,033	18,95,950
	1,94,87,365	(23,89,89,062)

Note 2.14

BACKGROUND AND ORGANISATION

Vanco US LLC is a virtual Network operator. The Company provides enterprise clients with managed network solutions including the design, integration, implementation, security and management of global corporate networks. The Company provides IT Outsourcers enabling the sub-contract of the above service package as part of a wider IT outsourcing solution.

Vanco US LLC is asset-light, instead purchasing infrastructure from the hundreds of carriers globally, the company get the best prices for clients, design a solution using the most appropriate technology to meet customers' global requirements, and is 100% focused on delivering the highest quality customer service.

Note 2.15

Segment Reporting

In accordance with Accounting Standard 17 "Segmental Reporting" issued by The Institute of Chartered Accountants of India. Since 100% of the Company's business is from telecommunication activities, there are no other reportable segments. Thus, the segment revenue, total carrying amount of segment assets, total carrying amount of segment liabilities, total cost incurred to acquire segment assets, total amount of charge of depreciation and amortization during the year are all as is reflected in the Financial Statements as of and for the year ended March 31, 2016.

Vanco US LLC

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

Note 2.16

Earnings Per Share

Amount in ₹ except number of shares

	For the year ended March 31, 2016	For the year ended March 31, 2015
A Profit / (Loss) after Tax	100,671,672	365,988,778
B 2100 ordinary share of US \$ 1000 each used as denominator for calculating Basic and Diluted EPS	2,100	2,100
C Basic and Diluted Earnings / (Loss) per Share (A/B)	47,939	174,280

Note 2.17

Related Party Transactions

In accordance with Accounting Standard 18 "Related Party Disclosures" issued by the Institute of Chartered Accountants of India, the company's related parties and transactions are disclosed below:

- a) Parties where control exist:
 - i) Reliance Vanco Group Limited
 - ii) VNO Direct Limited
 - iii) Flag Telecom Group Services Limited
 - iv) Reliance Communications Limited
 - v) Global CloudXChange Limited
- b) Enterprises as affiliated companies are:
 - i) Vanco ROW Limited
 - ii) Vanco UK Limited
 - iii) Vanco Global Limited
 - iv) Vanco International Limited
 - v) Vanco SAS
 - vi) Euronet Spain SA
 - vii) Vanco Srl
 - viii) Vanco GmbH
 - ix) Vanco Deutschland GmbH
 - x) Reliance Vanco Group Limited
 - xi) Vanco BV
 - xii) Reliance Globalcom Service Inc.
 - xiii) Vanco NV
 - xiv) Vanco Solutions Inc.
 - xv) Vanco Australasia Pty. Limited
 - xvi) Vanco (Asia Pacific) Pte. Limited
 - xvii) Vanco Japan KK
 - xviii) Flag Telecom Network USA Limited
 - xix) Vanco Sweden AB

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

c) Summarized below are the transactions entered into with related parties and closing balances:

Name of the Entity	Amount in ₹														
	Service Income		Network Operating Expenses			Transfer Pricing cost		Short Term Loans and Advances		Other Current Liabilities		Trade Payables		Trade receivables	
	2015-2016	2014-2015	2015-2016	2014-2015	2015-2016	2014-2015	31.03.2016	31.03.2015	31.03.2016	31.03.2015	31.03.2016	31.03.2015	31.03.2016	31.03.2015	
Vanco Australasia Pty Limited	2,82,09,071	1,21,31,146	32,48,653	2,26,05,420	-	-	44,36,294	-	-	-	-	-	-	-	
Vanco Japan KK	-	-	11,37,535	15,25,239	-	-	-	-	-	-	-	-	-	-	
Reliance Vanco Group Limited	-	-	-	-	3,20,38,103	12,18,67,743	-	-	-	-	-	-	-	-	
Vanco UK Limited	32,68,01,629	36,46,59,761	10,81,07,291	12,13,16,083	-	-	-	-	2,23,121	1,41,09,83,724	1,19,21,02,182	-	-	-	
Vanco (Asia Pacific) Pte Limited	7,31,764	4,06,783	8,37,12,901	5,63,19,529	-	-	-	-	5,78,32,507	1,62,31,841	-	-	-	-	
Vanco International Limited	-	4,888	7,90,958	6,28,762	-	-	-	-	1,09,725	-	-	-	-	-	
Vanco BV	1,89,16,133	2,75,81,002	27,71,582	41,30,699	-	-	27,62,527	-	-	-	-	-	-	-	
Vanco GmbH	26,61,40,935	20,33,05,464	80,93,096	45,33,511	-	-	4,21,09,626	-	-	-	-	-	-	-	
Vanco Deutschland GMBH	7,03,07,378	5,07,4,622	-	-	-	-	1,37,92,826	-	-	-	-	-	-	-	
Vanco SAS	2,22,11,527	7,47,08,865	1,90,32,251	2,80,46,532	-	-	35,54,463	-	-	-	-	-	-	-	
Vanco NV	27,56,375	27,53,256	27,63,187	27,62,041	-	-	-	-	1,04,160	-	-	-	-	-	
Vanco Srl	1,50,64,114	98,78,547	33,36,673	33,38,681	-	-	5,58,061	-	-	-	-	-	-	-	
Euronet Spain SA	1,89,49,765	1,96,70,893	16,70,890	15,32,977	-	-	27,95,453	-	-	-	-	-	-	-	
Vanco Sweden AB	-	-	5,84,038	28,76,429	-	-	-	-	4,02,795	-	-	-	-	-	
Vanco Global Limited	4,18,25,941	5,63,79,894	-	-	-	-	-	-	62,00,498	-	-	-	-	-	
Vanco Solutions Inc	2,01,40,920	2,54,66,079	-	-	-	-	11,80,83,597	-	-	-	-	-	-	-	
Vanco Row Limited	-	-	2,30,51,244	2,33,72,280	-	-	-	-	34,09,018	-	-	-	-	-	
Flag Telecom Network USA Limited	-	-	-	-	-	-	20,38,98,415	-	-	-	-	-	-	-	
Reliance Globalcom Services, Inc.	-	-	1,82,39,366	3,59,79,184	-	-	31,15,32,498	4,20,58,259	-	-	-	12,61,39,517	1,08,45,438	19,31,25,000	

Note 2.18

The amounts relating to Balance Sheet items appearing in Amount in ₹ have been translated at Closing Rate of 1 GBP = ₹ 95.473 (Previous year 1 GBP = ₹ 92.470) and items relating to profit and loss have been translated at average rate of 1 GBP = ₹ 98.6808 (Previous year 1 GBP = ₹ 98.620)

The amounts have been converted in INR to comply with the financial reporting requirement in India.

Note 2.19

The previous year's figures have been reworked, regrouped, rearrange and reclassified whenever necessary.

As per our report attached

For and on behalf of the Board

For Shridhar & Associates
Chartered Accountants
Firm Regn. No. 1 34427W

Janet Troxell
Andrew Goldie
} **Directors**

Jitendra Sawjany
Partner
Membership No : 050980

Place : Mumbai
Date : May 27, 2016

Vanco International Limited

Independent Auditor's Report

To
The Board of Directors of Vanco International Limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Vanco International Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India including Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion whether the Company has in place an adequate Internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements read together with the notes thereon give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016 and its profit and its cash flows for the year ended on that date.

Other Reporting Requirements

We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account.

Other Matters

This report is issued for the information and use of the Board of Directors of the Company and of Reliance Communications Limited, the holding company in India to comply with the financial reporting requirements in India and should not be used for any other purposes without our prior written consent.

For Shridhar & Associates
Chartered Accountants
Firm Registration No.: 134427W

Jitendra Sawjany
Partner
Membership No. 050980

Place: Mumbai
Dated: May 27, 2016

Vanco International Limited

Balance Sheet as at March 31, 2016

	Note	As at		Amount in ₹
		March 31, 2016	March 31, 2015	
EQUITY AND LIABILITIES				
Shareholders' Funds				
Share Capital	2.01	96,73,802		93,69,523
Reserves and Surplus	2.02	<u>3,86,18,167</u>	<u>4,82,91,969</u>	<u>1,57,02,241</u> 2,50,71,764
Current Liabilities				
Trade Payables	2.03	2,44,88,010		54,23,085
Other Current Liabilities	2.04	<u>5,89,19,163</u>		<u>6,18,59,610</u>
			8,34,07,173	6,72,82,695
TOTAL			<u>13,16,99,142</u>	<u>9,23,54,459</u>
ASSETS				
Current Assets				
Trade Receivables	2.05	12,22,152		5,55,61,438
Cash and Bank	2.06	1,53,263		62,57,448
Short-term Loans and Advances	2.07	1,15,45,026		1,25,09,693
Other Current Assets	2.08	<u>11,87,78,701</u>	<u>13,16,99,142</u>	<u>1,80,25,880</u> 9,23,54,459
TOTAL			<u>13,16,99,142</u>	<u>9,23,54,459</u>
Significant Accounting Policies	1			
Notes forming part of Financial Statement	2			

As per our report attached

For and on behalf of the Board

For Shridhar & Associates
Chartered Accountants
Firm Regn. No. 134427W

Andrew Goldie **Director**

Jitendra Sawjany
Partner
Membership No : 050980

Place : Mumbai
Date : May 27, 2016

Vanco International Limited

Statement of Profit and Loss for the year ended March 31, 2016

	Note	For the year ended March 31, 2016		Amount in ₹ For the year ended March 31, 2015
INCOME				
Services Revenue and Other Operating Income	2.09	32,24,86,684		35,71,12,319
		<u>32,24,86,684</u>		<u>35,71,12,319</u>
EXPENDITURE				
Network Operation Expenses	2.10	29,52,89,544	33,39,98,083	
Finance Charges	2.11	-	16,850	
Sales and General Administration Expenses	2.12	<u>40,38,327</u>	<u>29,93,27,871</u>	<u>80,32,692</u>
				<u>34,20,47,625</u>
Profit Before Tax			2,31,58,813	1,50,64,694
Provision for:				
- Current Tax		<u>-</u>	<u>-</u>	<u>-</u>
			<u>-</u>	<u>-</u>
PROFIT / (LOSS) FOR THE YEAR			<u>2,31,58,813</u>	<u>1,50,64,694</u>
Basic and Diluted Earning Per Share	2.15		0.229	0.149
Significant Accounting Policies	1			
Notes forming part of the Financial Statements	2			

As per our report attached

For Shridhar & Associates
Chartered Accountants
Firm Regn. No. 134427W

Jitendra Sawjany
Partner
Membership No : 050980

Place : Mumbai
Date : May 27, 2016

For and on behalf of the Board

Andrew Goldie **Director**

Vanco International Limited

Cash Flow Statement for the year ended March 31, 2016

	For the year ended March 31, 2016	Amount in ₹ For the year ended March 31, 2015
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax as per Statement of Profit and Loss	2,31,58,813	1,50,64,695
Adjusted for:		
Provision for Doubtful Debts	6,14,052	72,24,653
Effects of Exchange Difference on Translation of Assets and Liabilities	61,392	(18,03,006)
Financial Charges	-	16,850
	<u>6,75,444</u>	<u>54,38,497</u>
Operating Profit before Working Capital Changes	2,38,34,257	2,05,03,192
Adjusted for:		
Receivables and other Advances	(4,70,27,587)	(1,23,66,623)
Trade Payables	1,61,24,478	(22,99,241)
	<u>(3,09,03,109)</u>	<u>(1,46,65,864)</u>
Cash Generated from Operations	(70,68,852)	58,37,328
Net Cash from/(Used in) Operating Activities	<u>(70,68,852)</u>	<u>58,37,328</u>
B CASH FLOW FROM INVESTING ACTIVITIES		
Additions of Fixed Assets and Capital Work in Progress	-	-
Net Cash from/(Used in) Investing Activities	-	-
C CASH FLOW FROM FINANCING ACTIVITIES		
Short term Loans & Advances	9,64,667	-
Financial Charges	-	(16,850)
Net Cash from/(Used in) Financing Activities	<u>9,64,667</u>	<u>(16,850)</u>
Net Increase/ (Decrease) in Cash and Cash Equivalents (A+B+C)	(61,04,185)	58,20,478
Opening Balance of Cash and Cash Equivalents	62,57,448	4,36,970
Closing Balance of Cash and Cash Equivalents	<u>1,53,263</u>	<u>62,57,448</u>

As per our report attached

For Shridhar & Associates
Chartered Accountants
Firm Regn. No. 134427W

Jitendra Sawjany
Partner
Membership No : 050980

Place : Mumbai
Date : May 27, 2016

For and on behalf of the Board

Andrew Goldie **Director**

Note 1

SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation of Financial Statements

The financial statements are prepared under historical cost convention, in accordance with the generally accepted accounting principles (GAAP) in India and Comply with Accounting Standard specified under Section 133 of the Companies Act, 2013 ("the Act") read with Rule 7 of the Companies (Accounts) Rules, 2014 and other provisions of the Act, to the extent notified and applicable as well as applicable guidance note and pronouncements of the Institute of Chartered Accountants of India (the ICAI).

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Schedule III to the Companies Act, 2013. Based on the nature of the services and their realisation in cash & cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current or non-current classification of assets and liabilities.

b) Revenue Recognition

A network contract typically covers the design, supply and installation of the network and thereafter the provision of Packaged Network Solutions. Turnover relating to the initial part of the contract is recognized over the contract implementation period. The remainder of the contract value is recognized evenly over the period of the contract.

To the extent that the recognition differs from the contractual billing terms, either turnover is accrued or amounts billed in advance are treated as deferred income.

c) Employee Benefits

Pension Obligations

Group companies operate employees' personal pension schemes. The schemes are funded through payments to insurance companies as defined contribution plans.

The group has no legal or constructive obligations to pay further contribution if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The contributions are recognized as employee benefit expense when they are due.

Bonus Plans

The Group recognizes a liability and an expense for bonuses. The Group recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Commissions

Commissions payable to staff on securing new contracts which are directly attributable to the contract, are recognized as a period cost as an when incurred.

d) Use of Estimates

The presentation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the consolidated financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known / materialised.

e) Accounting for Taxes on Income

Provision for Income Tax is made on the basis of estimated taxable income for the year at current rates after considering exemptions and deductions available under the Income Tax Laws of the respective countries of the subsidiaries. Tax expense comprises of both Current Tax and Deferred Tax at the applicable enacted or substantively enacted rates. Current tax represents the amount of Income Tax payable in respect of the taxable income for the reporting period. Deferred tax represents the effect of timing difference between taxable income and accounting income for the reporting period that originate in one period and are capable of reversal in one or more subsequent periods. The deferred tax asset is recognised and carried forward only to the extent that there is a reasonable certainty that the asset will be realised in future.

f) Fixed Assets

Accounting of Tangible Fixed Assets

All Tangible Fixed Assets is shown at cost less subsequent depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the items.

Vanco International Limited

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Profit & Loss Account during the financial period in which they are incurred.

Depreciation on assets is calculated using the straight-line method to allocate the cost of each asset to its residual value over its estimated useful life as follows:

Leasehold improvements.....Over the period of the lease

Computer equipment..... 3 to 5 years.

Fixtures, fittings and equipment.....3 to 5 years

Motor Vehicles.....5 years.

Major renovations are depreciated over the remaining useful life of the related asset or to the date of the next major renovation, whichever is sooner.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement. Borrowing costs incurred for the construction of any qualifying assets are capitalized during the period of time that is required to complete and prepare the asset for its intended use.

Intangible Assets

Computer software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives (three to five years).

Costs that are directly associated with the production of identifiable and unique software products controlled by the Group and that will probably generate economic benefits exceeding costs beyond one year, are recognized as intangible assets. Direct costs include the costs of software development employees and an appropriate portion of relevant overheads.

Computer software development costs recognized as assets are amortized over their estimated useful lives (not exceeding five years).

g) Effects of Changes in Foreign Currency Rates

Initial Recognition

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Subsequent Recognition

As at the reporting date, non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. All non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined. All monetary assets and liabilities in foreign currency are restated at the end of accounting period.

h) Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised when the company has legal and constructive obligation as a result of past events which it is probable that a cash outflow will be required and a reliable estimate can be made of the amount of obligation.

Contingent Liabilities are disclosed when the company has possible or present obligation and it is probable that a cash flow will not be required to settle the obligation. Contingent Assets are neither recognised nor disclosed in the financial statement

Vanco International Limited

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

	As at March 31, 2016	Amount in ₹ As at March 31, 2015		
Note 2.01				
SHARE CAPITAL				
Authorised				
100,000,000 Ordinary shares @£0.001 per share and 25,000,000 deferred shares @£0.001 per share	1,19,34,125	1,15,58,750		
	<u>1,19,34,125</u>	<u>1,15,58,750</u>		
Issued, Subscribed and Paid up				
100,000,000 Ordinary shares @£0.001 per share and 1,325,000 deferred shares @£0.001 per share fully paid up	96,73,802	93,69,523		
	<u>96,73,802</u>	<u>93,69,523</u>		
a) Shares held by Holding Company and subsidiary of Holding Company				
	No. of Shares	No. of Shares		
Ordinary Shares				
Held by Vanco UK Limited	10,00,00,000	10,00,00,000		
Deferred Shares				
Held by Vanco UK Limited	13,25,000	13,25,000		
b) Details of Shares held by shareholders holding more than 5% of the aggregate shares in the Company				
	% of Holding	No. of Shares		
		No. of Shares		
Ordinary Shares				
Vanco UK Limited	100	10,00,00,000		
Deferred Shares				
Vanco UK Limited	100	13,25,000		
c) Terms/ Rights attached to the shares				
Ordinary Shares				
The Company has Ordinary Shares having a par value of £ .001 per share. Each holder of shares is entitled to one vote per share. In the event of liquidation of the company, the holder of shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of shares held by the shareholder.				
Deferred Shares				
The Company has Deferred Shares having a par value of £ .001 per share. The Deferred Shares Carry no Voting Rights.				
d) Reconciliation of ordinary shares outstanding at the beginning and at the end of the year				
	No. of Shares	Amount ₹	No. of Shares	Amount ₹
Ordinary Shares				
Balance as at the beginning of the year	10,00,00,000	95,47,300	10,00,00,000	92,47,000
Add: Movement for the year	-	-	-	-
At the end of the year	<u>10,00,00,000</u>	<u>95,47,300</u>	<u>10,00,00,000</u>	<u>92,47,000</u>
Deferred Shares				
Balance as at the beginning of the year	13,25,000	1,26,502	13,25,000	1,22,523
Add: Movement for the year	-	-	-	-
At the end of the year	<u>13,25,000</u>	<u>1,26,502</u>	<u>13,25,000</u>	<u>1,22,523</u>

Vanco International Limited

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

	As at March 31, 2016	Amount in ₹ As at March 31, 2015
Note 2.02		
RESERVES AND SURPLUS		
Exchange Fluctuation Reserve	(18,99,870)	(15,18,926)
Securities Premium Account	43,23,304	41,87,319
General Reserves	65,876	63,804
Surplus / (deficit) in Statement of Profit and Loss		
As per last Balance Sheet	1,29,70,044	(20,94,650)
Add: Profit during the year	2,31,58,813	3,61,28,857
	<u>3,86,18,167</u>	<u>1,50,64,694</u>
	<u>3,86,18,167</u>	<u>1,57,02,241</u>
Note 2.03		
TRADE PAYABLE		
Trade Payables	35,33,039	54,23,085
Trade Accruals	2,09,54,971	-
	<u>2,44,88,010</u>	<u>54,23,085</u>
Note 2.04		
OTHER CURRENT LIABILITIES		
Unearned Income-current	3,73,37,699	4,91,00,898
Other Liabilities/Accrued Expense	6,20,575	15,23,129
Statutory Dues Payable	1,79,54,346	1,12,35,583
Intercompany Payables	30,06,543	-
	<u>5,89,19,163</u>	6,18,59,610
	<u>5,89,19,163</u>	<u>6,18,59,610</u>
Note 2.05		
TRADE RECEIVABLE		
Due for More than Six months		
Considered Good	-	-
Considered Doubtful	3,08,42,830	3,01,88,866
	<u>3,08,42,830</u>	<u>3,01,88,866</u>
Less: Provision for doubtful debts	3,08,42,830	3,01,88,866
	<u>3,08,42,830</u>	<u>3,01,88,866</u>
	-	-
Others		
Considered Good	12,22,152	5,55,61,438
Considered Doubtful	16,601	(17,90,607)
	<u>12,38,753</u>	<u>5,37,70,831</u>
Less: Provision for doubtful debts	16,601	(17,90,607)
	<u>12,22,152</u>	<u>5,55,61,438</u>
	<u>12,22,152</u>	<u>5,55,61,438</u>
Note 2.06		
CASH AND CASH EQUIVALENT		
Balance with Banks		
- Current Accounts	1,53,263	62,57,448
	<u>1,53,263</u>	<u>62,57,448</u>

Vanco International Limited

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

	As at March 31, 2016	Amount in ₹ As at March 31, 2015
Note 2.07		
SHORT TERM LOANS AND ADVANCES		
Prepaid Expenses - Current	-	3,07,956
Other Receivables	<u>1,15,45,026</u>	<u>1,22,01,737</u>
	<u>1,15,45,026</u>	<u>1,25,09,693</u>
Note 2.08		
OTHER CURRENT ASSETS		
Inter Company Receivables	<u>11,87,78,701</u>	1,80,25,880
	<u>11,87,78,701</u>	<u>1,80,25,880</u>
Amount in ₹		
	For the year ended March 31, 2016	For the year ended March 31, 2015
Note 2.09		
SERVICE REVENUE AND OTHER OPERATING INCOME		
Enterprise Value Added Services	<u>32,24,86,684</u>	35,71,12,319
	<u>32,24,86,684</u>	<u>35,71,12,319</u>
Note 2.10		
NETWORK OPERATION EXPENSES		
Other Network Operating Expenses	<u>29,52,89,544</u>	33,39,98,083
	<u>29,52,89,544</u>	<u>33,39,98,083</u>
Note 2.11		
FINANCE CHARGES		
Other Financial Cost	-	16,850
	-	16,850
Note 2.12		
SALES AND GENERAL ADMINISTRATION EXPENSES		
Professional Fees	-	3,452
Bank Charges	1,04,780	85,270
Provision for Doubtful Debts, Loans and Advances	6,14,052	72,24,653
Foreign Exchange Fluctuation Loss	26,44,412	1,03,928
Other General and Administrative Expenses	106	-
	<u>33,63,350</u>	74,17,303
Payment to Auditors	6,74,977	6,15,389
	<u>40,38,327</u>	<u>80,32,692</u>

Vanco International Limited

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

Note 2.13

BACKGROUND AND ORGANISATION

Vanco International Limited is a virtual Network operator. The Company provides enterprise clients with managed network solutions including the design, integration, implementation, security and management of global corporate networks. The Company provides IT Outsourcers enabling the sub-contract of the above service package as part of a wider IT outsourcing solution.

Vanco International Limited is asset-light, instead purchasing infrastructure from the hundreds of carriers globally, the company get the best prices for clients, design a solution using the most appropriate technology to meet customers' global requirements, and is 100% focused on delivering the highest quality customer service.

Note 2.14

Segment Reporting

In accordance with Accounting Standard 17 "Segmental Reporting" issued by the Council of the Institute of Chartered Accountants of India. Since 100% of the Company's business is from telecommunication activities, there are no other primary reportable segments. Thus, the segment revenue, total carrying amount of segment assets, total carrying amount of segment liabilities, total cost incurred to acquire segment assets, total amount of charge of depreciation and amortization during the period are all as is reflected in the Financial Statements as of and for the period ended March 31, 2016.

Note 2.15

Earnings Per Share

Amount in ₹ except number of shares

Earnings per Share	For the year ended March 31, 2016	For the year ended March 31, 2015
A Profit / (Loss) after Tax	23,158,813	15,064,694
B Weighted average number of shares of GBP 0.001 each used as denominator for calculating Basic and Diluted EPS	101,325,000	101,325,000
C Basic and Diluted Earnings / (Loss) per share (A/B)	0.229	0.149

Note 2.16

Related Party Transactions

In accordance with Accounting Standard 18 "Related Party Disclosures" issued by the Institute of Chartered Accountants of India, the company's related parties and transactions are disclosed below:

- a) Parties where control exist:
 - i) Reliance Vanco Group Limited
 - ii) Vanco UK Limited
 - iii) Reliance Communication Limited
- b) Enterprises as affiliated companies are:
 - i) Vanco ROW Limited
 - ii) Vanco Global Limited
 - iii) VNO Direct Limited
 - iv) Vanco SAS
 - v) Euronet Spain SA

Vanco International Limited

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

- vi) Vanco Srl
- vii) Vanco GmbH
- viii) Vanco Deutschland GmbH
- ix) Vanco Switzerland A.G.
- x) Vanco B.V.
- xi) Vanco Benelux BV
- xii) Vanco NV
- xiii) Vanco US LLC
- xiv) Vanco Solutions Inc.
- xv) Vanco Australasia Pty. Limited
- xvi) Vanco (Asia Pacific) Pte. Limited
- xvii) Vanco Japan KK
- xviii) Vanco Sweden AB
- xix) Reliance Communication Infrastructure Limited

Vanco International Limited

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

c) Summarized below are the transactions entered into with related parties:

Name of the Entity	During the Year 2015-2016			During the Year 2014-2015			Year End Balances as on 31.03.2016		Year End Balances as on 31.03.2015		
	Service Income	Network Operating Expenses	Net Income	Service Income	Network Operating Expenses	Net Income	Other Current Assets	Trade Payables	Other Current Assets	Other Current Liabilities	
Reliance Vanco Group Limited	-	7,17,24,067	-	-	6,29,45,418	-	11,56,62,712	-	-	-	-
Vanco UK Limited	9,19,73,942	9,83,72,781	8,04,53,962	8,04,53,962	11,82,83,675	-	-	14,28,597	1,80,25,880	-	-
Vanco (Asia Pacific) Pte. Limited	-	1,96,471	-	-	19,52,060	-	-	2,05,098	-	-	-
Vanco Sweden AB	-	-	-	-	69,901	-	-	-	-	-	-
Vanco GmbH	20,61,128	-	14,04,573	14,04,573	-	-	2,97,847	-	-	-	-
Vanco Deutschland GmbH	64,86,671	-	62,59,221	62,59,221	-	-	8,47,044	-	-	-	-
Vanco SRL	39,07,310	-	29,17,352	29,17,352	-	-	5,36,089	-	-	-	-
Vanco BV	17,91,422	91,19,206	22,67,874	22,67,874	1,36,68,140	-	-	13,71,777	-	-	-
Euronet Spain SA	-	12,521	-	-	32,90,387	-	-	2,228	-	-	-
Vanco SAS	19,18,128	-	18,18,658	18,18,658	86,768	-	2,84,238	-	-	-	-
Vanco NV	-	-	328	328	76,272	-	-	-	-	-	-
Vanco Solutions Inc.	2,14,968	-	4,15,077	4,15,077	-	-	30,284	-	-	-	-
Vanco US LLC	7,90,958	-	6,28,762	6,28,762	4,888	-	1,09,725	-	-	-	-
Vanco Global Limited	62,11,306	-	48,79,018	48,79,018	-	-	10,30,171	-	-	-	-
Reliance Communication Infrastructure Limited	-	-	-	-	-	-	-	4,68,019	-	-	-

Note 2.17

The previous year's figures have been reworked, regrouped, rearranged and reclassified wherever necessary.

Note 2.18

The amounts relating to Balance Sheet items appearing in Indian Rupees have been translated at Closing Rate of 1 GBP = ₹ 95.473 (Previous year 1 GBP = ₹ 92.47) and items relating to profit and loss have been translated at average rate of 1 GBP = ₹ 98.6808 and (Previous year 1 GBP = ₹ 98.62).

The amounts have been converted in ₹ to comply with the financial reporting requirement in India.

As per our report attached

For and on behalf of the Board

For Shridhar & Associates
Chartered Accountants
Firm Regn. No. 1 34427W

Andrew Goldie Director

Jitendra Sawjany
Partner
Membership No : 050980

Place : Mumbai
Date : May 27, 2016

Reliance Telecom Limited

Independent Auditors' Report

To the Members of Reliance Telecom Limited

Report on the Financial Statements

1. We have audited the accompanying financial statements of Reliance Telecom Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements to give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit.
4. We have taken into account the provisions of the Act and the Rules made thereunder including the accounting standards and matters which are required to be included in the audit report.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditors' 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 financial statements.

7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2016, and its loss and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

9. As required by 'the Companies (Auditor's Report) Order, 2016' issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order.
10. As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of the written representations received from the directors as on March 31, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) 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 A.
 - (g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:

Reliance Telecom Limited

Independent Auditors' Report

- i. The Company has disclosed the impact, if any, of pending litigations as at March 31, 2016 on its financial position in its financial statements – Refer Note 2.27 forming part of Notes to Financial Statements;
- ii. The Company has long-term contracts as at March 31, 2016 for which there were no material foreseeable losses. The Company did not have any derivative contracts as at March 31, 2016;
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2016.

For Chaturvedi & Shah

Firm Registration Number:
101720W
Chartered Accountants

For Price Waterhouse

Firm Registration Number:
301112E
Chartered Accountants

Lalit R Mhalsekar

Partner
Membership Number 103418
Mumbai
May 30, 2016

Partha Ghosh

Partner
Membership Number 55913
Mumbai
May 30, 2016

Reliance Telecom Limited

Annexure A to Independent Auditors' Report

Referred to in paragraph 10(f) of the Independent Auditors' Report of even date to the members of Reliance Telecom Limited on the financial statements for the year ended March 31, 2016

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act

1. We have audited the internal financial controls over financial reporting of Reliance Telecom Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

2. 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.

Auditors' Responsibility

3. 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 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.
4. 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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. 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

6. 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

7. 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

8. 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 Institute of Chartered Accountants of India.

For Chaturvedi & Shah

Firm Registration Number:
101720W
Chartered Accountants

Lalit R Mhalsekar

Partner
Membership Number 103418
Mumbai
May 30, 2016

For Price Waterhouse

Firm Registration Number:
301112E
Chartered Accountants

Partha Ghosh

Partner
Membership Number 55913
Mumbai
May 30, 2016

Reliance Telecom Limited

Annexure B to Independent Auditors' Report

Referred to in paragraph 9 of the Independent Auditors' Report of even date to the members of Reliance Telecom Limited on the financial statements as of and for the year ended March 31, 2016

- i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
- (b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of three years except for base trans-receiver stations. We are informed that these assets are under continuous operational surveillance at National Network Operating Centre and are therefore not separately physically verified. In our opinion this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.
- (c) The title deeds of immovable properties, as disclosed in Note 2.10 on fixed assets to the financial statements, are held in the name of the Company.
- ii. The physical verification of inventory have been conducted at reasonable intervals by the Management during the year. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
- iii. The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.
- iv. The Company has not granted any loans or made any investments, or provided any guarantees or security to the parties covered under Section 185 and 186 of the Act. Therefore, the provisions of Clause 3(iv) of the said Order are not applicable to the Company.
- v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.
- vi. Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under Section 148(1) of the Act in respect of its services.
- We have broadly reviewed the same, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues in respect of employees state insurance, income tax, entry tax and central sales tax, and is regular in depositing undisputed statutory dues, including provident fund, service tax and value added tax, excise duty, custom duty and other material statutory dues, with the appropriate authorities.
- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of duty of customs and duty of excise which have not been deposited on account of any dispute. The particulars of dues of income tax, sales tax, entry tax, service tax, value added tax, entertainment tax and cess as at March 31, 2016 which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of dues	Amount* (Rs. Crores)	Period to which the amount relates	Forum where the dispute is pending
Local Sales Tax Act, Value Added Tax and Central Sales Tax Act	Sale Tax, VAT and CST	1.13	2000-01 to 2005-06	Appellate Authority upto Commissioner's Level
		6.59	1997-98 to 2010-11	Tribunal
		8.65	1997-98 to 2001-02 and 2004-05	High Court
Entry Tax Act, 1976	Entry Tax	5.94	2005-06 to 2013-14	Appellate Authority upto Commissioner's Level
		1.62	2006-07 to 2009-10	Tribunal
		1.19	1998-99, 1999-2000, 2003-04, 2004-05 and 2010-11 to 2014-15	High Court
The Finance Act, 1994	Service Tax	1.14	2005-06 and 2006-07	Appellate Authority upto Commissioner's Level
		34.16	2005-06 to 2008-09	Tribunal

Reliance Telecom Limited

Annexure to Independent Auditors' Report

Referred to in paragraph 10 of the Independent Auditors' Report of even date to the members of Reliance Telecom Limited on the financial statements as of and for the year ended March 31, 2015

Name of the statute	Nature of dues	Amount* (Rs. Crores)	Period to which the amount relates	Forum where the dispute is pending
Madhya Pradesh Luxury, Entertainment, Merriment and Advertising Act, 2011	Entertainment Tax	19.89	2012-13 to 2013-14	High Court
Meghalaya (Mobile Phone Connection Cess) Act, 2002	Cess	0.59	2002-03	High Court

* Net of amount deposited under protest

- viii. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of loans or borrowings to any financial institution or bank or Government or dues to debenture holders as at the balance sheet date.
- ix. In our opinion, and according to the information and explanations given to us, term loans have been applied for the purposes for which they were obtained. The Company has not raised any money by way of initial public offer or further public offer (including debt instruments).
- x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.
- xi. The Company has paid managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.
- xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. 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. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.

xv. The Company has not entered into any non cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are 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 3(xvi) of the Order are not applicable to the Company.

For Chaturvedi & Shah
Firm Registration Number:
101720W
Chartered Accountants

For Price Waterhouse
Firm Registration Number:
301112E
Chartered Accountants

Lalit R Mhalsekar
Partner
Membership Number 103418
Mumbai
May 30, 2016

Partha Ghosh
Partner
Membership Number 55913
Mumbai
May 30, 2016

Reliance Telecom Limited

Balance Sheet as at March 31, 2016

	Note	As at March 31, 2016		(₹ in crore) As at March 31, 2015	
EQUITY AND LIABILITIES					
Shareholders' Funds					
Share Capital	2.01	143.48		143.48	
Reserves and Surplus	2.02	<u>381.43</u>	524.91	<u>577.82</u>	721.30
Non Current Liabilities					
Long-term Borrowings	2.03	4,499.99		2,191.93	
Long-term Provisions	2.04	0.46		2.08	
Deferred Payment Liability		1,921.48		-	
Other Long-term Liabilities	2.05	<u>192.15</u>	6,614.08	<u>-</u>	2,194.01
Current Liabilities					
Short-term Borrowings	2.06	241.74		1,247.83	
Trade Payables	2.07				
Due to Micro and Small Enterprises		8.21		17.72	
Due to Others		638.83		766.54	
Other Current Liabilities	2.08	699.97		743.39	
Short-term Provisions	2.09	<u>0.06</u>	1,588.81	<u>0.49</u>	2,775.97
TOTAL			<u>8,727.80</u>		<u>5,691.28</u>
ASSETS					
Non Current Assets					
Fixed Assets					
Tangible Assets	2.10	3,514.27		3,538.17	
Intangible Assets	2.10	3,123.40		1,327.95	
Capital Work-in-Progress		165.46		149.71	
Intangible assets under development		<u>824.80</u>	7,627.93	<u>-</u>	5,015.83
Long-term Loans and Advances	2.11	305.81		254.62	
Other Non Current Assets	2.12	<u>5.25</u>	7,938.99	<u>-</u>	5,270.45
Current Assets					
Inventories	2.13	6.00		8.26	
Trade Receivables	2.14	84.38		112.95	
Cash and Bank balances	2.15	6.97		8.62	
Short-term Loans and Advances	2.16	669.04		268.34	
Other Current Assets	2.17	<u>22.42</u>	<u>788.81</u>	<u>22.66</u>	<u>420.83</u>
TOTAL			<u>8,727.80</u>		<u>5,691.28</u>

Significant Accounting Policies 1

The accompanying notes form an integral part of the Financial Statements.

In terms of our report of even date

For Chaturvedi & Shah
Firm Regn No. 101720W
Chartered Accountants

For Price Waterhouse
Firm Regn No. 301112E
Chartered Accountants

For and on behalf of the Board

S. Seth
Gautam B. Doshi } Directors

Lalit R Mhalsekar
Partner
Membership No. 103418

Partha Ghosh
Partner
Membership No. 55913

Gaurang Shah
Sanjay K Agarwal } Company Secretary and Manager
Chief Financial Officer

Mumbai
Dated : May 30, 2016

Mumbai
Dated : May 30, 2016

Mumbai
Dated : May 28, 2016

Reliance Telecom Limited

Statement of Profit and Loss for the year ended March 31, 2016

	Note	For the year ended March 31, 2016	(₹ in crore) For the year ended March 31, 2015
INCOME			
Revenue from Operations	2.18	2,733.79	3,470.04
Other Income	2.19	18.42	15.48
Total Revenue		<u>2,752.21</u>	<u>3,485.52</u>
EXPENSES			
Access charges, License Fees and Network Expenses	2.20	2,129.68	2,546.53
Employee Benefit Expenses	2.21	4.38	115.62
Finance Costs	2.22	184.29	356.82
Depreciation and Amortisation Expenses	2.10	427.03	407.85
Other Expenses	2.23	203.22	201.37
Total Expenses		<u>2,948.60</u>	<u>3,628.19</u>
Profit / (Loss) Before Tax		<u>(196.39)</u>	<u>(142.67)</u>
Tax Expenses:			
- Current Tax		-	-
Profit / (Loss) After Tax		<u>(196.39)</u>	<u>(142.67)</u>
Earning / (Loss) per Share			
[Nominal Value per Share: ₹ 10 (2015: ₹ 10)]			
-Basic/ Diluted - of ₹ 10 each fully paid up (before Exceptional Items)	2.30	(23.10)	(33.65)
-Basic/ Diluted - of ₹ 10 each fully paid up (after Exceptional Items)	2.30	(23.10)	(33.65)
Significant Accounting Policies	1		

The accompanying notes form integral part of the Financial Statements.

In terms of our report of even date

For Chaturvedi & Shah

Firm Regn No. 101720W
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Sanjay K Agarwal

Company Secretary and Manager
Chief Financial Officer

Mumbai
Dated : May 30, 2016

Mumbai
Dated : May 30, 2016

Mumbai
Dated : May 28, 2016

Reliance Telecom 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		
Net Profit / (Loss) before tax as per Statement of Profit and Loss	(196.39)	(142.67)
Adjusted for:		
Provision for Bad and Doubtful Debts	19.63	14.16
Depreciation and Amortisation Expenses	427.03	407.85
Provision for Liabilities no longer required, written back	(17.22)	(11.59)
Effect of change in Foreign Exchange Rate (net)	2.08	(2.57)
Loss on Sale of Fixed Assets and Capital Work in Progress	3.00	0.08
Finance Costs	184.29	356.88
	618.81	764.81
Operating Profit / (Loss) before Working Capital Changes	422.42	622.14
Adjusted for:		
Receivables and Other Advances	(245.36)	135.42
Inventories	2.26	1.76
Trade Payables and Other liabilities	(200.25)	95.21
	(443.35)	232.39
Cash Generated from Operations	(20.93)	854.53
Tax Refund	-	2.93
Tax Paid	(59.21)	(20.19)
	(59.21)	(17.26)
Net Cash from Operating Activities	(80.14)	837.27
B CASH FLOW FROM INVESTING ACTIVITIES		
Additions of Fixed Assets and Capital Work in Progress (including realised foreign exchange variation capitalised)	(775.70)	(76.11)
Proceeds from Sale of Tangible Fixed Assets and Capital Work-in-Progress	7.02	0.28
Investment in Term Deposit	(5.25)	-
Net Cash from/ (Used in) Investing Activities	(773.93)	(75.83)
C CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of Equity Shares	-	50.00
Net Proceeds from / (Repayment of) Short term Borrowings	(1,005.93)	(550.48)
Proceeds from Long Term Borrowings	2,500.00	170.00
Repayment of Long Term Borrowings	(138.26)	(106.34)
Finance Costs includes interest capitalised ₹ 60.40 crore (previous year ₹ Nil)	(503.39)	(364.16)
Net Cash from/ (used in) Financing Activities	852.42	(800.98)
Net Increase/ (Decrease) in Cash and Cash Equivalents	(1.65)	(39.54)
Opening Balance of Cash and Cash Equivalents	8.62	48.16
Closing Balance of Cash and Cash Equivalents	6.97	8.62

Note:

- (1) Cash and Cash Equivalent includes cheques on hand, remittances-in-transit and bank balance.
(2) Cash Flow Statement has been prepared under the Indirect Method set out in Accounting Standard 3 "Cash Flow Statements"

In terms of our report of even date

For Chaturvedi & Shah
Firm Regn No. 101720W
Chartered Accountants

For Price Waterhouse
Firm Regn No. 301112E
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For and on behalf of the Board

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Sanjay K Agarwal } Company Secretary and Manager
Chief Financial Officer

Mumbai
Dated : May 30, 2016

Mumbai
Dated : May 30, 2016

Mumbai
Dated : May 28, 2016

Note: 1

1.01 Basis of Preparation of Financial Statements

The Financial Statements are prepared under historical cost convention and / fair valuation under a Scheme approved by the Hon'ble High Court, in accordance with the generally accepted accounting principles (GAAP) in India and Comply with Accounting Standard specified under Section 133 the Companies Act, 2013 ("the Act") read with Rule 7 of the Companies (Accounts) Rules 2014 and other provisions of the Act to the extent notified and applicable, as well as applicable guidance note and pronouncements of the Institute of Chartered Accountants of India (ICAI).

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Schedule III to the Companies Act, 2013. Based on the nature of the services and their realisation in cash & cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current or non-current classification of assets and liabilities.

1.02 Use of Estimates

The preparation and presentation of Financial Statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities and disclosure of contingent liabilities on the date of the Financial Statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates is recognised in the period in which the results are known / materialised.

1.03 Fixed Assets

- (i) Fixed Assets other than those acquired on finance lease are stated at acquisition cost/ fair value less accumulated depreciation / amortisation. Cost includes incidental costs directly attributable for bringing the asset to its working condition for the intended use. Capital Work-in-Progress is stated at cost.
- (ii) All costs including financing cost of qualifying assets till commencement of commercial operations, net charges of foreign exchange contracts and adjustments arising from exchange rate variations, including attributable to interest, related to acquisition of depreciable assets are being capitalised pursuant to notifications dated December 29, 2011 and August 9, 2012 issued by the Ministry of Corporate Affairs (MCA), New Delhi.
- (iii) Intangible assets are stated at cost or fair value, as applicable, less accumulated amortisation.

1.04 Depreciation/Amortisation

Depreciation on Fixed Assets is provided on Straight Line Method (SLM) based on useful life of the assets as prescribed in Schedule II to the Companies Act, 2013 except in respect of the following assets, where useful life is different than those prescribed in Schedule II are used.

- (i) Network Electronic Equipment are depreciated over the estimated useful life of 20 years as technically assessed.
- (ii) Fixed assets individually costing ₹ 5,000 or less are depreciated fully in the year of acquisition.
- (iii) Premium on Leasehold Land is amortised over the period of lease.
- (iv) License and Spectrum Fee are amortised over the period of license.
- (v) Leasehold development expenditure is amortised over the period of lease.
- (vi) Surplus on fair valuation is depreciated/amortised over the remaining useful life of the asset.

1.05 Inventories

Inventories of Spare Parts and Communication Devices are valued at cost, determined on weighted average basis or net realisable value, whichever is lower.

1.06 Employee Benefits

Short term employee benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits. These benefits include compensated absences such as paid annual leave and sickness leave. The undiscounted amount of short term employee benefits expected to be paid in exchange for the services rendered by employees are recognised as an expense during the period.

Long term employee benefits

(i) Defined contribution plan

The Company's contribution towards Employees' Superannuation Plan is recognised as an expense during the period in which it accrues.

(ii) Defined benefit plans

Provident Fund

Provident Fund contributions are made to a Trust administered by the Trustees. Interest payable to the Provident Fund members, shall not be at a rate lower than the statutory rate. Liability is recognised for any shortfall in the income of the fund vis-à-vis liability of the interest to the members as per statutory rates.

Gratuity Plan

The Company's gratuity benefit scheme is a defined benefit plan. The Company's net obligation in respect of the gratuity benefit scheme is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value and the fair value of any plan assets is deducted.

The present value of the obligation under such defined benefit plan is determined based on actuarial valuation using the Projected Unit Credit Method.

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plan, are based on the market yields on Government Securities as at the Balance Sheet date.

Actuarial gains and losses are recognised immediately in the Statement of Profit and Loss .

- (iii) Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as a liability at the present value of the defined benefit obligation at the Balance Sheet date, determined based on actuarial valuation using Projected Unit Credit Method. The discount rates used for determining the present value of the obligation under defined benefit plan, are based on the market yields on Government Securities as at the Balance Sheet date.

1.07 Borrowing Costs

Borrowing costs that are attributable to the acquisition, construction or production of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. Other borrowing costs are recognised as expense in the year in which they are incurred.

1.08 Foreign Currency Transactions

- (i) Transactions denominated in foreign currencies are recorded at the exchange rates prevailing at the time of the transaction.
- (ii) Monetary items denominated in foreign currencies at the year end are restated at year end rates. In case of monetary items, which are covered by forward exchange contracts, the difference between the transaction rate and rate on the date of the contract is recognised as exchange difference and the premium paid on forward contracts is recognised over the life of the contract.
- (iii) Non monetary foreign currency items are carried at cost.
- (iv) Any income or expense on account of exchange difference either on settlement or on translation is recognised in the Statement of Profit and Loss.
- (v) Any loss arising out of marking of a class of derivative contracts to market price is recognised in the Statement of Profit and Loss. Income, if any, arising out of marking a class of derivative contracts to market price is not recognised in the Statement of Profit and Loss.
- (vi) All long term foreign currency monetary items consisting of loans which relate to acquisition of depreciable capital assets at the end of the period/ year have been restated at the rate prevailing at the Balance Sheet date. The exchange difference arising as a result has been added to or deducted from the cost of the assets as per the notification issued by the Ministry of Company Affairs (MCA) dated December 29, 2011 and August 9, 2012 and depreciated over balance life of capital asset. Exchange difference on other long term foreign currency loans is accumulated in "Foreign Currency Monetary item Translation Difference account" which will be amortized over the balance period of loans.

1.09 Revenue Recognition and Receivables

- (i) Revenue is recognised as and when the services are provided on the basis of actual usage of the company's network
- (ii) Overdue outstanding receivables are reviewed and provisions are made for those considered doubtful of recovery.
- (iii) Interest income is recognised on time proportion basis.

Significant Accounting Policies to the Financial Statements

1.10 Government Grants

Subsidies granted by the Government for providing telecom services in rural areas are recognised as Other Operating Income in accordance with the relevant terms and conditions of the scheme and agreement.

1.11 Taxation

- (i) Provision for Income Tax is made on the basis of taxable income for the year at current rates. Tax expense comprises of Current Tax and Deferred Tax at the applicable enacted or substantively enacted rates. Current Tax represents the amount of Income Tax payable / recoverable in respect of the taxable income / loss for the reporting period. Deferred Tax represents the effect of timing difference between taxable income and accounting income for the reporting period that originate in one period and are capable of reversal in one or more subsequent periods. The Deferred Tax Asset is recognised and carried forward only to the extent that there is a reasonable certainty that the assets will be realised in future. However, where there is unabsorbed depreciation or carried forward loss under taxation laws, Deferred Tax Assets are recognised only if there is virtual certainty of realisation of assets.
- (ii) Minimum Alternative Tax (MAT) credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the extent that the Company will pay normal income tax during the specified period.

1.12 Provisions, Contingent Liabilities and Contingent Assets

The Company recognizes a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made. Contingent Assets are neither recognised nor disclosed in the financial statements.

1.13 Impairment of Assets

The Company assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the Asset. If such recoverable amount of the Asset or the recoverable amount of the cash-generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the Statement Profit and Loss. If at the Balance Sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is re-assessed and the Asset is reflected at the recoverable amount.

1.14 Leases

- (i) As Lessee – Operating Lease

Lease rentals in respect of Assets taken on 'Operating Lease' are charged to the Statement of Profit and Loss on a straight-line basis over the lease term.

- (ii) As Lessee – Finance Lease

Assets acquired on 'Finance Lease' which transfer risk and rewards of ownership to the Company are capitalized as assets by the Company at the lower of fair value of the leased property or the present value of the related lease payments or where applicable, estimated fair value of such Assets. Amortization of capitalised leased assets is computed on the Straight Line method over the useful life of the assets. Lease rental payable is apportioned between principal and finance charge using the internal rate of return method. The finance charge is allocated over the lease term so as to produce a constant periodic rate of interest on the remaining balance of liability.

1.15 Earning per Share

In determining Earning per Share, the Company considers the net profit or loss after tax and includes the post tax effect of any extraordinary/ exceptional item. The number of shares used in computing Basic Earning per Share is the weighted average number of shares outstanding during the period. The number of shares used in computing Diluted Earning per Share comprises the weighted average shares considered for deriving Basic Earning per Share and also weighted average number of shares that could have been issued on the conversion of all dilutive potential Equity Shares unless the results would be anti-dilutive. Dilutive potential Equity Shares are deemed converted as of the beginning of the period, unless issued at a later date.

Reliance Telecom Limited

Notes to the Financial Statements

	As at March 31, 2016	(₹ in Crore) As at March 31, 2015
Note: 2.01		
SHARE CAPITAL		
Authorised		
120,000,000 (March 31, 2015: 120,000,000) Equity Shares of ₹ 10 each	120.00	120.00
100,000,000 (March 31, 2015: 100,000,000) Preference Shares of ₹ 10 each	100.00	100.00
280,000,000 (March 31, 2015: 280,000,000) Unclassified Shares of ₹ 10 each	<u>280.00</u>	<u>280.00</u>
	500.00	500.00
Issued, Subscribed and Paid up		
85,000,000 (March 31, 2015: 85,000,000) Equity Shares of ₹ 10 each fully paid	85.00	85.00
45,000,000 (March 31, 2015: 45,000,000) 1% Non Convertible, Non Cumulative, Redeemable Preference Shares of ₹ 10 each fully paid	45.00	45.00
13,477,000 (March 31, 2015: 13,477,000) 1% Redeemable, Non Cumulative, Non Convertible Preference Shares of ₹ 10 each fully paid	13.48	13.48
	<u>143.48</u>	<u>143.48</u>
2.01.01 Equity Shares		
(a) Equity Shares held by Holding Company and its subsidiaries		
Reliance Communications Limited, Holding Company and its nominees	No of Shares 6 69 80 100 78.80%	No of Shares 6 69 80 100 78.80%
Reliance Infocomm Infrastructure Limited, a fellow subsidiary	1 80 19 900 21.20%	1 80 19 900 21.20%
(b) The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share.		
In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after the distribution of all the preferential amounts, in proportion to their shareholding.		
(c) Reconciliation of Shares outstanding at beginning and at the end of the reporting period.		
	March 31, 2016	March 31, 2015
	No of Shares (₹ in crore)	No of Shares (₹ in crore)
Equity Shares		
At the beginning of the year	8 50 00 000 85.00	3 50 00 000 35.00
Add: Shares issued during the year	- -	5 00 00 000 50.00
At the end of the year	8 50 00 000 85.00	8 50 00 000 85.00
2.01.02 Preference Shares		
(a) 1% Non Convertible, Non Cumulative, Redeemable Preference Shares		
Reliance Communications Limited, Holding Company	4 50 00 000 100.00%	4 50 00 000 100.00%
Preference Shares are redeemable at any time after expiry of 6 months from the date of allotment (i.e. March 3, 2003) and before expiry of 20 years from the date of allotment, at a face value of ₹ 10/- each by one month notice from the Preference Shareholders; or on expiry of 20 years from the date of allotment at a price of ₹ 100/- per share (including ₹ 90/- premium per share), in case above option is not exercised.		
(b) 1% Redeemable, Non Cumulative, Non Convertible Preference Shares		
Reliance Communications Tamilnadu Limited (RCTL)	1 34 77 000 100.00%	1 34 77 000 100.00%
Preference Shares are redeemable at any time after the date of allotment (i.e. December 11, 2013) and before expiry of 20 years from the date of allotment, at 1% yield per annum less dividend paid, if any, at the time of redemption on issue price (Face value plus premium paid at the time of application) by giving three months notice to the Preference Shareholders; or on expiry of 20 years from the date of allotment at a price of ₹ 1000/- per share (including ₹ 990/- premium per share), in case above option is not exercised.		

Reliance Telecom Limited

Notes to the Financial Statements

	(₹ in Crore)	
	As at March 31, 2016	As at March 31, 2015
Note: 2.02		
RESERVES AND SURPLUS		
Preference Shares Redemption Reserve	200.00	200.00
Securities Premium Account	1,334.22	1,334.22
Surplus/ (Deficit) in the Statement of Profit and Loss		
As per last Balance Sheet	(956.40)	(813.73)
Add: Profit / (Loss) during the year	<u>(196.39)</u>	<u>(142.67)</u>
	<u>381.43</u>	<u>577.82</u>

Note: 2.03

LONG-TERM BORROWINGS

Secured

Term Loan from Banks

Foreign Currency Loans	1,432.99	1,516.93	
Rupee Loans	<u>567.00</u>	<u>675.00</u>	2,191.93

Unsecured

Loans from Related Parties

(Refer Note 2.32)

2,500.00	-
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<u>4,499.99</u>	<u>2,191.93</u>
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2.03.01 The Company, during earlier years, had availed Foreign Currency Loan (Secured Loans), which have been secured by way of first pari passu charge on movable plant and machinery, including (without limitations) tower assets and optic fiber cables, if any (whether attached or otherwise), capital work-in-progress (pertaining to movable fixed assets), both present and future, including all rights, title, interest, benefits, claims and demands in respect of all insurance contracts relating thereto of the Borrower Group; comprising of the Company, Reliance Communications Limited (RCOM), the Holding Company and its fellow subsidiaries namely Reliance Infratel Limited (RITL) and Reliance Communications Infrastructure Limited (RCIL) (Borrower Group) in favour of the Security Trustee for the benefit of the Lenders. The Company, in favour of the Lenders of the said Secured Loans, has also assigned eight Unified Access Services (UAS) Licences, by execution of Tripartite Agreements with Department of Telecommunications (DoT) and IDBI Bank, being the agent acting on behalf of the Lenders. The Company, during the year, migrated to Unified licence in 7 telecom circles.

The Company had been sanctioned Rupee Loans of ₹ 735 crore (Term Loan Facility), and availed ₹ 675 crore, under consortium banking arrangement on the terms and conditions as set out in sanction letters. The Company during the previous year executed Definitive Documents. The said Term Loans have been secured by first pari passu charge, as mentioned above, in case of foreign currency loans. Assignment of Telecom Licenses of the Company for the Term Loans of ₹ 675 crore is pending to be executed.

The foreign currency loans and rupee loans, apart from the above security, are also secured by pledged equity shares of RCIL held by RCOM and of the Company held by RCOM and Reliance Infocomm Infrastructure Limited (RIIL) by execution of the Share Pledge Agreement with the Share Pledge Security Trustee. Rupee loans of ₹ 675 crore shall also be entitled to charge/ security on a pari passu basis with existing secured lenders, subject to regulatory and necessary approvals from existing secured lenders, by pledge of equity shares of RITL held by RCIL, on current assets, movable and immovable assets including intangible, both present and future of the Borrower Group and Reliance Globalcom BV (RGBV).

2.03.02

Rate of Interest (per annum)	Repayment Schedule				
	2017-18	2018-19	2019-20	2020-21	2021-22
Nil	2,500.00	-	-	-	-
2.04865%	71.66	76.81	82.30	27.31	7.72
4.39100%	325.03	354.58	280.72	206.86	-
12.8000%	80.00	10.00	120.00	-	-
14.8000%	96.00	12.00	144.00	-	-
16.4500%	40.00	5.00	60.00	-	-

(₹ in Crore)

Reliance Telecom Limited

Notes to the Financial Statements

	As at March 31, 2016	(₹ in Crore) As at March 31, 2015
Note: 2.04		
LONG-TERM PROVISIONS		
Leave Encashment	0.46	1.46
Gratuity	-	0.62
	<u>0.46</u>	<u>2.08</u>

Note: 2.05		
OTHER LONG-TERM LIABILITIES		
Interest accrued but not due	192.15	-
	<u>192.15</u>	<u>-</u>

Note: 2.06		
SHORT-TERM BORROWINGS		
Unsecured		
Loans and Advances from Related Parties (Refer Note 2.32)	239.18	1,245.21
Loan from Banks		
Foreign Currency Loans-Buyers Credit	2.56	2.62
	<u>241.74</u>	<u>1,247.83</u>

Note: 2.07		
TRADE PAYABLES		
Micro and Small Enterprises	8.21	17.72
Related Parties (Refer Note 2.32)	388.95	498.90
Others	249.88	267.64
	<u>647.04</u>	<u>784.26</u>

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 MSMED. On the basis of the information and records available with the Company, the following disclosures are made for the amounts due to the Micro, Small and Medium Enterprises.

	As at March 31, 2016	(₹ in Crore) As at March 31, 2015
(i) Principal amount due to any supplier as at the year end	9.31	37.37
(ii) Interest due to suppliers and remaining unpaid as at year end	4.85	6.24
(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	4.83	32.13
(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	0.63	8.48
(vi) Amount of interest accrued and remaining unpaid at the end of each accounting year	5.48	14.72
(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	-	-

Reliance Telecom Limited

Notes to the Financial Statements

	As at	(₹ in Crore)
	March 31, 2016	As at March 31, 2015
Note: 2.08		
OTHER CURRENT LIABILITIES		
Current maturity of Long-term borrowings		
Foreign Currency Loans from Banks (Refer Note 2.03.01)	175.08	165.16
Rupee Loans from Banks (Refer Note 2.03.01)	108.00	10.00
Interest accrued but not due on borrowings	13.51	8.17
Interest accrued and due on borrowings	6.03	173.04
Creditors for Capital goods	135.11	48.88
Accrual of Expenses	86.92	117.80
Advance from Customers	13.77	18.54
Income received in advance	99.34	120.18
Book Overdraft	14.10	3.42
Deposits	18.70	20.76
Statutory dues payable	28.63	56.09
Employee Benefits payable	0.78	1.35
	699.97	743.39
Note: 2.09		
SHORT TERM PROVISIONS		
Provident and Superannuation Fund	0.01	0.04
Gratuity	-	0.34
Leave Encashment	0.05	0.11
	0.06	0.49

Notes to the Financial Statements

Note: 2.10 Fixed Assets as at March 31, 2016 (₹ in Crore)

Description	Gross Block			Depreciation/Amortisation			Net Block		
	As at April 1, 2015	Additions	(Deductions)/ Adjustment on Account of Foreign exchange difference	Deductions	As at March 31, 2016	For the year	Deductions	As at March 31, 2016	As at March 31, 2015
Tangible Assets									
Leasehold Land	0.13	-	-	-	0.13	-	-	0.02	0.11
Leasehold Improvement	14.08	-	-	-	14.08	0.77	-	8.87	5.21
Buildings	0.07	-	-	-	0.07	-	-	0.02	0.05
Plant and Machinery	5,302.17	126.95	100.56	9.86	5,519.82	243.12	3.61	2,013.84	3,505.98
Equipments	17.31	-	-	-	17.31	1.15	-	15.49	1.82
Office Equipment	13.58	-	-	-	13.58	-	-	12.96	0.62
Furniture and Fixtures	3.91	-	-	-	3.91	0.12	-	3.47	0.44
Vehicles	0.90	-	-	-	0.90	-	-	0.86	0.04
Sub Total - A	5,352.15	126.95	100.56	9.86	5,569.80	245.16	3.61	2,055.53	3,514.27
Intangible Assets									
Entry fee for Telecom License	2,470.36	1,977.32	-	988.99	3,458.69	181.87	988.99	335.29	3,123.40
Software	0.23	-	-	-	0.23	-	-	0.23	-
Sub Total - B	2,470.59	1,977.32	-	988.99	3,458.92	181.87	988.99	335.52	3,123.40
Grand Total (A+B)	7,822.74	2,104.27	100.56	998.85	9,028.72	427.03	992.60	2,391.05	6,637.67
Previous Year	7,512.07	239.46	71.65	(0.44)	7,822.74	407.85	(0.15)	2,956.62	4,866.12
Capital Work-in - Progress									165.46
Intangible assets under development									824.80

2.10.01 Building includes cost of shares in Co-operative Society ₹ 250 (Previous year ₹ 250)

2.10.02 Refer note 2.03.01 for security in favour of lenders. Reliance Communications Limited (RCOM), the Holding Company had, during the earlier years, allotted, 1,500, 11.25% Secured Redeemable, Non Convertible Debentures (NCDs) of the face value of ₹ 1,00,00,000 each, aggregating to ₹ 1,125 crore (original amount ₹ 1,500 crore), 5,000, 11.60% Secured Redeemable, Non Convertible Debentures (NCDs) of the face value of ₹ 10,00,000 each, aggregating ₹ 500 crore and 3,000, 11.20% Secured Redeemable, Non Convertible Debentures (NCDs) of the face value of ₹ 1,00,00,000 each, aggregating to ₹ 300 crore. The said NCDs, 6.5% Senior Secured Notes of ₹ 1,988 crore, Rupee Term Loans of ₹ 8,462 crore alongwith Foreign Currency Loans of ₹ 17,630 crore ("the Secured Loans") availed by Reliance Communications Limited (RCOM), the Holding Company and Reliance Infratel Limited (RITL), a fellow subsidiary were secured by a first pari passu charge on the whole of the movable plant and machinery of the Company including (without limitations) tower assets and optic fiber cables, if any (whether attached or otherwise), capital work-in-progress (pertaining to movable fixed assets) both present and future including all the rights, title, interest, benefits, claims and demands in respect of all insurance contracts relating thereto of the Borrower Group; comprising of the Company, Reliance Communications Limited (RCOM), the Holding Company and its fellow subsidiaries namely Reliance Infratel Limited (RITL) and Reliance Communications Infrastructure Limited (RCIL) in favour of the Security Trustee for the benefit of the NCD Holders and the lenders of the said secured loans. Further, Rupee Term Loan of ₹ 841 crore availed by RCOM and ₹ 1,125 crore availed by RITL from Banks have been secured by second pari passu charge (out of which Rupee loan of ₹ 125 crore is pending for creation) on the said assets.

2.10.03 In view of the option allowed pursuant to notifications dated December 29, 2011 and dated August 9, 2012 issued by the Ministry of Corporate Affairs (MCA), Government of India, for the year ended March 31, 2015, the Company has added ₹ 100.56 crore (Previous year ₹ 71.65 crore) of exchange variation on long term borrowings relating to acquisition of depreciable capital assets to the cost of capitalised assets. Depreciation is including ₹ 32.77 crore (Previous year ₹ 24.39 crore) on addition of exchange variation to cost of Capitalised assets.

2.10.04 Additions to Intangible Assets during the year and Intangible assets under developments includes Borrowing Cost amounting to ₹ 136.03 crore and ₹ 74.98 crore respectively.

Reliance Telecom Limited

Notes to the Financial Statements

	As at March 31, 2016	(₹ in Crore) As at March 31, 2015
Note: 2.11		
LONG-TERM LOANS AND ADVANCES		
Unsecured, Considered good – unless stated otherwise		
Capital Advances	31.07	31.56
Deposits	48.25	52.14
Prepaid Expenses	62.96	66.60
Advance Tax and Tax deducted at Source	134.22	75.01
MAT Credit Entitlement	29.31	29.31
	<u>305.81</u>	<u>254.62</u>

Note: 2.12

OTHER NON CURRENT ASSETS

Bank Deposits with Maturity for more than 12 months*	5.25	-
	<u>5.25</u>	<u>-</u>

* Deposits are given as lien against Bank Guarantees.

Note: 2.13

INVENTORIES

Stores and Spares	4.11	5.99
Communication Devices and Components	1.89	2.27
	<u>6.00</u>	<u>8.26</u>

Inventories are valued at cost, determined on weighted average basis or net realisable value, whichever is lower.

Note: 2.14

TRADE RECEIVABLES (Unsecured)

Due for more than six months

Considered Good	19.86	11.99
Considered Doubtful	69.62	54.41
	<u>89.48</u>	<u>66.40</u>
Less: Provision for doubtful debts	69.62	54.41
	<u>19.86</u>	<u>11.99</u>

Others

Considered Good	64.52	100.96
Considered Doubtful	8.95	4.53
	<u>73.47</u>	<u>105.49</u>
Less: Provision for doubtful debts	8.95	4.53
	<u>64.52</u>	<u>100.96</u>
	<u>84.38</u>	<u>112.95</u>

Receivable from Related parties Refer Note 2.32

Trade Receivables are partly secured to the extent of Security Deposit received ₹ 12.88 crore (Previous year ₹ 14.15 crore)

Note: 2.15

CASH AND BANK BALANCES

Cash and Cash equivalents

Cheques on hand	0.40	3.08
Balances with Banks	6.57	5.54
	<u>6.97</u>	<u>8.62</u>

Reliance Telecom Limited

Notes to the Financial Statements

	As at March 31, 2016	(₹ in Crore) As at March 31, 2015
Note: 2.16		
SHORT-TERM LOANS AND ADVANCES		
Unsecured, Considered good – unless stated otherwise		
Advances to Related Parties (Refer Note 2.32)	44.67	13.11
Other Loans and Advances:		
Prepaid Expenses (Refer Note 2.32)	94.38	18.41
Advance to Employees	-	0.15
Advances to Vendors and Others	378.46	61.74
Balance with Customs, Central Excise Authorities etc.	151.53	174.93
	<u>669.04</u>	<u>268.34</u>
Note: 2.17		
OTHER CURRENT ASSETS		
Unbilled Revenue	22.42	22.53
Unamortised Forward Premium	-	0.13
	<u>22.42</u>	<u>22.66</u>
(₹ in Crore)		
	For the year ended March 31, 2016	For the year ended March 31, 2015
Note: 2.18		
REVENUE FROM OPERATIONS		
Sale of Services	3,117.12	3,908.67
Less: Service Tax	<u>383.33</u>	<u>438.63</u>
	<u>2,733.79</u>	<u>3,470.04</u>
	<u>2,733.79</u>	<u>3,470.04</u>
Note: 2.19		
OTHER INCOME		
Interest Income	0.13	3.89
Miscellaneous Income / Liabilities written back	<u>18.29</u>	<u>11.59</u>
	<u>18.42</u>	<u>15.48</u>
Note: 2.20		
ACCESS CHARGES, LICENSE FEES AND NETWORK EXPENSES		
Access Charges	843.24	930.85
License Fees	240.97	311.57
Bandwidth Charges	47.91	161.74
Passive Infrastructure Charges	815.84	960.68
Rent	10.24	8.71
Rates and Taxes	1.82	0.05
Insurance	1.54	1.14
Repairs and Maintenance	104.13	106.91
Stores and Spares Consumed	20.60	21.37
Power, Fuel and Utilities*	12.30	14.22
Cost of Service Contents and Applications	30.71	26.58
Other Network Operating Expenses*	0.38	2.71
	<u>2,129.68</u>	<u>2,546.53</u>

*Refer Note 2.31

Reliance Telecom Limited

Notes to the Financial Statements

	For the year ended March 31, 2016	(₹ in Crore) For the year ended March 31, 2015
Note: 2.21		
EMPLOYEE BENEFITS EXPENSES		
Salaries and Wages*	3.24	113.65
Contribution to Provident and Other Funds	0.34	1.02
Employee Welfare and Other Amenities	0.80	0.95
	4.38	115.62

(Refer Note 2.31)

Employee Benefits

The disclosures as required by revised AS 15 are as under:

Brief description of the Plans :

The Company has long-term benefit schemes for Provident fund, ESI, Gratuity and Leave Encashment. In case of funded schemes, the funds are recognised by the Income tax authorities and administered through trustees. The Company's defined contribution plans are Employees' Provident Fund (under the Provisions of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952). Liability is recognised for any shortfall in the income of funds vis-a-vis liability of the interest to the members as per statutory rates. The Company's defined benefit plans are Gratuity and Leave encashment.

2.21.01 Provident Fund : The guidance on Implementing ("AS") 15 "Employee Benefits" (revised 2005) issued by the ICAI states that the benefits involving employer established Provident Fund, which require interest shortfalls to be recompensed are to be considered as/ in defined benefit plans. The employee and employer each make monthly contribution to the plan equal to 12% of the covered employee's salary. Contributions are made to the trust established by the Company. During the year ended March 31, 2012, the Actuarial Society of India issued the final guidance for measurement of provident fund liabilities. As at March 31, 2016, Fair value of plan assets is ₹ 16.84 crore (Previous year ₹ 13.36 crore), the present value of defined benefit obligation is ₹ 11.90 crore (previous year ₹ 13.39 crore). Accordingly, based on such actuarial valuation, the Company has charged ₹ Nil (Previous year ₹ Nil), being shortfall in interest, during the year. For the year ended March 31, 2016, the Company has contributed ₹ 0.15 crore (Previous year ₹ 0.57 crore) towards Provident Fund. The Employee Benefits as disclosed herein pertain to the Company.

The assumptions made for the above are Discount rate of 7.79% (Previous year 7.98%), average remaining tenure of Investment Portfolio is 7 years and guaranteed rate of return is 8.80% (Previous year 8.75%).

2.21.02 Disclosures for defined gratuity and Leave Encashment benefit plans based on actuarial reports as on March 31, 2016:

(₹ in Crore)

	As at March 31, 2016		As at March 31, 2015	
	Gratuity (Funded)	Leave Encashment (Non-funded)	Gratuity (Funded)	Leave Encashment (Non-funded)
a. Change in Defined Benefit Obligation				
Opening defined benefit obligation	1.68	1.57	1.82	1.70
Current service cost	0.03	0.02	0.18	0.24
Interest cost	0.03	0.05	0.17	0.16
Actuarial loss/ (gain)	0.11	(0.01)	0.07	0.19
Benefits paid	(0.22)	(0.14)	(0.56)	(0.72)
Transfer to Other Company	(1.36)	(0.98)		
Closing defined benefit obligation	0.27	0.51	1.68	1.57
b. Change in Fair Value of Plan Assets				
Opening fair value of plan assets	0.72	-	1.17	-
Expected return on plan assets	0.06	-	0.11	-
Actuarial gain/ (loss)	(0.02)	-	(0.02)	-
Contributions by employer	-	0.14	0.02	0.72
Benefits paid	(0.22)	(0.14)	(0.56)	(0.72)
Closing fair value of plan assets	0.54	-	0.72	-

Reliance Telecom Limited

Notes to the Financial Statements

(₹ in Crore)

	As at March 31, 2016		As at March 31, 2015		
	Gratuity (Funded)	Leave Encashment (Non-funded)	Gratuity (Funded)	Leave Encashment (Non-funded)	
c. Reconciliation of the Present Value of Defined Benefit Obligation and the Fair Value of Plan Assets					
Present Value of funded obligation as at year end	0.27	0.51	1.68	1.57	
Fair Value of plan assets as at year end	0.54	-	0.72	-	
Funded (asset)/ liability recognised in the Balance Sheet	(0.27)	-	0.96	-	
Present value of unfunded obligation as at year end	-	0.51	-	1.57	
Unrecognised actuarial Gain / (Loss)	-	-	-	-	
Unfunded (asset)/ Liability recognised in the Balance Sheet	-	-	-	-	
d. Amount recognised in the Balance Sheet					
Present value of obligations as at year end	0.27	0.51	1.68	1.57	
Fair value of plan assets as at year end	0.54	-	0.72	-	
Net (asset)/ liability recognised in the Balance Sheet	(0.27)	0.51	0.96	1.57	
e. Expenses recognised in the Statement of Profit and Loss					
Current service cost	0.03	0.02	0.18	0.24	
Interest on defined benefit obligation	0.03	0.05	0.17	0.16	
Expected return on plan assets	(0.06)	-	(0.11)	-	
Net actuarial loss/(gain) recognised in the current year	0.13	(0.01)	0.09	0.19	
Total expense	0.13	0.06	0.33	0.59	
f. Actual return on Plan Assets					
Expected return on plan assets	0.06	-	0.11	-	
Actuarial loss on plan assets	(0.02)	-	(0.02)	-	
Actual return on plan assets	0.04	-	0.09	-	
g. Expected Employers contribution for the next year					
	0.27	-	0.33	-	
h. Investment details of plan assets					
100% of the plan assets are invested in debt instruments					
i. Principal actuarial assumptions used					
Discount rate (p.a.)	7.79%	7.79%	7.98%	7.98%	
Estimated rate of return on plan assets (p.a.)	7.79%	-	7.98%	-	
Salary growth rate	8.00%	8.00%	8.00%	8.00%	
j. Particulars of the amounts for the year and Previous years					
		Gratuity For the year ended March 31			
	2016	2015	2014	2013	2012
Present value of benefit obligation	0.27	1.68	1.82	1.50	1.45
Fair value of plan assets	0.54	0.72	1.17	1.34	2.36
Excess of obligation over plan assets (plan assets over obligation)	(0.27)	0.96	0.65	0.16	(0.91)
Experience Adjustments					
On Plan Liabilities	0.11	(0.13)	0.40	(0.04)	(0.05)
On Plan Assets	(0.02)	(0.02)	-	(0.01)	(0.14)

Reliance Telecom Limited

Notes to the Financial Statements

	For the year ended March 31, 2016	(₹ in Crore) For the year ended March 31, 2015
Note: 2.22		
FINANCE COSTS		
Interest on Borrowings and Others*	140.69	309.65
Commitment Charges/ Agency fee for Borrowings	39.52	43.16
Other Financial Cost	4.08	4.07
Net loss/ (Gain) on Foreign currency transactions and translation	0.00	(0.06)
	<u>184.29</u>	<u>356.82</u>

*Refer Note 2.31

Note: 2.23		
OTHER EXPENSES		
Selling Expenses*	94.63	60.00
Provision for Doubtful Debts	19.63	14.16
General Administration Expenses		
Rent*	1.93	3.82
Rates and Taxes*	2.87	0.92
Repairs and Maintenance -Others*	1.68	2.92
Travelling Expenses*	4.15	7.59
Professional Fees*	19.55	26.07
Net loss on Foreign currency transactions and translation	1.64	1.63
Net loss on Sale of Fixed Assets	3.00	0.08
Communication Expenses*	0.13	0.34
Data Warehousing Charges	12.00	25.00
Printing and Stationery*	1.07	1.88
Billing and IT expenses	2.46	9.72
Postage and Courier*	0.74	1.20
Membership and Subscription Fee	0.45	0.56
Hire Charges*	0.59	10.72
Other General and Administrative Expenses*	36.09	88.35
Payment to Auditors		34.25
- Audit Fees	0.50	0.50
- Other Services	0.10	-
- Reimbursement of Expenses	0.01	0.01
	<u>203.22</u>	<u>126.70</u>
	<u>203.22</u>	<u>201.37</u>

*Refer Note 2.31

Note: 2.24

Figures of the Previous year have been regrouped and reclassified, wherever required.

Note: 2.25

Foreign Exchange

	For the year ended March 31, 2016	(₹ in Crore) For the year ended March 31, 2015
(a) Value of Imports on C.I.F. Basis in respect of		
Capital goods	90.60	1.46
(b) Expenditure in Foreign Currency on account of		
(i) Commitment Charges/ Arranger fee for Borrowings	13.05	0.06
(ii) Interest on Foreign Currency Term Loans and Buyer's Credits	42.09	41.85
(iii) Others	2.98	2.50
(c) Earnings in foreign currency on account of		
International Roaming	21.77	27.04

Reliance Telecom Limited

Notes to the Financial Statements

	As at March 31, 2016	(₹ in Crore) As at March 31, 2015
Note: 2.26		
Project Development Expenditure		
Opening balance	-	-
Additions during the year :		
Passive Infrastructure Charges and Other Incidental charges	1.40	9.78
	<u>1.40</u>	<u>9.78</u>
Less:		
Capitalised during the year	1.40	9.78
	<u>-</u>	<u>-</u>

Note: 2.27

Contingent Liabilities and Capital Commitment (as represented by the Management)

	As at March 31, 2016	(₹ in Crore) As at March 31, 2015
(a) Contingent Liabilities		
Claims against the Company not acknowledged as debts*	418.77	1,090.12

* These includes demands received from Sales Tax/ Service Tax/ Entry Tax authorities in various States/ Department of Telecommunications, which are pending before the Appellate Authorities/ Tribunal/ High Court/ TDSAT and the stay orders are granted against the said demands. The Company is confident that the aforesaid claims will be successfully contested.

The Company has deposited ₹ 59.10 crore (Previous year ₹ 89.35 crore) under protest with the Sales tax / Service Tax / Entry Tax authorities/ Income Tax/ Department of Telecommunications against the demand, which is included in "Loans and Advances" Note 2.11.

	As at March 31, 2016	(₹ in Crore) As at March 31, 2015
(b) Guarantees given by the Company	0.68	-
(c) Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for	98.28	9.96
(d) Department of Telecommunication (DoT) has issued a demand on the Company towards levy of one time Spectrum Charges, being retrospective charges of ₹ 4.70 crore for holding GSM Spectrum beyond 6.2 MHz for the period from July 1, 2008 to December 31, 2012 and prospective charge of ₹ 168.77 crore for GSM spectrum held beyond 4.4 MHz for the period from January 1, 2013 till the expiry of the initial terms of the respective Licenses. Based on a petition filed by the Company, the Hon'ble High Court of Kolkata, vide its order dated February 14, 2013, had stayed the operation of the impugned demand till further order. The Company is of the opinion that the said demand, inter alia, is an alteration of financial terms of the licenses issued in the past and has also been legally advised. Accordingly, no provision in this regard is required.		
(e) Pursuant to the Telecom License Agreement, Department of Telecommunications (DoT) directed audit of various Telecom companies including of the Company. The Special Auditors appointed by DoT were required to verify records of the Company for the years ended March 31, 2007 and March 31, 2008 relating to license fees and revenue share. The Company has received show cause notice dated January 31, 2012 and subsequently, demand note dated November 8, 2012 based on report of aforesaid Special Audit directed by DoT relating to alleged shortfall of license fees of ₹13.85 crore and interest thereon as applicable. The Company has challenged the said notice, inter alia demanding license fee on non telecom revenue based on Special Audit Report before the Hon'ble Telecom Disputes Settlement and Appellate Tribunal (TDSAT). Hon'ble TDSAT vide its judgment dated April 23, 2015 has set aside all License fee related demands and directed DoT to rework the licence fees payable by the operators for the past periods, in light of the findings, observations and directions made in the said judgment and to issue fresh demands, which the operators will pay within the time prescribed under the law. The DoT has challenged Hon'ble TDSAT Judgment in Hon'ble Supreme Court of India (SC). Hon'ble SC vide its judgment dated February 29, 2016, held that DoT can raise the demands as per their interpretation of terms of the License of the Agreement but can not enforce the demands till the final decision on this issue by Hon'ble SC. As per the said judgment of Hon'ble TDSAT and other judicial pronouncements directly applicable to the issues of License fee dues raised by the Special Auditors, there shall not be any liability of License fee and hence, no provision is required.		

Reliance Telecom Limited

Notes to the Financial Statements

(f) During March 2015, Reliance Communications Limited (RCOM), being the Holding Company, successfully bid under auction conducted for spectrum, by The Department of Telecommunications (DoT), for and on behalf of the Company and won spectrum in 5 service areas at a total cost of ₹ 2,584.57 crore. RCOM has made upfront payment of ₹ 663.09 crore on behalf of the Company, under the deferred payment option, on April 8, 2015 and balance ₹ 3,783.78 crore, is payable in 10 annual installment starting from Financial year 2018. Spectrum won in 3 service areas are yet to be put to use and reflected under Capital Work-in-Progress.

(g) Consequent to the investigations by an investigative agency (CBI) in relation to the entire telecom sector in India, certain preliminary charges have been framed by a Trial Court in October, 2011 against a Director and the Company. The charges so framed are preliminary in nature based on investigations only, and the persons named are presumed to be innocent, unless their alleged guilt is established after a fair trial. Presently, the trial is in progress.

As legally advised, the persons so named deny all charges. These preliminary charges have no impact on the business, operations, and/ or licenses of the Company and, even more so, are not connected in any manner to any other group companies.

Note: 2.28

Operating Lease

In respect of the operating lease arrangements relating to premises, the aggregate lease rentals payable are included as Rent in Note 2.20 and Note 2.23. The leasing arrangements, which are cancellable can be renewed by mutual consent.

Note: 2.29

Foreign Currency Exposures

The Company's activities expose it to a variety of financial risks, including the effects of changes in foreign currency exchange rates. The Company uses foreign exchange contracts to manage its exposures to foreign exchange fluctuations. The following table details the status of the Company's exposure as on March 31, 2016 :

	Currency Type	As at March 31, 2016		As at March 31, 2015	
		Amount in Foreign Currency (Million)	Equivalent Value in ₹ (₹ in Crore)	Amount in Foreign Currency (Million)	Equivalent Value in ₹ (₹ in Crore)
Forward Contract for loan related exposure	USD	-	-	0.39	2.62
Unhedged foreign currency					
Loans	USD	243.10	1,610.63	269.13	1,682.09
Debtors	USD	1.97	13.01	1.94	12.14
	GBP	-	0.04	-	0.03
Creditors	USD	19.16	126.94	6.29	39.30
	Euro	0.23	1.73	0.05	0.33

Note: 2.30

Reliance Telecom Limited

Notes to the Financial Statements

Earnings per Share (EPS)

Earning/(Loss) per share is calculated by dividing the Profit/(Loss) attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year as under :

	As at March 31, 2016	(₹ in Crore) As at March 31, 2015
Basic and Diluted EPS (Before/ After Exceptional items)		
(i) Net Profit/ (Loss) attributable to the equity shareholders (₹ in Crore)	(196.39)	(142.67)
(ii) Weighted Average No. of Equity Shares outstanding during year for Basic/ Diluted (Nos. in crore)	8.50	4.24
(iii) Basic/ Diluted Earnings/ (Loss) per share of ₹ 10/- each	(23.10)	(33.65)
(iv) Nominal value per share (₹)	10.00	10.00

Note: 2.31

Sharing of Expenses

The Company has reimbursed expenses, which have been incurred for and on behalf of the Company, to Reliance Communications Limited (RCOM) [the Holding Company]. The amount includes for Network Expenses of ₹ 1.95 crore (Previous year ₹ 18.87 crore), Employee Cost of ₹ 1.07 crore (Previous year ₹ 101.14 crore), Other Expenses of ₹ 52.31 crore (Previous year ₹ 77.44 crore) comprising of Hiring Charges of ₹ 0.56 crore (Previous year ₹ 10.60 crore), Professional Fee of ₹ 15.17 crore (Previous year ₹ 22.62 crore) and Other General Administration Expenses of ₹ 36.58 crore (Previous year ₹ 44.22 crore). Finance Cost includes ₹ 138.54 crore (Previous year ₹ 174.88 crore) charged by RCOM for funds used by the Company for its business and net of recovery of Interest ₹ 39.18 crore (Previous year ₹ Nil) from Reliance Webstore Limited(RWSL), a fellow subsidiary of the Company. Selling expenses are net of ₹ 34.19 crore (Previous year ₹ 322.76 crore) incurred for and on behalf of Reliance Webstore Limited (RWSL). These expenses pertain to the activities relating to customer life cycle management undertaken by RWSL.

Note: 2.32

Related Parties

In accordance with the requirements of the Accounting Standard – 18 "Related Party Disclosures", the names of the related parties where control exists and/ or with whom transactions have taken place during the year and description of relationships, as identified and certified by management are as follows :

A Name of the Related Party

Reliance Innoventure Private Limited (RIPL)	: Ultimate Holding Company
Reliance Communications Limited (RCOM)	: Holding Company
Reliance Communications Infrastructure Limited (RCIL)	: Fellow Subsidiary
Reliance Infratel Limited (RITL)	: Fellow Subsidiary
Reliance Tech Services Limited (RTSL)	: Fellow Subsidiary
Reliance Webstore Limited (RWSL)	: Fellow Subsidiary
Reliance IDC Limited (RIDC)	: Fellow Subsidiary
Reliance Big TV Limited (RBTV)	: Fellow Subsidiary
Reliance Infocomm Infrastructure Limited (RIIL)	: Fellow Subsidiary
Shri Gaurang Shah -Manager (GS)	: Key Management Personnel (KMP)

B Transaction during the year with related parties

Reliance Telecom Limited

Notes to the Financial Statements

Sl.	Nature of Transactions	Holding Company		Fellow Subsidiary					KMP		Total
		RCOM	RCIL	RITL	RTSL	RWSL	RIDC	RBTV	RIIL	GS	
a.	Loan Taken										
	Opening Balance	1,245.21	-	-	-	-	-	-	-	-	1,245.21
		(1,581.43)	-	-	(93.81)	-	-	-	-	-	(1,675.24)
	Received during the year	3,371.56	2,500.00	-	-	-	-	-	-	-	5,871.56
		(2,440.53)	-	-	-	-	-	-	-	-	(2,440.53)
	Repaid/ assigned during the year	4,377.59	-	-	-	-	-	-	-	-	4,377.59
		(2,776.75)	-	-	(93.81)	-	-	-	-	-	(2,870.56)
	Closing Balance	239.18	- 2,500.00	-	-	-	-	-	-	-	2,739.18
		(1,245.21)	-	-	-	-	-	-	-	-	(1,245.21)
b.	Trade Receivables	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	(1.31)	-	-	-	-	(1.31)
c.	Prepaid Expenses	-	-	45.54	-	-	-	-	-	-	45.54
		-	-	-	-	-	-	-	-	-	-
d.	Advances/ Other Receivables	-	-	-	-	42.87	-	1.80	-	-	44.67
		-	(7.96)	-	-	(4.05)	-	(1.09)	(0.01)	-	(13.11)
e.	Trade Payables	46.12	16.95	316.37	2.89	-	6.58	-	0.04	-	388.95
		(79.12)	(23.52)	(365.49)	(16.72)	-	(14.05)	-	-	-	(498.90)
f.	Interest accrued and due	6.03	-	-	-	-	-	-	-	-	6.03
		(173.04)	-	-	-	-	-	-	-	-	(173.04)
g.	Sale of Services	213.70	-	-	-	-	-	-	-	-	213.70
		(258.32)	-	-	-	-	-	-	-	-	(258.32)
h.	Sale of Fixed Assets/ CWIP	6.62	-	-	-	-	-	-	-	-	6.62
		-	-	-	-	-	-	-	-	-	-
i.	Addition to Fixed Assets/ CWIP	-	-	-	30.12	-	-	-	-	-	30.12
		-	-	-	(35.42)	-	-	-	-	-	(35.42)
j.	Expenditure										
	Access Charges	437.36	-	-	-	-	-	-	-	-	437.36
		(548.32)	-	-	-	-	-	-	-	-	(548.32)
	Bandwidth Charges	37.89	-	-	-	-	-	-	-	-	37.89
		(151.52)	-	-	-	-	-	-	-	-	(151.52)
	Passive Infrastructure Charges	-	10.08	509.97	-	-	-	-	-	-	520.05
		-	(10.93)	(564.61)	-	-	-	-	-	-	(575.54)
	Repairs and Maintenance	-	-	26.87	-	-	-	-	-	-	26.87

Reliance Telecom Limited

Notes to the Financial Statements

Sl.	Nature of Transactions	Holding Company		Fellow Subsidiary					KMP	Total	
		RCOM	RCIL	RITL	RTSL	RWSL	RIDC	RBTV	RIIL		GS
		-		(16.50)			-	-	-	-	(16.50)
	Selling Expenses	-	10.48	-	-	60.00	-	-	-	-	70.48
		-	(26.77)	-	-	(60.00)	-	-	-	-	(86.77)
	General Administration Expenses	-	-	-	1.84	-	12.00	-	0.04	-	13.88
		-	-	-	(6.34)	-	(25.00)	-	-	-	(31.34)
	Sharing of Expenses (Including Preoperative Expenses)	254.09	-	-	-	-	-	-	-	-	254.09
		(372.33)	-	-	-	-	-	-	-	-	(372.33)
	Recovery of Expenses	-	-	-	-	73.37	-	-	-	-	73.37
		-	-	(0.22)	-	(322.76)	-	-	-	-	(322.98)
		-	-	-	-	-	-	-	-	-	-
k.	Managerial Remuneration	-	-	-	-	-	-	-	-	0.43	0.43
		-	-	-	-	-	-	-	-	(0.42)	(0.42)

Notes:

- Previous year figures have been shown in brackets (-).
- There are no provisions for doubtful debts or amounts written off or written back during the year in respect of debts due from or due to related parties.

Note: 2.33

Segment Information

There is only one reportable segment (i.e. Viz Wireless Business) as per Accounting Standard 17 - 'Segment Reporting' as specified in the Companies (Accounting Standards) Rules, 2006 and the primary reportable segment. Accordingly, the segment revenue, segment results, total carrying amount of segment assets and segment liabilities, capital expenditure and depreciation/ amortisation charge during the year, is as reflected in the Financial Statements.

The entire business of the Company is conducted within India, with similar economic environment and is subject to similar risks and returns, there are no geographical segments.

Note: 2.34

Deferred Tax Assets and Liabilities

	As at		(₹ in Crore)	
	March 31, 2016	March 31, 2015	As at	As at
The deferred Tax Assets of the Company comprise of the following:				
(i) Deferred Tax Assets				
Relating to carried forward loss	646.79	624.97		
Related to timing difference on amortisation of License fee	39.50			
Disallowances, if any, under the Income Tax Act, 1961	12.66	20.56	698.95	645.53
(ii) Deferred Tax Liabilities				
Related to timing difference on depreciation of fixed assets	523.64	465.68		
Related to timing difference on amortisation of License fee	-	46.80	523.64	512.48
Net Deferred Tax Assets*	<u>175.31</u>	<u>133.05</u>		

* In the absence of virtual certainty of realisability of deferred tax assets, the Company, on a conservative basis, has restricted deferred tax asset to ₹ Nil.

Reliance Telecom Limited

Notes to the Financial Statements

Note: 2.35

Employee Stock Option Scheme

Reliance Communications Limited, the Holding Company, operates two Employee Stock Option Plans; ESOS Plan 2008 and ESOS Plan 2009, which cover eligible employees of the Holding Company and its subsidiaries. ESOS Plans are administered through an ESOS Trust. The Vesting of the options is on the expiry of one year from the date of Grant as per Plan under the respective ESOS(s). Each Option entitles the holder thereof to apply for and be allotted one Equity Share of the Holding Company of ₹ 5 each upon payment of the Exercise Price during the Exercise Period. The maximum Exercise Period is 10 years from the date of Grant of Options.

In this regard, the Holding Company has 17 676 options (Previous year 37 709 options) outstanding at the end of the year under ESOS Plan to the employees of the Company .

Notes referred above form integral part of Financial Statements.

For Chaturvedi & Shah

Firm Regn No. 101720W
Chartered Accountants

Lalit R Mhalsekar

Partner
Membership No. 103418
Mumbai
Dated : May 30, 2016

For Price Waterhouse

Firm Regn No. 301112E
Chartered Accountants

Partha Ghosh

Partner
Membership No. 55913
Mumbai
Dated : May 30, 2016

For and on behalf of the Board

S. Seth
Gautam B. Doshi

} Directors

Gaurang Shah
Sanjay K Agarwal
Mumbai
Dated : May 28, 2016

Company Secretary and Manager
Chief Financial Officer

Vanco Switzerland A.G.

Independent Auditor's Report

To
The Board of Directors of Vanco Switzerland A.G.

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Vanco Switzerland A.G. ("the Company"), which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India including Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion whether the Company has in place an adequate Internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements read together with the notes thereon give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016 and its profit and its cash flows for the year ended on that date.

Other Reporting Requirements

We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account.

Other Matters

This report is issued for the information and use of the Board of Directors of the Company and of Reliance Communications Limited, the holding company in India to comply with the financial reporting requirements in India and should not be used for any other purposes without our prior written consent.

For Shridhar & Associates
Chartered Accountants
Firm Registration No.: 134427W

Jitendra Sawjany
Partner
Membership No. 050980

Place: Mumbai
Dated: May 27, 2016

Vanco Switzerland A.G.

Balance Sheet as at March 31, 2016

	Note No.	As at		Amount in ₹
		March 31, 2016		As at March 31, 2015
EQUITY AND LIABILITIES				
Shareholders' Funds				
Share Capital	2.01	68,87,489	64,12,177	
Reserves and Surplus	2.02	<u>7,59,03,174</u>	<u>6,96,11,321</u>	
		8,27,90,663		7,60,23,498
Current Liabilities				
Trade Payables	2.03	13,44,310	7,06,376	
Other Current Liabilities	2.04	-	23,00,900	
Short Term Provisions	2.05	<u>45,182</u>	<u>-</u>	
		13,89,492		30,07,276
TOTAL		<u>8,41,80,155</u>	<u>7,90,30,774</u>	
ASSETS				
Current Assets				
Cash and Bank Balances	2.06	14,69,667	4,99,752	
Short-term Loans and Advances	2.07	<u>8,27,10,488</u>	<u>7,85,31,022</u>	
		8,41,80,155		7,90,30,774
TOTAL		<u>8,41,80,155</u>	<u>7,90,30,774</u>	

Significant Accounting Policies 1

Notes forming part of Financial Statements 2

As per our report attached

For and on behalf of the Board

For Shridhar & Associates
Chartered Accountants
Firm Regn. No. 134427W

Andreas Casutt
Andrew Goldie } **Directors**

Jitendra Sawjany
Partner
Membership No : 050980

Place : Mumbai
Date : May 27, 2016

Vanco Switzerland A.G.

Statement of Profit and Loss for the year ended March 31, 2016

	Note No.	For the Year ended March 31, 2016	Amount in ₹ For the Year ended March 31, 2015
Income			
Service Revenue and Other Operating Income	2.08	59,51,266	18,00,668
Other Income	2.09	1,094	6,83,024
Total		59,52,360	24,83,692
Expenditure			
Network Operation Expenses	2.10	11,73,687	25,28,684
Sales and General Administration Expenses	2.11	48,14,079	50,56,117
Employee benefits expense	2.12	-	(50,90,435)
Total		59,87,766	24,94,366
Profit/(Loss) before Tax		(35,406)	(10,674)
Provision for :			
- Current Tax		(11,41,016)	2,67,578
Profit / (Loss) for the year		11,05,610	(2,78,252)
Earnings per Share (Basic and Diluted)	2.14	1,106	(278)
Significant Accounting Policies	1		
Notes forming part of Financial Statements	2		

As per our report attached

For and on behalf of the Board

For Shridhar & Associates
Chartered Accountants
Firm Regn. No. 134427W

Andreas Casutt
Andrew Goldie } **Directors**

Jitendra Sawjany
Partner
Membership No : 050980

Place : Mumbai
Date : May 27, 2016

Vanco Switzerland A.G.

Cash Flow Statement for the year ended March 31, 2016

	For the Year ended March 31, 2016	Amounts in ₹ For the Year ended March 31, 2015
A) CASH FLOW FROM OPERATING ACTIVITIES:		
Profit/(Loss) Before Tax	(35,406)	(10,674)
Adjustments for:		
Provision for Tax Reversed	11,41,016	-
Effects of Exchange Difference on Translation of Assets & Liabilities	56,61,555	(65,47,026)
	68,02,571	(65,47,026)
Operating Profit/(Loss) before Working Capital Changes	67,67,165	(65,57,700)
Short-term Loans and Advances		
Decrease / (Increase) in Other Current Liabilities	(22,55,718)	
Increase / (Decrease) in Trade Payables	6,37,934	(56,78,281)
Increase / (Decrease) in Short Term Loans and Advances	(41,79,466)	1,16,03,532
	(57,97,250)	59,25,251
Net cash generated from operating activities before income tax	9,69,915	(6,32,449)
Income tax paid (net of refunds received)	-	2,67,578
Net Cash from/(Used in) Operating Activities (A)	9,69,915	(3,64,871)
B) CASH FLOW FROM/ (USED IN) INVESTING ACTIVITIES:		
Interest Received	-	120
Net Cash from/ (Used in) Investing Activities (B)	-	120
C) CASH FLOW FROM FINANCING ACTIVITIES:		
Net Cash Used in Financing Activities (C)	-	-
Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)	9,69,915	(3,64,751)
Cash and Cash Equivalents at the Beginning of the Year	4,99,752	8,64,503
Cash and Cash Equivalents at the End of the Year	14,69,667	4,99,752

As per our report attached

For Shridhar & Associates
Chartered Accountants
Firm Regn. No. 134427W

Jitendra Sawjany
Partner
Membership No : 050980

Place : Mumbai
Date : May 27, 2016

For and on behalf of the Board

Andreas Casutt
Andrew Goldie } **Directors**

Note No. 1

SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation of Financial Statements

The financial statements are prepared under historical cost convention, in accordance with the generally accepted accounting principles (GAAP) in India and Comply with Accounting Standard specified under Section 133 of the Companies Act, 2013 ("the Act") read with Rule 7 of the Companies (Accounts) Rules, 2014 and other provisions of the Act, to the extent notified and applicable as well as applicable guidance note and pronouncements of the Institute of Chartered Accountants of India (the ICAI).

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Schedule III to the Companies Act, 2013. Based on the nature of the services and their realisation in cash & cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current or non-current classification of assets and liabilities.

b) Revenue Recognition

A network contract typically covers the design, supply and installation of the network and thereafter the provision of Packaged Network Solutions. Turnover relating to the initial part of the contract is recognized over the contract implementation period. The remainder of the contract value is recognized evenly over the period of the contract.

To the extent that the recognition differs from the contractual billing terms, either turnover is accrued or amounts billed in advance are treated as deferred income.

c) Employee Benefits

Pension Obligations

Group companies operate employees' personal pension schemes. The schemes are funded through payments to insurance companies as defined contribution plans.

The group has no legal or constructive obligations to pay further contribution if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The contributions are recognized as employee benefit expense when they are due.

Bonus Plans

The Group recognizes a liability and an expense for bonuses. The Group recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Commissions

Commissions payable to staff on securing new contracts which are directly attributable to the contract, are recognized as a period cost as an when incurred.

d) Use of Estimates

The presentation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the consolidated financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known / materialised.

e) Accounting for Taxes on Income

Provision for Income Tax is made on the basis of estimated taxable income for the year at current rates after considering exemptions and deductions available under the Income Tax Laws of the respective countries of the subsidiaries. Tax expense comprises of both Current Tax and Deferred Tax at the applicable enacted or substantively enacted rates. Current tax represents the amount of Income Tax payable in respect of the taxable income for the reporting period. Deferred tax represents the effect of timing difference between taxable income and accounting income for the reporting period that originate in one period and are capable of reversal in one or more subsequent periods. The deferred tax asset is recognised and carried forward only to the extent that there is a reasonable certainty that the asset will be realised in future.

f) Foreign Currency Translation

Initial Recognition

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Vanco Switzerland A.G.

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

Subsequent Recognition

As at the reporting date, non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. All non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined. All monetary assets and liabilities in foreign currency are restated at the end of accounting period.

g) Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised when the company has legal and constructive obligation as a result of past events which it is probable that a cash outflow will be required and a reliable estimate can be made of the amount of obligation.

Contingent Liabilities are disclosed when the company has possible or present obligation and it is probable that a cash flow will not be required to settle the obligation.

Contingent Assets are neither recognised nor disclosed in the financial statements.

Note No.	As at March 31, 2016	Amount in ₹	
		As at March 31, 2015	
2.01 Share Capital			
Authorised			
1000 (1000) Ordinary Shares @ CHF 100 per share	68,87,489	64,12,177	
	68,87,489	64,12,177	
Issued, Subscribed and Paid up			
1000 (1000) Ordinary Shares @ CHF 100 per share	68,87,489	64,12,177	
Of the above:			
1000 (1000) Ordinary Shares held by Vanco Global Limited, the Holding Company	68,87,489	64,12,177	
a) Ordinary Shares held by Holding Company and subsidiary of Holding Company			
	No. of Shares		No. of Shares
Vanco Global Limited	1,000		1,000
	1,000		1,000
b) Details of Shareholders holding more than 5% of the aggregate shares in the Company			
Particulars	% of Holding	No. of Shares	% of Holding
Vanco Global Limited	100	1,000	100
			No. of Shares
			1,000
c) Terms/Rights attached to the shares			
The Company has only Ordinary Shares having a par value of CHF 100 per share. Each holder of shares is entitled to one vote per share.			
In the event of liquidation of the Company, the holder of shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of shares held by the shareholder.			
d) Reconciliation of ordinary shares outstanding at the beginning and at the end of the year			
Ordinary Shares	No. of Shares	Amount ₹	No. of Shares
Balance as at the beginning of the year	1,000	68,87,489	1,000
Add: Movement for the year	-	-	-
At the end of the year	1,000	68,87,489	1,000
			Amount ₹
			64,12,177

Vanco Switzerland A.G.

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

	As at March 31, 2016	Amount in ₹ As at March 31, 2015
2.02 Reserves and Surplus		
Securities Premium Account	17,98,323	16,74,219
Other Reserves	13,77,498	12,82,435
Foreign Exchange Translation Reserves	32,76,209	(16,90,867)
Surplus / (Deficit) in the Statement of Profit and Loss		
Balance as at the Beginning of the Year	6,83,45,534	6,86,23,786
Profit / (Loss) for the Year	11,05,610	(2,78,252)
Balance as at the End of the Year	<u>6,94,51,144</u>	<u>6,83,45,534</u>
Total Reserves & Surplus	<u>7,59,03,174</u>	<u>6,96,11,321</u>
2.03 Trade Payables		
Trade Payables	-	7,06,376
Provision for SG&A Exp	5,02,924	-
Provision for Opex Exp	8,41,386	-
	<u>13,44,310</u>	<u>7,06,376</u>
2.04 Other Current Liabilities		
Other Liabilities	-	23,00,900
	<u>-</u>	<u>23,00,900</u>
2.05 Short Term Provisions		
Provision For Income Tax	45,182	-
	<u>45,182</u>	<u>-</u>
2.06 Cash and Bank Balances		
Balance with Banks		
Current Accounts	14,69,667	4,99,752
	<u>14,69,667</u>	<u>4,99,752</u>
2.07 Short Term Loans and Advances		
Advances Recoverable in Cash or Kind or for Value to be Received	-	17,73,872
Advance Tax and Tax deducted at source (Net of Income Tax Provision)	42,224	-
Prepaid Expenses	3,09,937	-
Deposits	2,14,270	1,99,483
VAT Recoverable	15,98,014	-
Advances to SG&A vendor	19,054	-
Group Company Receivable-Interco	8,05,26,989	7,65,57,667
(Refer Note No. 2.16)	<u>8,27,10,488</u>	<u>7,85,31,022</u>

Vanco Switzerland A.G.

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

Note No.	For the year ended March 31, 2016	Amount in ₹
		For the year ended March 31, 2015
2.08 Service Revenue and Other Operating Income		
Enterprise Value added Services	59,51,266	18,00,668
	<u>59,51,266</u>	<u>18,00,668</u>
2.09 Other Income		
Interest Income	-	120
Forex Gain	1,094	-
Miscellaneous Income	-	6,82,904
	<u>1,094</u>	<u>6,83,024</u>
2.10 Network Operation Expenses		
Network Operation Expenses	11,73,687	25,28,684
	<u>11,73,687</u>	<u>25,28,684</u>
2.11 Sales and General Administration Expenses		
Rent	24,17,922	24,82,234
Legal Fees	9,24,274	8,67,353
Professional Fees	13,52,345	15,01,632
Bank Charges	12,891	11,062
Communication	99,761	1,00,725
Other General and Administrative Expenses	-	75,924
Forex Loss	-	17,187
Facility Usage charges	4,097	-
Miscellaneous	2,789	-
	<u>48,14,079</u>	<u>50,56,117</u>
2.12 Employee Benefits Expense		
Salaries	-	(51,00,808)
Employee Welfare and Other Amenities	-	10,373
	<u>-</u>	<u>(50,90,435)</u>

Note No. 2.13 BACKGROUND AND ORGANISATION

Vanco Switzerland A.G is a virtual Network operator. The Company provides enterprise clients with managed network solutions including the design, integration, implementation, security and management of global corporate networks. The Company provides IT Outsourcers enabling the sub-contract of the above service package as part of a wider IT outsourcing solution.

Vanco Switzerland A.G is asset-light, instead purchasing infrastructure from the hundreds of carriers globally, the company get the best prices for clients, design a solution using the most appropriate technology to meet customers' global requirements, and is 100% focused on delivering the highest quality customer service.

Note No. 2.14 Earnings Per Share

Earnings per Share	FY 2015-16	Amount In ₹
		FY 2014-15
A Profit / (Loss) after Tax	1,105,610	(278,252)
B Weighted average number of share of CHF 100 each used as denominator for calculating Basic and Diluted EPS	1,000	1,000
C Basic and Diluted Earnings / (Loss) per Share (A/B)	1,106	(278)

Vanco Switzerland A.G.

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

Note No. 2.15 Segment Reporting

In accordance with Accounting Standard 17 "Segmental Reporting" issued by the Institute of Chartered Accountants of India. Since 100% of the Company's business is from telecommunication activities, there are no other primary reportable segments. Thus, the segment revenue, total carrying amount of segment assets, total carrying amount of segment liabilities, total cost incurred to acquire segment assets, total amount of charge of depreciation and amortizing during the year are all as is reflected in the Financial Statements as of and for the year ended March 31, 2016.

Note No. 2.16 Related Party Transactions

In accordance with Accounting Standard 18 "Related Party Disclosures" issued by the Institute of Chartered Accountants of India, the company's related parties and transactions are disclosed below:

- a) Parties where control exist:
 - i) Vanco Global Limited
 - ii) Reliance Vanco Group Limited
 - iii) Reliance Communications Limited
- b) Enterprises as affiliated companies are:
 - i) Vanco SAS
 - ii) Reliance Vanco Group Limited
 - iii) Vanco UK Limited
- c) Summarized below are the transactions entered into with related parties and closing balances:

Name of the Entity	During the Year 2015-2016 Service Revenue	During the Year 2014-2015 Service Revenue	Balances as on 31.03.2016 Short Term Loans and Advances	Amount in ₹ Balances as on 31.03.2015 Short Term Loans and Advances
Vanco UK Limited	-	-	-	76,557,667
Reliance Vanco Group Limited	4,853,615	-	80,110,440	-
Vanco SAS	1,364,126	1,800,668	416,549	-

Note No. 2.17

The previous years figures have been reworked, regrouped, rearranged and reclassified whenever necessary.

Note No. 2.18

The amounts relating to Balance Sheet items appearing in Amount in ₹ have been translated at Closing Rate of 1 GBP = ₹ 95.473 (Previous year 1 GBP = ₹ 92.470) and items relating to profit and loss have been translated at average rate of 1 GBP = ₹ 98.6808 (Previous year 1 GBP = ₹ 98.62).

Note 2.19

The amounts have been converted in ₹ to comply with the financial reporting requirement in India.

As per our report attached

For and on behalf of the Board

For Shridhar & Associates
Chartered Accountants
Firm Regn. No. 134427W

Andreas Casutt
Andrew Goldie

} **Directors**

Jitendra Sawjany

Partner
Membership No : 050980

Place : Mumbai
Date : May 27, 2016

Vanco Benelux BV

Independent Auditor's Report

To
The Board of Directors of Vanco Benelux BV

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Vanco Benelux BV ("the Company"), which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India including Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion whether the Company has in place an adequate Internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements read together with the notes thereon give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016 and its loss and its cash flows for the year ended on that date.

Other Reporting Requirements

We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account.

Other Matters

This report is issued for the information and use of the Board of Directors of the Company and of Reliance Communications Limited, the holding company in India to comply with the financial reporting requirements in India and should not be used for any other purposes without our prior written consent.

For Shridhar & Associates
Chartered Accountants
Firm Registration No.: 134427W

Jitendra Sawjany
Partner
Membership No. 050980

Place: Mumbai
Dated: May 27, 2016

Vanco Benelux BV

Balance Sheet as at March 31, 2016

	Note No.	As at March 31, 2016	Amount in ₹ As at March 31, 2015
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2.01	13,67,096	12,14,401
Reserves and Surplus	2.02	<u>2,09,51,015</u>	<u>2,48,86,537</u>
		2,23,18,111	2,61,00,938
Current Liabilities			
Trade Payable	2.03	36,43,087	62,97,672
Other Current Liabilities	2.04	<u>-</u>	<u>12,87,500</u>
		36,43,087	75,85,172
TOTAL		<u><u>2,59,61,198</u></u>	<u><u>3,36,86,110</u></u>
ASSETS			
Current Assets			
Trade receivables	2.05	-	-
Cash and Cash Equivalent	2.06	2,11,524	20,67,979
Short-term loans and advances	2.07	2,21,32,045	2,40,61,255
Other Current Assets	2.08	<u>36,17,629</u>	<u>75,56,876</u>
		2,59,61,198	3,36,86,110
TOTAL		<u><u>2,59,61,198</u></u>	<u><u>3,36,86,110</u></u>
Significant Accounting Policies	1		
Notes forming part of Financial Statements	2		

As per our report attached

For Shridhar & Associates
Chartered Accountants
Firm Regn. No. 134427W

Jitendra Sawjany
Partner
Membership No : 050980

Place : Mumbai
Date: May 27, 2016

For and on behalf of the Board

Andrew Goldie
Janet Troxell } **Directors**

Vanco Benelux BV

Statement of Profit and Loss for the year ended March 31, 2016

	Note No.	For the Year ended March 31, 2016	Amount in ₹ For the Year ended March 31, 2015
INCOME			
Service Revenue and Other Operating Income		-	-
Other Income		-	-
TOTAL		<u>-</u>	<u>-</u>
EXPENDITURE			
Network Operation Expenses	2.09	-	5,216
Finance Charges	2.10	-	512
Sales and General Administration Expenses	2.11	<u>67,73,565</u>	<u>77,29,279</u>
TOTAL		<u>67,73,565</u>	<u>77,35,007</u>
Profit / (Loss) Before Tax		<u>(67,73,565)</u>	<u>(77,35,007)</u>
Provision for:			
- Current Tax		-	-
- Tax for earlier years		-	-
		<u>-</u>	<u>-</u>
Profit / (Loss) for the Year		<u>(67,73,565)</u>	<u>(77,35,007)</u>
Earning per Share (Basic and Diluted)	2.13	(169.34)	(193.37)
Significant Accounting Policies	1		
Notes forming part of Financial Statements	2		

As per our report attached

For Shridhar & Associates
Chartered Accountants
Firm Regn. No. 134427W

Jitendra Sawjany
Partner
Membership No : 050980

Place : Mumbai
Date: May 27, 2016

For and on behalf of the Board

Andrew Goldie
Janet Troxell } **Directors**

Vanco Benelux BV

Cash Flow Statement for the year ended March 31, 2016

	For the Year ended March 31, 2016	Amount in ₹ For the Year ended March 31, 2015
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax as per Statement of Profit and Loss	(67,73,565)	(77,35,007)
Adjusted for:		
Effects of exchange difference on translation of assets & liabilities	29,90,738	(15,45,400)
Other Financial Cost	-	-
Interest Expenses	-	512
	<u>29,90,738</u>	<u>(15,44,888)</u>
Operating Profit before Working Capital Changes	(37,82,827)	(92,79,895)
Adjusted for:		
Receivables and other Advances	58,68,458	24,92,870
Trade Payables	(39,42,085)	57,64,464
	<u>19,26,373</u>	<u>82,57,334</u>
Cash Generated from Operations	(18,56,455)	(10,22,561)
Tax Refund	-	-
Tax Paid	-	-
	<u>(18,56,455)</u>	<u>(10,22,561)</u>
Net Cash from / (used in) Operating Activities	(18,56,455)	(10,22,561)
B CASH FLOW FROM INVESTING ACTIVITIES		
Net Cash from / (used in) Investing Activities	<u>-</u>	<u>-</u>
C CASH FLOW FROM FINANCING ACTIVITIES		
Financial Charges	-	(512)
Net Cash from Financing Activities	<u>-</u>	<u>(512)</u>
Net Increase/ (Decrease) in Cash and Cash Equivalents	(18,56,455)	(10,23,073)
Opening Balance of Cash and Cash Equivalents	20,67,979	30,91,052
Closing Balance of Cash and Cash Equivalents	<u>2,11,524</u>	<u>20,67,979</u>

As per our report attached

For Shridhar & Associates
Chartered Accountants
Firm Regn. No. 134427W

Jitendra Sawjany
Partner
Membership No : 050980

Place : Mumbai
Date: May 27, 2016

For and on behalf of the Board

Andrew Goldie
Janet Troxell } **Directors**

Note 1

SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation of Financial Statements

The financial statements are prepared under historical cost convention, in accordance with the generally accepted accounting principles (GAAP) in India and Comply with Accounting Standard specified under Section 133 of the Companies Act, 2013 ("the Act") read with Rule 7 of the Companies (Accounts) Rules, 2014 and other provisions of the Act, to the extent notified and applicable as well as applicable guidance note and pronouncements of the Institute of Chartered Accountants of India (the ICAI).

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Schedule III to the Companies Act, 2013. Based on the nature of the services and their realisation in cash & cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current or non-current classification of assets and liabilities.

b) Revenue Recognition

A network contract typically covers the design, supply and installation of the network and thereafter the provision of Packaged Network Solutions. Turnover relating to the initial part of the contract is recognized over the contract implementation period. The remainder of the contract value is recognized evenly over the period of the contract.

To the extent that the recognition differs from the contractual billing terms, either turnover is accrued or amounts billed in advance are treated as deferred income.

c) Employee Benefits

Pension Obligations

Group companies operate employees' personal pension schemes. The schemes are funded through payments to insurance companies as defined contribution plans.

The group has no legal or constructive obligations to pay further contribution if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The contributions are recognized as employee benefit expense when they are due.

Bonus Plans

The Group recognizes a liability and an expense for bonuses. The Group recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Commissions

Commissions payable to staff on securing new contracts which are directly attributable to the contract, are recognized as a period cost as an when incurred.

d) Use of Estimates

The presentation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the consolidated financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known / materialised.

e) Accounting for Taxes on Income

Provision for Income Tax is made on the basis of estimated taxable income for the year at current rates after considering exemptions and deductions available under the Income Tax Laws of the respective countries of the subsidiaries. Tax expense comprises of both Current Tax and Deferred Tax at the applicable enacted or substantively enacted rates. Current tax represents the amount of Income Tax payable in respect of the taxable income for the reporting period. Deferred tax represents the effect of timing difference between taxable income and accounting income for the reporting period that originate in one period and are capable of reversal in one or more subsequent periods. The deferred tax asset is recognised and carried forward only to the extent that there is a reasonable certainty that the asset will be realised in future.

f) Foreign Currency Translation

Initial Recognition

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

Subsequent Recognition

As at the reporting date, non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. All non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined. All monetary assets and liabilities in foreign currency are restated at the end of accounting period.

g) Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised when the company has legal and constructive obligation as a result of past events which it is probable that a cash outflow will be required and a reliable estimate can be made of the amount of obligation.

Contingent Liabilities are disclosed when the company has possible or present obligation and it is probable that a cash flow will not be required to settle the obligation. Contingent Assets are neither recognised nor disclosed in the financial statements.

	As at March 31, 2016	Amount in ₹ As at March 31, 2015		
Note 2.01				
Share Capital				
Authorised				
200,000 Ordinary shares of Euro 0.45 per share	85,92,570	83,22,300		
	<u>85,92,570</u>	<u>83,22,300</u>		
Issued, Subscribed and Paid up				
40,000 Ordinary shares of Euro 0.45 per share	13,67,096	12,14,401		
	<u>13,67,096</u>	<u>12,14,401</u>		
a) Shares held by Holding Company and subsidiary of Holding Company				
	No. of shares	No. of shares		
Vanco BV	40,000	40,000		
b) Details of Shares held by shareholders holding more than 5% of the aggregate shares in the Company				
Particulars	% of Holding	No. of shares	% of Holding	No. of shares
Vanco BV	100.00	40,000	100.00	40,000
c) Terms/Rights attached to the shares				
The Company has Ordinary Shares (shares) having a par value of EUR 0.45 per share. Each holder of shares is entitled to one vote per share. In the event of liquidation of the Company, the holder of shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of shares held by the shareholder.				
d) Reconciliation of shares outstanding at the beginning and at the end of the reporting year				
	No. of shares	Amount	No. of shares	Amount
Shares				
Balance as at the beginning of the year	40,000	13,67,096	40,000	12,14,401
Add: Movement for the year	-	-	-	-
At the end of the year	40,000	13,67,096	40,000	12,14,401

Vanco Benelux BV

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

	As at March 31, 2016	Amount in ₹ As at March 31, 2015
Note 2.02		
Reserves and Surplus		
Foreign Currency Translation Reserve	38,79,798	10,41,755
Surplus / (Deficit) - Opening Balance	2,38,44,782	3,15,79,790
Add: Profit / (Loss) for the Year	(67,73,565)	(77,35,007)
Surplus / (Deficit) - Closing Balance	1,70,71,217	2,38,44,783
	<u>2,09,51,015</u>	<u>2,48,86,537</u>
Note 2.03		
Trade Payables		
Trade Payables	<u>36,43,087</u>	<u>62,97,672</u>
Note 2.04		
Other Current Liabilities		
Other Liabilities	-	12,87,500
	<u>-</u>	<u>12,87,500</u>
Note 2.05		
Trade Receivable		
Due for More than Six months		
Considered Good	-	-
Considered Doubtful	20,62,796	18,32,396
	<u>20,62,796</u>	<u>18,32,396</u>
Less: Provision for doubtful debts	<u>20,62,796</u>	<u>18,32,396</u>
	-	-
Others		
Considered Good	-	-
Considered Doubtful	-	-
	<u>-</u>	<u>-</u>
Less: Provision for doubtful debts	<u>-</u>	<u>-</u>
	-	-
Note 2.06		
Cash and Cash Equivalent		
Balance with Banks		
- Current Accounts	2,11,524	20,67,979
	<u>2,11,524</u>	<u>20,67,979</u>

Vanco Benelux BV

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

	As at March 31, 2016	Amount in ₹ As at March 31, 2015
Note 2.07		
Short-term loans and advances		
(Unsecured, Considered good - unless stated otherwise)		
Balances with Govt Authorities	21,30,550	16,71,066
Advances with SG&Avendor	6,66,291	-
Group Company Receivables	1,93,35,204	2,23,90,189
	<u>2,21,32,045</u>	<u>2,40,61,255</u>

Note 2.08		
Other Current Assets		
Others	36,17,629	75,56,876
	<u>36,17,629</u>	<u>75,56,876</u>

	For the Year ended March 31, 2016	Amount in ₹ For the Year ended March 31, 2015
Note 2.09		
Network Operation Expenses		
Other Network Operating Expenses	-	5,216
	<u>-</u>	<u>5,216</u>

Note 2.10		
Finance Charges		
Interest and Financial Charges	-	512
	<u>-</u>	<u>512</u>

Note 2.11		
Sales and General Administration Expenses		
Bank Charges	-	65,962
Other General and Administrative Expenses	67,73,565	76,63,317
	<u>67,73,565</u>	<u>77,29,279</u>
	<u>67,73,565</u>	<u>77,29,279</u>

Note 2.12

BACKGROUND AND ORGANISATION

Vanco Benelux BV is a virtual Network operator. The Company provides enterprise clients with managed network solutions including the design, integration, implementation, security and management of global corporate networks. The Company provides IT Outsourcers enabling the sub-contract of the above service package as part of a wider IT outsourcing solution.

Vanco Benelux BV is asset-light, instead purchasing infrastructure from the hundreds of carriers globally, the company get the best prices for clients, design a solution using the most appropriate technology to meet customers' global requirements, and is 100% focused on delivering the highest quality customer service.

Vanco Benelux BV

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

Note 2.13 Earnings Per Share

Earnings per Share	Amount in ₹ except number of shares	
	For the year ended March 31, 2016	For the year ended March 31, 2015
A Profit / (Loss) after Tax	(6,773,565)	(7,735,007)
B Weighted average number of share of Euro 0.45 each used as denominator for calculating Basic and Diluted EPS	40,000	40,000
C Basic and Diluted Earnings / (Loss) per Share (A/B)	(169.34)	(193.37)

Note 2.14 Segment Reporting

In accordance with Accounting Standard 17 "Segmental Reporting" issued by the Council of the Institute of Chartered Accountants of India. Since 100% of the Company's business is from telecommunication activities, there are no other primary reportable segments. Thus, the segment revenue, total carrying amount of segment assets, total carrying amount of segment liabilities, total cost incurred to acquire segment assets, total amount of charge of depreciation and amortization during the period are all as is reflected in the Financial Statements as of and for the year ended March 31, 2016.

Note 2.15 Related Party Transactions

In accordance with Accounting Standard 18 "Related Party Disclosures" issued by the Institute of Chartered Accountants of India, the company's related parties and transactions are disclosed below:

a. Parties where control exist:

- i) Reliance Communication Ltd
- ii) Reliance Vanco Group Limited
- iii) Vanco B.V

b. Enterprises as affiliated companies are :

- i) Vanco UK Limited

c. Summarized below are the transactions entered into with related parties:

Entity Name	Amount in ₹	
	Year End Balances as on 31.03.2016	Year End Balances as on 31.03.2015
	Short-term Loans and Advances	Short-term Loans and advances
Reliance Vanco Group Limited	19,201,434	-
Vanco BV	133,770	-
Vanco UK Limited	-	22,390,189

Note 2.16

The amounts relating to Balance Sheet items appearing in Indian Rupees have been translated at Closing Rate of 1 GBP = INR 95.473 (Previous year 1 GBP = INR 92.47) and items relating to profit and loss have been translated at average rate of 1 GBP = INR 98.6808 and (Previous year 1 GBP = INR 98.62). The amounts have been converted in INR to comply with the financial reporting requirement in India.

As per our report attached

For and on behalf of the Board

For Shridhar & Associates
Chartered Accountants
Firm Regn. No. 134427W

Andrew Goldie
Janet Troxell

} **Directors**

Jitendra Sawjany
Partner
Membership No : 050980

Place : Mumbai
Date: May 27, 2016

Reliance BPO Private Limited

Independent Auditors' Report

To The Members of

Reliance BPO Private Limited

We have audited the accompanying financial statements of Reliance BPO Private Limited ('the Company') which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and the matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's management and Board of Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2016; its Loss and its Cash Flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) Section 143 of Act, we give in the Annexure A and B, a statement on the matters specified in paragraph 3 and 4 of the Order, to the extent applicable.
2. As required by section 143(3) of the Act, we report that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b. In our opinion, proper books of account as required by law have been kept by the Company, so far as it appears from our examination of those books;
 - c. The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d. In our opinion, the aforesaid financial statements comply materially with the applicable accounting standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e. On the basis of written representations received from the Directors and taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2016 from being appointed as Director in terms of section 164(2) 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) As per the best estimates made by the management, the Company is of the view that there are no ongoing litigations as at the reporting date;
 - ii) Based upon the assessment made by the Company, there are no material foreseeable losses on its long-term contracts that may require any provisioning;
 - iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For M. S. Sethi & Associates

Chartered Accountants
Regn.No.109407W

Manoj Sethi

Proprietor

Membership No. 39784

Place: Mumbai
Dated: May 28, 2016

Reliance BPO Private Limited

Annexure A to the Auditors' Report

Referred to in our Report of even date on the Accounts of Reliance BPO Private Limited for the year ended March 31, 2016

- i) a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- b) The fixed assets have been physically verified by the management at reasonable interval and as informed, no material discrepancies were noticed on such verification. In our opinion, the frequency of verification is reasonable having regard to the size of the Company and the nature of its assets.
- c) According to information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- ii) As explained to us, there is no inventory hence clause 4(ii) of the Order is not applicable.
- iii) In our opinion and according to the information and explanations given to us, the Company has not granted any loan, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained pursuant to section 189 of the Act. Hence the reporting requirements under sub-clause (a), (b) and (c) of clause (iii) of paragraph 3 of the Order are not applicable.
- iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans and investments made.
- v) The Company has not accepted any deposits from the public.
- vi) According to the information given to us, no cost records have been prescribed by the Central Government of India under section 148(1) of the Act.
- vii) (a) According to the information and explanations given to us, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess or and any other material statutory dues, wherever applicable, with the appropriate authorities during the year and there were no such outstanding dues as at March 31, 2016 for a period of more than six months from the date they became payable.
- (b) As per the records and as per information and explanations given to us, there are no disputed statutory dues pending to be deposited with the respective authorities during the year by the Company.
- viii) In our opinion and according to the information and explanations given to us, the Company has not raised any funds from financial institutions or banks or by issue of debentures during the year, hence, question of repayment of dues to them does not arise.
- ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.
- 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 of the Company, 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 3(xii) of the Order is not applicable.
- xiii) According to the information and explanations given to us and based on our examination of the records of the Company, there are no transactions with the related parties during the year. Hence paragraph 3(xiii) of the Order is not applicable.
- xiv) According to the information and explanations given to us and based on our examination of the records of the Company, 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 of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For M. S. Sethi & Associates
Chartered Accountants
Regn.No.109407W

Manoj Sethi
Proprietor
Membership No. 39784

Place: Mumbai
Dated: May 28, 2016

Reliance BPO Private Limited

Annexure B to the 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 BPO Private 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 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 Companies Act, 2013, 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 Institute of Chartered Accountants of India. 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 includes 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 Institute of Chartered Accountants of India.

For M. S. Sethi & Associates
Chartered Accountants
Regn.No.109407W

Manoj Sethi
Proprietor

Place: Mumbai
Dated: May 28, 2016

Membership No. 39784

Reliance BPO Private Limited

Balance Sheet as at March 31, 2016

Particulars	Notes	As at		₹ in Lakh	
		March 31, 2016	March 31, 2015	As at	As at
EQUITY AND LIABILITIES					
Shareholders' Funds					
(a) Share Capital	2.01	1.00		1.00	
(b) Reserves and Surplus	2.02	(101.15)	(100.15)	(51.64)	(50.64)
Current Liabilities					
(a) Other Current Liabilities	2.03		875.68		826.96
TOTAL			775.53		776.32
ASSETS					
Non Current Assets					
(a) Fixed Assets	2.04				
(i) Tangible Assets		78.49		78.49	
(ii) Capital Work in Progress		695.87	774.36	695.87	774.36
Current Assets					
(a) Current Investments	2.05	-		1.96	
(b) Cash and Bank balances	2.06	1.17	1.17	-	1.96
TOTAL			775.53		776.32
Significant Accounting Policies	1				
Notes to Financial Statements	2				

Notes referred above form an integral part of the Financial Statements.

As per our report of even date

For M.S. Sethi & Associates

Chartered Accountants
Firm Regn. No. 109407W

Manoj Sethi

Proprietor
Membership No. 39784

For and on behalf of the Board

Suresh Rangachar
DIN: 00020887

Anil C Shah
DIN: 00004368

Directors

Place : Mumbai

Dated : May 28, 2016

Reliance BPO Private Limited

Statement of Profit and Loss for the year ended March 31, 2016

Particulars	Notes	For the year ended March 31, 2016	₹ in Lakh For the year ended March 31, 2015
INCOME			
Other Income	2.07	0.06	0.12
Total Revenue		0.06	0.12
EXPENDITURE			
Other Expenses	2.08	49.57	33.94
Total Expenses		49.57	33.94
Profit (Loss) Before Tax		(49.51)	(33.82)
Provision for:			
- Current Tax		-	-
Profit (Loss) After Tax		(49.51)	(33.82)
Earning / (Loss) per Share of face value of ₹ 10 each fully paid up	2.11		
Basic and Diluted (₹)		(495)	(338)

Significant Accounting Policies 1
Notes to Financial Statements 2

Notes referred above form an integral part of the Financial Statements.

As per our report of even date

For M.S. Sethi & Associates

Chartered Accountants
Firm Regn. No. 109407W

Manoj Sethi

Proprietor
Membership No. 39784

Place : Mumbai

Dated : May 28, 2016

For and on behalf of the Board

Suresh Rangachar

DIN: 00020887

Anil C Shah

DIN: 00004368

Directors

Reliance BPO Private Limited

Cash Flow Statement for the year ended March 31, 2016

	For the year ended March 31, 2016	₹in Lakh For the year ended March 31, 2015
A: CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit / (Loss) before tax as per Statement of Profit and Loss	(49.51)	(33.82)
Adjusted for:		
Dividend Income	(0.06)	(0.11)
Unrealised Exchange Loss/ (Gain)	48.89	33.66
	48.83	33.55
Operating Profit before Working Capital Changes	(0.68)	(0.27)
Adjusted for:		
Trade Payables and Other liabilities	(0.17)	0.27
	(0.17)	0.27
Net Cash from/ (used in) Operating Activities	(0.85)	(0.00)
B: CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase/ Sale of Investments	1.96	(0.11)
Dividend Income	0.06	0.11
Net Cash from/ (used in) Investing Activities	2.02	-
C: CASH FLOW FROM FINANCING ACTIVITIES:		
Net Cash Used in Financing Activities	-	-
Net Increase / (Decrease) in Cash and Cash Equivalents	1.17	-
Opening Balance of Cash and Cash Equivalents	-	-
Closing Balance of Cash and Cash Equivalents	1.17	-

Notes:

Figures in Brackets indicate cash outgo.

As per our report of even date

For M.S. Sethi & Associates

Chartered Accountants
Firm Regn. No. 109407W

Manoj Sethi

Proprietor
Membership No. 39784

For and on behalf of the Board

Suresh Rangachar

DIN: 00020887

Anil C Shah

DIN: 00004368

} **Directors**

Place : Mumbai

Dated : May 28, 2016

Reliance BPO Private Limited

Notes forming part of Financial Statements

Note: 1 Significant Accounting Policies to the Financial Statements

1.01 Basis of Preparation of Financial Statements

The Financial Statements are prepared under historical cost convention, in accordance with the generally accepted accounting principles (GAAP) in India and comply with Accounting Standard specified under Section 133 of the Companies Act, 2013 ("the Act") read with Rule 7 of the Companies (Accounts) Rules 2014 and other provisions of the Act to the extent notified and applicable, as well as applicable guidance note and pronouncements of the Institute of Chartered Accountants of India (ICAI).

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Schedule III to the Companies Act, 2013. Based on the nature of the services and their realisation in cash & cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current or non-current classification of assets and liabilities.

1.02 Use of Estimates

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the result are known / materialized.

1.03 Fixed Assets

Fixed Assets other than those acquired on finance lease are stated at acquisition cost/ fair value less accumulated depreciation / amortisation. Cost includes incidental costs directly attributable for bringing the asset to its working condition for the intended use. Capital Work-in-Progress is stated at cost.

1.04 Depreciation / Amortization

Depreciation on Fixed Assets is provided on Straight Line Method at the rates and in the manner prescribed in Schedule II to the Companies Act, 2013.

1.05 Impairment of Assets

An asset is treated as impaired when the carrying cost of assets exceeds recoverable value. An impairment loss is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired. The impairment loss of prior accounting period is increased/ reversed where there has been change in the estimate of recoverable amount. The recoverable value is the higher of the assets net selling price and value in use.

1.06 Investments

Current Investments are carried at lower of cost and market value. Long Term Investments are stated at cost. Provision for diminution in the value of long-term investments is made only if such a decline is other than temporary in the opinion of the management.

1.07 Foreign Currency Transactions

- i) Transactions denominated in foreign currencies are normally recorded at the exchange rates prevailing at the time of the transaction.
- ii) Monetary items denominated in foreign currencies at the year end are restated at year end rates.
- iii) Non monetary foreign currency items are carried at cost.
- iv) Any income or expense on account of exchange difference either on settlement or on translation is recognized in the Statement of Profit and Loss.

1.08 Revenue Recognition

The Company follows mercantile method of accounting and recognizes income and expenditure on accrual basis.

1.09 Miscellaneous Expenditure

Miscellaneous Expenditure are charged to the Statement of Profit and Loss as and when they are incurred.

1.10 Taxes on Income

Provision for Income Tax is made on the basis of estimated taxable income for the year at current rates. Tax expense comprise both Current Tax and Deferred Tax at the applicable enacted or substantively enacted rates. Current tax represents the amount of Income tax payable/ recoverable in respect of the taxable income/ loss for the reporting period. Deferred tax represent the effect of timing difference between taxable income and accounting income for the reporting period that originate in one period and are capable of reversal in one or more subsequent periods.

1.11 Provision, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

Reliance BPO Private Limited

Notes forming part of Financial Statements

	As at March 31, 2016	₹ in Lakh As at March 31, 2015
Note: 2.01		
SHARE CAPITAL		
Authorised Capital		
1 00 000 Equity Shares of ₹ 10 each (1 00 000)	10.00	10.00
1 05 00 000 Preference Shares of ₹ 10 each (1 05 00 000)	1,050.00	1,050.00
	<u>1,060.00</u>	<u>1,060.00</u>
Issued, Subscribed and Paid up		
Equity		
10 000 Equity Shares of ₹ 10 each fully paid up (10 000)	1.00	1.00
	<u>1.00</u>	<u>1.00</u>

2.01.01 Details of Shareholders holding more than 5% shares in the Company Equity Shares

	No of Shares	%	No of Shares	%
Reliance Communications Infrastructure Limited, the Holding Company and its nominees (refer note 2.10)	10 000	100%	-	-
Reliance Webstore Limited, the Holding Company and its nominees (refer note 2.10)	-	-	10 000	100%
	<u>10 000</u>	<u>100%</u>	<u>10 000</u>	<u>100%</u>

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share.

2.01.02 Reconciliation of shares outstanding at the beginning and at the end of the year:

	March 31, 2016		March 31, 2015	
Equity Shares	Number	₹ in Lakh	Number	₹ in Lakh
At the beginning of the Year	10 000	1.00	10 000	1.00
Add/ (Less): Changes during the Year	-	-	-	-
At the end of the Year	<u>10 000</u>	<u>1.00</u>	<u>10 000</u>	<u>1.00</u>

	As at March 31, 2016	₹ in Lakh As at March 31, 2015
Note: 2.02		
RESERVES AND SURPLUS		
As per last Balance Sheet	(100,900.16)	(100,866.34)
Add: Profit / (Loss) during the year	(49.51)	(33.82)
	<u>(100,949.67)</u>	<u>(100,900.16)</u>
Securities Premium		
As per last Balance Sheet	100,848.52	100,848.52
Add: During the year	-	-
	<u>100,848.52</u>	<u>100,848.52</u>
Balance Carried forward	<u>(101.15)</u>	<u>(51.64)</u>

Reliance BPO Private Limited

Notes forming part of Financial Statements

₹ in Lakh

As at
March 31, 2016

As at
March 31, 2015

Note: 2.03

OTHER CURRENT LIABILITIES

Creditors for Capital goods	862.63	813.74
Advance from Related Party (Refer Note 2.10)	12.44	12.44
Other liabilities	0.61	0.78
	875.68	826.96

Note: 2.04

FIXED ASSETS AND DEPRECIATION

₹ in Lakh

Description	Gross Block			Depreciation			Net Block	
	As at April 1, 2015	Additions	As at March 31, 2016	As at April 1, 2015	For the year	As at March 31, 2016	As at March 31, 2016	As at March 31, 2015
Tangible Assets								
Own Assets:								
Land-Freehold	78.49	-	78.49	-	-	-	78.49	78.49
Total	78.49	-	78.49	-	-	-	78.49	78.49
Previous Year	78.49	-	78.49	-	-	-	78.49	
Capital Work-in-Progress							695.87	695.87

₹ in Lakh

As at
March 31, 2016

As at
March 31, 2015

Note: 2.05

CURRENT INVESTMENTS

Trade Investments

In Units of Mutual Fund

Unquoted, fully paid up

Nil Reliance Liquid Fund
(128.436)

-	1.96
-	1.96

Net assets value ₹ Nil (Previous year ₹ 1.96 Lakh)

Note: 2.06

CASH AND BANK BALANCES

Balances with Banks- in Current Account

1.17	-
1.17	-

Reliance BPO Private Limited

Notes forming part of Financial Statements

	For the year ended March 31, 2016	₹ in Lakh For the year ended March 31, 2015
Note: 2.07		
OTHER INCOME		
Dividend on Units	<u>0.06</u>	<u>0.12</u>
	<u>0.06</u>	<u>0.12</u>

Note: 2.08		
OTHER EXPENSES		
Professional Fee	0.15	-
Payment to Auditors		
- Statutory Audit Fee	0.35	0.25
- Other Services	0.12	-
- Reimbursement of Expenses	<u>0.03</u>	<u>-</u>
	0.50	0.25
Rates and taxes	0.03	0.03
Exchange Loss	<u>48.89</u>	<u>33.66</u>
	<u>49.57</u>	<u>33.94</u>

Note: 2.09

Figures of the Previous year have been regrouped and reclassified, wherever required.

Note: 2.10

In accordance with the requirements of the Accounting Standard – 18 "Related Party Disclosures", the names of the related parties where control exists and/ or with whom transactions have taken place during the year and description of relationships, as identified and certified by management are as follows:

Name of the Related Party	Relationship
Reliance Communications Infrastructure Limited (RCIL)	Holding Company (w.e.f. March 30, 2016)
Reliance Infratel Limited (RITL)	Holding Company (w.e.f. November 10, 2015 to March 29, 2016)
Reliance Webstore Limited (RWSL)	Holding Company (upto November 9, 2015)

Sr. Nature of Transactions

Holding Company

RCIL

₹ in Lakh

- a) Other Current Liabilities
(Previous year ₹ 12.44 Lakh)

12.44

Note: 2.11

Earning per Share

	For the year ended March 31, 2016	For the year ended March 31, 2015
(a) Net Profit/(Loss) attributable to Equity Share Holders (₹ in Lakh)	(49.51)	(33.82)
(b) Weighted Average Number of equity shares used as denominator for Calculating EPS	10,000	10,000
(c) Basic and Diluted Earning per equity shares –(₹) (Face value ₹10 each)	(495)	(338)

Reliance BPO Private Limited

Notes forming part of Financial Statements

Note: 2.12 Deferred Tax Assets and Liabilities

As a matter of prudence, the Company has not recognised Deferred Tax Assets in Accounts, which mainly consists of losses.

Note: 2.13 Segment Reporting

The Company is not having any reportable segment as per Accounting Standard-17 (AS-17) "Segment Reporting".

Note: 2.14

The Accounts have been prepared on a 'Going concern basis' as the Company has been able to meet its obligations in the ordinary course of business and considering the assurance of the financial support extended by the other body corporate.

As per our report of even date

For and on behalf of the Board

For M.S. Sethi & Associates

Chartered Accountants
Firm Regn. No. 109407W

Manoj Sethi

Proprietor
Membership No. 39784

Suresh Rangachar

DIN: 00020887

Anil C Shah

DIN: 00004368

} Directors

Place : Mumbai

Dated : May 28, 2016

Vanco Global Limited

Independent Auditor's Report

To
The Board of Directors of Vanco Global Limited
Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Vanco Global Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India including Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion whether the Company has in place an adequate Internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements read together with the notes thereon give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016 and its profit and its cash flows for the year ended on that date.

Other Reporting Requirements

We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account.

Other Matters

This report is issued for the information and use of the Board of Directors of the Company and of Reliance Communications Limited, the holding company in India to comply with the financial reporting requirements in India and should not be used for any other purposes without our prior written consent.

For Shridhar & Associates
Chartered Accountants
Firm Registration No.: 134427W

Jitendra Sawjany
Partner
Membership No. 050980

Place: Mumbai
Dated: May 27, 2016

Vanco Global Limited

Balance Sheet as at March 31, 2016

	Note	As at March 31, 2016	Amount in ₹ As at March 31, 2015
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2.01	2,57,89,740	2,49,78,551
Reserves and Surplus	2.02	(15,87,47,841)	(21,27,42,837)
		<u>(13,29,58,101)</u>	<u>(18,77,64,286)</u>
Current Liabilities			
Trade Payables	2.03	15,74,853	9,70,497
Other Current Liabilities	2.04	39,79,54,566	30,59,93,416
		<u>39,95,29,419</u>	<u>30,69,63,913</u>
TOTAL		<u>26,65,71,318</u>	<u>11,91,99,627</u>
ASSETS			
Non Current Assets			
Non Current Investments	2.05	45,46,292	44,03,293
Current Assets			
Trade Receivables	2.06	20,93,34,930	8,41,13,031
Cash and Bank Balances	2.07	1,95,03,550	65,11,872
Short-Term Loans and Advances	2.08	3,31,86,546	2,41,71,431
		<u>26,20,25,026</u>	<u>11,47,96,334</u>
TOTAL		<u>26,65,71,318</u>	<u>11,91,99,627</u>
Significant Accounting Policies	1		
Notes forming part of Financial Statements	2		

As per our report attached

For and on behalf of the Board

For Shridhar & Associates
Chartered Accountants
Firm Regn. No. 134427W

Andrew Goldie Director

Jitendra Sawjany
Partner
Membership No : 050980

Place : Mumbai
Date : May 27, 2016

Vanco Global Limited

Statement of Profit and Loss for the year ended March 31, 2016

Amount in ₹

	Note	For the the year ended March 31, 2016	For the the year ended March 31, 2015
INCOME			
Service Revenue and Other Operating Income	2.09	49,07,71,738	45,58,65,841
Other Income	2.10	5,35,79,732	-
TOTAL		54,43,51,470	45,58,65,841
EXPENDITURE			
Network Operation Expenses	2.11	44,45,09,140	42,92,23,862
Sales and General Administration Expenses	2.12	3,68,92,110	1,15,66,447
TOTAL		48,14,01,250	44,07,90,309
Profit / (Loss) before Tax		6,29,50,220	1,50,75,532
Provision for :			
- Current Tax		-	-
Profit / (Loss) for the year		6,29,50,220	1,50,75,532
Earning Per Share (Basic and Diluted)	2.14	0.233	0.056
Significant Accounting Policies	1		
Notes forming part of Financial Statements	2		

As per our report attached

For and on behalf of the Board

For Shridhar & Associates
Chartered Accountants
Firm Regn. No. 134427W

Andrew Goldie **Director**

Jitendra Sawjany
Partner
Membership No : 050980

Place : Mumbai
Date : May 27, 2016

Vanco Global Limited

Cash Flow Statement for the year ended March 31, 2016

	For the year ended March 31, 2016	Amount in ₹ For the year ended March 31, 2015
A) CASH FLOW FROM OPERATING ACTIVITIES:		
Profit Before Tax	6,29,50,220	1,50,75,532
Operating Profit before Working Capital Changes	6,29,50,220	1,50,75,532
Adjustments for:		
Trade and Other Receivables	(12,52,21,901)	1,68,907
Trade and Other Payables	6,04,356	(76,563)
Unearned Income	1,16,55,675	2,04,36,404
Other Current Liabilities	8,03,05,475	(51,44,239)
Short Term Loans and Advances	(90,15,114)	1,21,14,896
Effects of Exchange difference on Translation of Assets and Liabilities	(82,87,033)	1,53,35,227
	(4,99,58,542)	4,28,34,632
Net cash generated from operating activities before income tax	1,29,91,678	5,79,10,164
Income tax paid (net of refunds received)	-	-
Net Cash generated from/(used in) Operating Activities (A)	1,29,91,678	5,79,10,164
B) CASH FLOW FROM INVESTING ACTIVITIES:		
Net Cash from/(used in) Investing Activities (B)	-	-
C) CASH FLOW FROM FINANCING ACTIVITIES:		
Financial assistance received from/(paid to) related parties	-	(5,22,04,042)
Net Cash from/(Used in) Financing Activities (C)	-	(5,22,04,042)
Net Increase in Cash and Cash Equivalents (A+B+C)	1,29,91,678	57,06,122
Cash and Cash Equivalents at the Beginning of the Year	65,11,872	8,05,750
Cash and Cash Equivalents at the End of the Year	1,95,03,550	65,11,872

As per our report attached

For and on behalf of the Board

For Shridhar & Associates
Chartered Accountants
Firm Regn. No. 134427W

Andrew Goldie **Director**

Jitendra Sawjany
Partner
Membership No : 050980

Place : Mumbai
Date : May 27, 2016

Note 1

SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation of Financial Statements

The financial statements are prepared under historical cost convention, in accordance with the generally accepted accounting principles (GAAP) in India and Comply with Accounting Standard specified under Section 133 of the Companies Act, 2013 ("the Act") read with Rule 7 of the Companies (Accounts) Rules, 2014 and other provisions of the Act, to the extent notified and applicable as well as applicable guidance note and pronouncements of the Institute of Chartered Accountants of India (the ICAI).

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Schedule III to the Companies Act, 2013. Based on the nature of the services and their realisation in cash & cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current or non-current classification of assets and liabilities

Financial Statements have been prepared on a going concern basis and financial support as may be required, shall be extended by associates and / or parent company.

b) Revenue Recognition

A network contract typically covers the design, supply and installation of the network and thereafter the provision of Packaged Network Solutions. Turnover relating to the initial part of the contract is recognized over the contract implementation period. The remainder of the contract value is recognized evenly over the period of the contract.

To the extent that the recognition differs from the contractual billing terms, either turnover is accrued or amounts billed in advance are treated as deferred income.

c) Employee Benefits

Pension Obligations

Group companies operate employees' personal pension schemes. The schemes are funded through payments to insurance companies as defined contribution plans.

The group has no legal or constructive obligations to pay further contribution if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The contributions are recognized as employee benefit expense when they are due.

Bonus Plans

The Group recognizes a liability and an expense for bonuses. The Group recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Commissions

Commissions payable to staff on securing new contracts which are directly attributable to the contract, are recognized as a period cost as an when incurred.

d) Use of Estimates

The presentation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the consolidated financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known / materialised.

e) Accounting for Taxes on Income

Provision for Income Tax is made on the basis of estimated taxable income for the year at current rates after considering exemptions and deductions available under the Income Tax Laws of the respective countries of the subsidiaries. Tax expense comprises of both Current Tax and Deferred Tax at the applicable enacted or substantively enacted rates. Current tax represents the amount of Income Tax payable in respect of the taxable income for the reporting period. Deferred tax represents the effect of timing difference between taxable income and accounting income for the reporting period that originate in one period and are capable of reversal in one or more subsequent periods. The deferred tax asset is recognised and carried forward only to the extent that there is a reasonable certainty that the asset will be realised in future.

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

f) Fixed Assets

Accounting of Tangible Fixed Assets

All Tangible Fixed Assets is shown at cost less subsequent depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Profit & Loss Account during the financial period in which they are incurred.

Depreciation on assets is calculated using the straight-line method to allocate the cost of each asset to its residual value over its estimated useful life as follows:

Leasehold improvements..... Over the period of the lease

Computer equipment..... 3 to 5 years.

Fixtures, fittings and equipment..... 3 to 5 years.

Motor Vehicles..... 5 years.

Major renovations are depreciated over the remaining useful life of the related asset or to the date of the next major renovation, whichever is sooner.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement. Borrowing costs incurred for the construction of any qualifying assets are capitalized during the period of time that is required to complete and prepare the asset for its intended use.

Intangible Assets

Computer software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives (three to five years).

Costs that are directly associated with the production of identifiable and unique software products controlled by the Group and that will probably generate economic benefits exceeding costs beyond one year, are recognized as intangible assets. Direct costs include the costs of software development employees and an appropriate portion of relevant overheads.

Computer software development costs recognized as assets are amortized over their estimated useful lives (not exceeding five years).

g) Foreign Currency Translation

Initial Recognition

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Subsequent Recognition

As at the reporting date, non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. All non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined. All monetary assets and liabilities in foreign currency are restated at the end of accounting period.

h) Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised when the company has legal and constructive obligation as a result of past events which it is probable that a cash outflow will be required and a reliable estimate can be made of the amount of obligation.

Contingent Liabilities are disclosed when the company has possible or present obligation and it is probable that a cash flow will not be required to settle the obligation.

Contingent Assets are neither recognised nor disclosed in the financial statements.

Vanco Global Limited

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

	Amount in ₹			
	As at March 31,2016	As at March 31,2015		
Note 2.01				
Share Capital				
Authorised				
270,001,000 (270,001,000) ordinary shares of GBP 0.001 each	2,57,77,806	2,49,66,992		
125,000 (125,000) Deferred ordinary shares of GBP 0.001 each	11,934	11,559		
	2,57,89,740	2,49,78,551		
Issued, Subscribed and Paid up				
270,001,000 (270,001,000) ordinary shares of GBP 0.001 each, Fully paid up	2,57,77,806	2,49,66,992		
125,000 (125,000) Deferred ordinary shares of GBP 0.001 each, Fully paid up	11,934	11,559		
	2,57,89,740	2,49,78,551		
a) Shares held by Holding Company				
	No. of Shares	No. of Shares		
Ordinary Shares				
Vanco UK Limited	27,00,01,000	27,00,01,000		
Deferred Shares				
Vanco UK Limited	1,25,000	1,25,000		
b) Details of Shareholders holding more than 5% of the aggregate shares in the Company				
	As at March 31,2016		As at March 31,2015	
Particulars	% of Holding	No. of Shares	% Holding	No. of Shares
Ordinary Shares				
Vanco UK Limited	100	27,00,01,000	100	27,00,01,000
Deferred Shares				
Vanco UK Limited	100	1,25,000	100	1,25,000
c) Terms/ Rights attached to the shares				
The Company has ordinary and deferred shares having a par value of GBP 0.001 each per share. Each holder of shares is entitled to one vote per share. In the event of liquidation of the Company, the holder of shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of shares held by the shareholder.				
d) Reconciliation of ordinary shares outstanding at the beginning and at the end of the year				
	As at March 31,2016		As at March 31,2015	
	No. of Shares	Amount ₹	No of Shares	Amount ₹
Ordinary Shares				
Balance as at the beginning of the year	27,00,01,000	2,57,77,806	27,00,01,000	2,49,66,992
Add: Movement for the year	-	-	-	-
At the end of the year	27,00,01,000	2,57,77,806	27,00,01,000	2,49,66,992
Deferred Shares				
Balance as at the beginning of the year	1,25,000	11,934	1,25,000	11,559
Add: Movement for the year	-	-	-	-
At the end of the year	1,25,000	11,934	1,25,000	11,559

Vanco Global Limited

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

	As at March 31, 2016	Amount in ₹ As at March 31, 2015
Note 2.02		
Reserves and Surplus		
Balance as at the Beginning of the Year	(23,06,21,326)	(24,56,96,858)
Profit for the Year	6,29,50,220	1,50,75,532
Balance as at the End of the Year	<u>(16,76,71,106)</u>	<u>(23,06,21,326)</u>
Foreign Currency Translation Reserve	89,23,265	1,78,78,489
	<u>(15,87,47,841)</u>	<u>(21,27,42,837)</u>
Note 2.03		
Trade Payables		
Trade Payables	15,74,853	9,70,497
	<u>15,74,853</u>	<u>9,70,497</u>
Note 2.04		
Other Current Liabilities		
Unearned Income	9,35,12,934	8,18,57,259
Statutory Dues Payable	1,23,19,459	-
Group Company Payable-Intercompany (Refer note no 2.16)	29,21,22,173	22,41,36,157
	<u>39,79,54,566</u>	<u>30,59,93,416</u>
Note 2.05		
Non Current Investments		
(Unquoted, Non trade, at Cost)		
Investment in Subsidiary Company		
1000 (1000) Vanco Switzerland AG of CHF 100 Each	45,46,292	44,03,293
	<u>45,46,292</u>	<u>44,03,293</u>
Note 2.06		
Trade receivables		
(unsecured)		
Due for More than Six months		
Considered Doubtful	21,25,25,248	-
Less: Provision for doubtful debts	(21,25,25,248)	-
	-	-
Others		
Considered Good	20,93,34,930	27,46,57,481
Considered Doubtful	-	-
Less: Provision for doubtful debts	-	(19,05,44,450)
	<u>20,93,34,930</u>	<u>8,41,13,031</u>
Note 2.07		
Cash and Bank Balances		
Balance with Banks		
- Current Accounts	1,95,03,550	65,11,872
	<u>1,95,03,550</u>	<u>65,11,872</u>

Vanco Global Limited

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

	As at March 31, 2016	Amount in ₹ As at March 31, 2015
Note 2.08		
Short-Term Loans and Advances		
Balances with Govt Authorities	97,42,220	-
Advance for Supply of Goods and rendering of services	-	27,25,692
Prepaid Expenses	1,67,19,622	2,14,45,739
Other Current Assets	17,082	-
Group Company Receivable-Intercompany (Refer note no.2.16)	67,07,622	-
	<u>3,31,86,546</u>	<u>2,41,71,431</u>

	For the the year ended March 31, 2016	Amount in ₹ For the year ended March 31, 2015
Note 2.09		
Service Revenue and Other Operating Income		
Enterprise Value Added Services	49,07,71,738	45,58,65,841
	<u>49,07,71,738</u>	<u>45,58,65,841</u>

Note 2.10		
Other Income		
Foreign Exchange Fluctuation Gain Net	5,35,79,732	-
	<u>5,35,79,732</u>	<u>-</u>

Note 2.11		
Network Operation Expenses		
Network Operating Expenses	44,45,09,140	42,92,23,862
	<u>44,45,09,140</u>	<u>42,92,23,862</u>

Note 2.12		
Sales and General Administration Expenses		
Legal Fees	-	3,452
Bank Charges	5,478	7,976
Provision/Reversal of Doubtful debts	1,28,32,046	61,36,760
Foreign Exchange Fluctuation Loss Net	-	(1,62,32,293)
SG&A Group Recharge	2,34,28,950	2,10,35,164
	<u>3,62,66,474</u>	<u>1,09,51,059</u>
Payment to auditors	6,25,636	6,15,388
	<u>3,68,92,110</u>	<u>1,15,66,447</u>

Note 2.13

BACKGROUND AND ORGANISATION

Vanco Global Limited is a virtual Network operator. The Company provides enterprise clients with managed network solutions including the design, integration, implementation, security and management of global corporate networks. The Company provides IT Outsourcers enabling the sub-contract of the above service package as part of a wider IT outsourcing solution.

Vanco Global Limited is asset-light, instead purchasing infrastructure from the hundreds of carriers globally, the company get the best prices for clients, design a solution using the most appropriate technology to meet customers' global requirements, and is 100% focused on delivering the highest quality customer service.

Vanco Global Limited

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

Note 2.14

Earnings Per Share

Amount in ₹ Except number of shares

	For the year ended March 31, 2016	For the year ended March 31, 2015
A Profit / (Loss) after Tax	62,950,220	15,075,532
B Weighted average number of share of GBP 0.001 each used as denominator for calculating Basic and Diluted EPS	270,126,000	270,126,000
C Basic and Diluted Earnings / (Loss) per Share (A/B)	0.233	0.056

Note 2.15

Segment Reporting

In accordance with Accounting Standard 17 "Segmental Reporting" issued by The Institute of Chartered Accountants of India. Since 100% of the Company's business is from telecommunication activities, there are no other reportable segments. Thus, the segment revenue, total carrying amount of segment assets, total carrying amount of segment liabilities, total cost incurred to acquire segment assets, total amount of charge of depreciation and amortization during the year are all as is reflected in the Financial Statements as of and for the year ended March 31, 2016.

Note 2.16

Related Party Transactions

In accordance with Accounting Standard 18 "Related Party Disclosures" issued by the Institute of Chartered Accountants of India, the company's related parties and transactions are disclosed below:

- a) Parties where control exist:
 - i) Reliance Communications Limited
 - ii) Flag Telecom Group Services Limited
 - iii) Reliance Vanco Group Limited
 - iv) Vanco UK Limited
- b) Enterprises as affiliated companies are:
 - i) Vanco ROW Limited
 - ii) Vanco International Limited
 - iii) Reliance Vanco Group Limited
 - iv) Vanco SAS
 - v) Euronet Spain SA
 - vi) Vanco Srl
 - vii) Vanco GmbH
 - viii) Vanco Deutschland GmbH
 - viii) Vanco BV
 - ix) Vanco UK Limited
 - x) Vanco NV
 - xi) Vanco US LLC
 - xii) Vanco Solutions Inc.
 - xiii) Vanco Australasia Pty. Limited
 - xiv) Vanco (Asia Pacific) Pte. Limited
 - xv) Vanco Japan KK
 - xvi) Vanco Sweden AB

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

c) Summarized below are the transactions entered into with related parties and closing balances:

Name of the Entity	During the Year Ended						Year End Balances			
	Service Income		Network Operating Expenses		Transfer pricing cost		Short term Loans & Advances		Other Current Liabilities	
	2015-2016	2014-2015	2015-2016	2014-2015	2015-2016	2014-2015	2015-2016	2014-2015	2015-2016	2014-2015
Vanco Australasia Pty Limited	52,80,613	62,19,114	4,64,668	-	-	-	4,13,887	-	-	-
Vanco Japan KK	-	-	1,22,962	1,73,265	-	-	-	-	20,607	-
Reliance Vanco Group Limited	-	-	-	-	10,79,46,532	6,21,64,554	-	-	23,31,18,429	22,41,36,157
Vanco UK Limited	62,53,819	1,21,73,013	15,78,40,623	14,22,19,310	-	-	-	-	2,85,59,959	-
Vanco Asia Pacific Pte Limited	-	-	5,17,40,787	7,30,69,421	-	-	-	-	1,43,70,833	-
Vanco International Limited	-	-	62,11,306	48,79,018	-	-	-	-	10,30,171	-
Vanco BV	-	-	24,01,965	26,55,442	-	-	-	-	4,76,490	-
Vanco GmbH	-	-	29,50,600	32,76,620	-	-	-	-	5,39,709	-
Vanco Deutschland GMBH	-	-	-	-	-	-	-	-	-	-
Vanco SAS	-	-	13,91,821	14,62,565	-	-	-	-	40,895	-
Vanco NV	-	-	22,386	31,512	-	-	-	-	-	-
Vanco Srl	-	-	1,12,429	1,48,055	-	-	-	-	17,832	-
Euronet Spain SA	-	-	4,67,080	6,65,832	-	-	-	-	76,413	-
Vanco Sweden AB	-	-	77,43,327	3,81,57,175	-	-	-	-	53,51,868	-
Vanco US LLC	-	-	4,18,25,941	5,63,79,894	-	-	62,00,498	-	-	-
Vanco Solutions Inc	17,55,504	47,73,026	-	-	-	-	93,237	-	-	-
Vanco Row Limited	-	-	4,07,99,864	2,77,59,862	-	-	-	-	85,18,968	-

Amount in ₹

Vanco Global Limited

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

Note 2.17

The amounts relating to Balance Sheet items appearing in Indian Rupees have been translated at Closing Rate of 1 GBP = ₹ 95.473 (Previous year 1 GBP = ₹ 92.470) and items relating to profit and loss have been translated at average rate of 1 GBP = ₹ 98.6808 (Previous year 1 GBP = ₹ 98.620)

The amounts have been converted in INR to comply with the financial reporting requirement in India.

Note 2.18

The previous year's figures have been reworked, regrouped, rearranged and reclassified whenever necessary.

As per our report attached

For and on behalf of the Board

For Shridhar & Associates

Chartered Accountants

Firm Regn. No. 134427W

Andrew Goldie

Director

Jitendra Sawjany

Partner

Membership No : 050980

Place : Mumbai

Date : May 27, 2016

Vanco ROW Limited

Independent Auditor's Report

To
The Board of Directors of Vanco ROW Limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Vanco ROW Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India including Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion whether the Company has in place an adequate Internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements read together with the notes thereon give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016 and its profit and its cash flows for the year ended on that date.

Other Reporting Requirements

We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account.

Other Matters

This report is issued for the information and use of the Board of Directors of the Company and of Reliance Communications Limited, the holding company in India to comply with the financial reporting requirements in India and should not be used for any other purposes without our prior written consent.

For Shridhar & Associates
Chartered Accountants
Firm Registration No.: 134427W

Jitendra Sawjany
Partner
Membership No. 050980

Place: Mumbai
Dated: May 27, 2016

Vanco ROW Limited

Balance Sheet as at March 31, 2016

				(Amount in ₹)	
	Note	As at 31 March, 2016		As at 31 March, 2015	
EQUITY AND LIABILITIES					
Shareholders' Funds					
Share Capital	2.01	191		185	
Reserves and Surplus	2.02	<u>12,35,66,049</u>	<u>12,35,66,240</u>	<u>10,85,72,180</u>	10,85,72,365
Current Liabilities					
Trade Payables	2.03	4,82,58,799		2,22,35,583	
Other Current Liabilities	2.04	<u>71,17,464</u>	<u>5,53,76,263</u>	<u>2,48,55,812</u>	4,70,91,395
TOTAL			<u><u>17,89,42,503</u></u>	<u><u>15,56,63,760</u></u>	
ASSETS					
Current Assets					
Cash and Bank Balance	2.05	37,22,563		21,35,165	
Short-term Loans and Advances	2.06	37,34,004		1,45,79,173	
Other Current Assets	2.07	<u>17,14,85,936</u>	<u>17,89,42,503</u>	<u>13,89,49,422</u>	15,56,63,760
TOTAL			<u><u>17,89,42,503</u></u>	<u><u>15,56,63,760</u></u>	
Significant Accounting Policies	1				
Notes forming part of Financial Statement	2				

As per our report attached

For and on behalf of the Board

For Shridhar & Associates
Chartered Accountants
Firm Regn. No. 134427W

Andrew Goldie **Director**

Jitendra Sawjany
Partner
Membership No : 050980

Place : Mumbai
Date : May 27, 2016

Vanco ROW Limited

Statement of Profit and Loss for the year ended March 31, 2016

	Note	For the year ended 31 March, 2016	(Amount in ₹) For the year ended 31 March, 2015
INCOME			
Services Revenue and Other Operating Income	2.08	26,42,76,218	27,36,23,623
		<u>26,42,76,218</u>	<u>27,36,23,623</u>
EXPENDITURE			
Network Operation Expenses	2.09	24,47,53,965	24,10,04,629
Finance Charges	2.10	6,622	1,66,033
Sales and General Administration Expenses	2.11	<u>76,62,363</u>	<u>1,37,86,806</u>
Profit Before Tax		1,18,53,268	1,86,66,155
Provision for:			
- Current Tax		-	-
PROFIT / (LOSS) FOR THE YEAR		<u>1,18,53,268</u>	<u>1,86,66,155</u>
Basic and Diluted Earning Per Share	2.13	59,26,634	93,33,078
Significant Accounting Policies	1		
Notes forming part of Financial Statement	2		

As per our report attached

For and on behalf of the Board

For Shridhar & Associates
Chartered Accountants
Firm Regn. No. 134427W

Andrew Goldie **Director**

Jitendra Sawjany
Partner
Membership No : 050980

Place : Mumbai
Date : May 27, 2016

Vanco ROW Limited

Cash Flow Statement for the year ended March 31, 2016

	For the year ended 31 March, 2016	(Amount in ₹) For the year ended 31 March, 2015
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax as per Profit and Loss Account	1,18,53,268	1,86,66,155
Adjusted for:		
Effects of Exchange Difference on Translation of Assets and Liabilities	31,40,607	(11,64,076)
Financial Charges	6,622	1,66,033
	<u>31,47,229</u>	<u>(9,98,043)</u>
Operating Profit before Working Capital Changes	1,50,00,497	1,76,68,112
Adjusted for:		
Receivables and other Advances	(2,16,91,346)	1,08,61,630
Trade Payables	82,84,869	(2,73,90,992)
	<u>(1,34,06,477)</u>	<u>(1,65,29,362)</u>
Cash Generated from Operations	15,94,020	11,38,750
Net Cash from Operating Activities	<u>15,94,020</u>	<u>11,38,750</u>
B CASH FLOW FROM INVESTING ACTIVITIES		
Net Cash Used in Investing Activities	<u>-</u>	<u>-</u>
C CASH FLOW FROM FINANCING ACTIVITIES		
Financial Charges	(6,622)	(1,66,033)
Net Cash from Financing Activities	<u>(6,622)</u>	<u>(1,66,033)</u>
Net Increase/ (Decrease) in Cash and Cash Equivalents	15,87,398	9,72,717
Opening Balance of Cash and Cash Equivalents	21,35,165	11,62,448
Closing Balance of Cash and Cash Equivalents	<u>37,22,563</u>	<u>21,35,165</u>

As per our report attached

For Shridhar & Associates
Chartered Accountants
Firm Regn. No. 134427W

Jitendra Sawjany
Partner
Membership No : 050980

Place : Mumbai
Date : May 27, 2016

For and on behalf of the Board

Andrew Goldie **Director**

Note 1

SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation of Financial Statements

The financial statements are prepared under historical cost convention, in accordance with the generally accepted accounting principles (GAAP) in India and Comply with Accounting Standard specified under Section 133 of the Companies Act, 2013 ("the Act") read with Rule 7 of the Companies (Accounts) Rules, 2014 and other provisions of the Act, to the extent notified and applicable as well as applicable guidance note and pronouncements of the Institute of Chartered Accountants of India (the ICAI).

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Schedule III to the Companies Act, 2013. Based on the nature of the services and their realisation in cash & cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current or non-current classification of assets and liabilities.

b) Revenue Recognition

A network contract typically covers the design, supply and installation of the network and thereafter the provision of Packaged Network Solutions. Turnover relating to the initial part of the contract is recognized over the contract implementation period. The remainder of the contract value is recognized evenly over the period of the contract.

To the extent that the recognition differs from the contractual billing terms, either turnover is accrued or amounts billed in advance are treated as deferred income.

c) Employee Benefits

Pension Obligations

Group companies operate employees' personal pension schemes. The schemes are funded through payments to insurance companies as defined contribution plans.

The group has no legal or constructive obligations to pay further contribution if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The contributions are recognized as employee benefit expense when they are due.

Bonus Plans

The Group recognizes a liability and an expense for bonuses. The Group recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Commissions

Commissions payable to staff on securing new contracts which are directly attributable to the contract, are recognized as a period cost as an when incurred.

d) Use of Estimates

The presentation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the consolidated financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known / materialised.

e) Accounting for Taxes on Income

Provision for Income Tax is made on the basis of estimated taxable income for the year at current rates after considering exemptions and deductions available under the Income Tax Laws of the respective countries of the subsidiaries. Tax expense comprises of both Current Tax and Deferred Tax at the applicable enacted or substantively enacted rates. Current tax represents the amount of Income Tax payable in respect of the taxable income for the reporting period. Deferred tax represents the effect of timing difference between taxable income and accounting income for the reporting period that originate in one period and are capable of reversal in one or more subsequent periods. The deferred tax asset is recognised and carried forward only to the extent that there is a reasonable certainty that the asset will be realised in future.

f) Fixed Assets

Accounting of Tangible Fixed Assets

All Tangible Fixed Assets is shown at cost less subsequent depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the items.

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Profit & Loss Account during the financial period in which they are incurred.

Depreciation on assets is calculated using the straight-line method to allocate the cost of each asset to its residual value over its estimated useful life as follows:

Leasehold improvements..... Over the period of the lease

Computer equipment..... 3 to 5 years.

Fixtures, fittings and equipment..... 3 to 5 years.

Motor Vehicles..... 5 years.

Major renovations are depreciated over the remaining useful life of the related asset or to the date of the next major renovation, whichever is sooner.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement. Borrowing costs incurred for the construction of any qualifying assets are capitalized during the period of time that is required to complete and prepare the asset for its intended use.

Intangible Assets

Computer software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives (three to five years).

Costs that are directly associated with the production of identifiable and unique software products controlled by the Group and that will probably generate economic benefits exceeding costs beyond one year, are recognized as intangible assets. Direct costs include the costs of software development employees and an appropriate portion of relevant overheads.

Computer software development costs recognized as assets are amortized over their estimated useful lives (not exceeding five years).

g) Effects of Changes in Foreign Currency Rates

Initial Recognition

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Subsequent Recognition

As at the reporting date, non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. All non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined. All monetary assets and liabilities in foreign currency are restated at the end of accounting period.

h) Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised when the company has legal and constructive obligation as a result of past events which it is probable that a cash outflow will be required and a reliable estimate can be made of the amount of obligation.

Contingent Liabilities are disclosed when the company has possible or present obligation and it is probable that a cash flow will not be required to settle the obligation. Contingent Assets are neither recognised nor disclosed in the financial statements.

Vanco ROW Limited

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

	As at 31 March, 2016	(Amount in ₹) As at 31 March, 2015
Note2.01		
SHARE CAPITAL		
Authorised		
100 Ordinary shares @ £1.00	<u>9,547</u>	<u>9,247</u>
	<u>9,547</u>	<u>9,247</u>
Issued, Subscribed and Paid up		
2 Ordinary shares @ £1.00	<u>191</u>	<u>185</u>
	<u>191</u>	<u>185</u>

a) Ordinary Shares held by Holding Company and subsidiary of Holding Company

	No. of Shares	No. of Shares
Vanco UK Limited	2	2

b) Details of Ordinary Shares held by shareholders holding more than 5% of the aggregate shares in the Company

	% of Holding	No. of Shares	% of Holding	No. of Shares
Vanco UK Limited	100	2	100	2

c) Terms/ Rights attached to the shares

The Company has Ordinary Shares (shares) having a par value of £ .001 each per share Each holder of shares is entitled to one vote [per share. In the event of liquidation of the company, the holder of shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of shares held by the shareholder.

d) Reconciliation of ordinary shares outstanding at the beginning and at the end of the year

	No. of Shares	Amount ₹	No. of Shares	Amount ₹
Ordinary Shares				
Balance as at the beginning of the year	2	191	2	185
Add: Movement for the year	-	-	-	-
At the end of the year	<u>2</u>	<u>191</u>	<u>2</u>	<u>185</u>

Note2.02

RESERVES AND SURPLUS

Exchange Fluctuation Reserve		20,01,512		(11,39,089)
Surplus / Deficit in Statement of Profit and Loss				
As per last Balance Sheet	10,97,11,269		9,10,45,114	
Add: Profit during the year	<u>1,18,53,268</u>	<u>12,15,64,537</u>	<u>1,86,66,155</u>	<u>10,97,11,269</u>
		<u>12,35,66,049</u>		<u>10,85,72,180</u>

Note2.03

TRADE PAYABLE

Trade Payables	1,76,87,650	2,22,35,583	
Trade Accruals	<u>3,05,71,149</u>	-	
	<u>4,82,58,799</u>		2,22,35,583
	<u>4,82,58,799</u>		<u>2,22,35,583</u>

Vanco ROW Limited

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

	As at 31 March, 2016	(Amount in ₹) As at 31 March, 2015
Note2.04		
OTHER CURRENT LIABILITIES		
Other Liabilities/Accrued Expense	39,46,021	2,00,30,174
Statutory Dues Payable	<u>31,71,443</u>	<u>48,25,638</u>
	<u>71,17,464</u>	2,48,55,812
	<u>71,17,464</u>	<u>2,48,55,812</u>
Note2.05		
CASH AND Bank Balance		
Balance with Banks		
- Current Accounts	<u>37,22,563</u>	<u>21,35,165</u>
	<u>37,22,563</u>	<u>21,35,165</u>
Note2.06		
SHORT TERM LOANS AND ADVANCES		
Balances with Govt Authorities	29,20,026	-
Deposits - Current	3,704	3,588
Prepaid Expenses	<u>8,10,274</u>	<u>1,45,75,585</u>
	<u>37,34,004</u>	<u>1,45,79,173</u>
Note2.07		
OTHER CURRENT ASSETS		
Other Group Company Receivables	<u>17,14,85,936</u>	<u>13,89,49,422</u>
	<u>17,14,85,936</u>	<u>13,89,49,422</u>
	For the year ended 31 March, 2016	(Amount in ₹) For the year ended 31 March, 2015
Note2.08		
SERVICE REVENUE AND OTHER OPERATING INCOME		
Enterprise Value Added Services	<u>26,42,76,218</u>	<u>27,36,23,623</u>
	<u>26,42,76,218</u>	<u>27,36,23,623</u>
Note2.09		
NETWORK OPERATION EXPENSES		
Other Network Operating Expenses	<u>24,47,53,965</u>	<u>24,10,04,629</u>
	<u>24,47,53,965</u>	<u>24,10,04,629</u>
Note2.10		
FINANCE CHARGES		
Financial Cost	<u>6,622</u>	<u>1,66,033</u>
	<u>6,622</u>	<u>1,66,033</u>

Vanco ROW Limited

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

	As at 31 March, 2016	(Amount in ₹) As at 31 March, 2015
Note 2.11		
SALES AND GENERAL ADMINISTRATION EXPENSES		
Legal Fees	-	17,357
Information Technology Support	2,45,859	3,369
Bank Charges	7,88,398	7,61,907
Contracted Services	-	29,26,552
Foreign Exchange Fluctuation Loss	68,98,458	52,44,554
Other General and Administrative Expenses	33	43,25,174
	79,32,748	1,32,78,913
Payment to Auditors	(2,70,385)	5,07,893
	76,62,363	1,37,86,806

Note 2.12

BACKGROUND AND ORGANISATION

Vanco Row Limited is a virtual Network operator. The Company provides enterprise clients with managed network solutions including the design, integration, implementation, security and management of global corporate networks. The Company provides IT Outsourcers enabling the sub-contract of the above service package as part of a wider IT outsourcing solution.

Vanco Row Limited is asset-light, instead purchasing infrastructure from the hundreds of carriers globally, the company get the best prices for clients, design a solution using the most appropriate technology to meet customers' global requirements, and is 100% focused on delivering the highest quality customer service.

Note 2.13

Earnings Per Share

	For the year ended March 31, 2016	For the year ended March 31, 2015
Amount in ₹ except number of shares		
Earnings per Share		
A Profit / (Loss) after Tax	11,853,268	18,666,155
B Weighted average number of shares of GBP 0.001 each used as denominator for calculating Basic and Diluted EPS	2	2
C Basic and Diluted Earnings / (Loss) per share (A/B)	5,926,634	9,333,078

Note 2.14

Segment Reporting

In accordance with Accounting Standard 17 "Segmental Reporting" issued by the Council of the Institute of Chartered Accountants of India. Since 100% of the Company's business is from telecommunication activities, there are no other primary reportable segments. Thus, the segment revenue, total carrying amount of segment assets, total carrying amount of segment liabilities, total cost incurred to acquire segment assets, total amount of charge of depreciation and amortization during the period are all as is reflected in the Financial Statements as of and for the period ended March 31, 2016.

Vanco ROW Limited

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

Note 2.15

Related Party Transactions

In accordance with Accounting Standard 18 "Related Party Disclosures" issued by the Institute of Chartered Accountants of India, the company's related parties and transactions are disclosed below:

- a. Parties where control exist:
 - i) Reliance Vanco Group Limited
 - ii) Vanco UK Limited
 - iii) Reliance Communication Limited
- b) Enterprises as affiliated companies are:
 - i) Vanco International Limited
 - ii) Vanco Global Limited
 - iii) VNO Direct Limited
 - iv) Vanco SAS
 - v) Euronet Spain SA
 - vi) Vanco Srl
 - vii) Vanco GmbH
 - viii) Vanco Deutschland GmbH
 - ix) Vanco Switzerland A.G.
 - x) Vanco B.V.
 - xi) Vanco Benelux BV
 - xii) Vanco NV
 - xiii) Vanco US LLC
 - xiv) Vanco Solutions Inc.
 - xv) Vanco Australasia Pty. Limited
 - xvi) Vanco (Asia Pacific) Pte. Limited
 - xvii) Reliance Communication Infrastructure Limited

c) Summarized below are the transactions entered into with related parties:

Name of the Entity	During the Year 2015-2016		During the Year 2014-2015		Year End Balances as on 31.03.2016		Year End Balances as on 31.03.2015
	Service Income	Network Operating Expenses	Service Income	Network Operating Expenses	Other Current Assets	Trade Payable	Other Current Assets
Vanco UK Limited	5,61,88,793	2,42,027	4,45,17,742	1,72,331	97,49,840	-	13,89,49,422
Vanco (Asia Pacific) Pte. Limited	2,03,928	-	8,54,320	-	-	-	-
Vanco GmbH	8,91,11,695	-	8,98,90,020	-	1,07,94,063	-	-
Vanco Deutschland GmbH	1,29,85,891	-	1,26,33,342	-	16,34,775	-	-
Vanco SRL(Italy)	1,34,99,168	-	1,06,67,624	-	20,25,826	-	-
Vanco BV(Holland)	58,38,019	-	63,99,088	-	6,21,701	-	-
Euronet Spain SA	52,48,285	-	51,57,238	-	6,64,387	-	-
Vanco SAS (France)	2,08,12,643	-	3,12,47,391	-	24,16,422	-	-
Vanco Australasia Pty Limited	3,20,633	-	20,82,703	-	33,265	-	-
Vanco NV	11,319	-	41,153	-	-	-	-
Vanco Solutions Inc.	38,50,500	-	19,37,533	-	13,04,598	-	-
Vanco US LLC	2,30,51,244	-	2,33,72,280	-	34,09,018	-	-
Vanco International Limited	-	-	-	-	-	-	-
Vanco Global Limited	4,07,99,864	-	2,77,59,862	-	85,18,968	-	-
Reliance Vanco Group Limited	-	24,66,625	-	1,82,40,454	13,03,13,073	-	-
Reliance Communication Infrastructure Limited	-	-	-	-	-	3,74,333	-

Vanco ROW Limited

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

Note 2.16

The previous year's figures have been reworked, regrouped, rearranged and reclassified wherever necessary.

Note 2.17

The amounts relating to Balance Sheet items appearing in Indian Rupees have been translated at Closing Rate of 1 GBP = ₹ 95.473 (Previous year 1 GBP = ₹ 92.47) and items relating to profit and loss have been translated at average rate of 1 GBP = ₹ 98.6808 and (Previous year 1 GBP = ₹ 98.62).

The amounts have been converted in ₹ to comply with the financial reporting requirement in India.

As per our report attached

For and on behalf of the Board

For Shridhar & Associates

Chartered Accountants

Firm Regn. No. 134427W

Andrew Goldie

Director

Jitendra Sawjany

Partner

Membership No : 050980

Place : Mumbai

Date : May 27, 2016

VNO Direct Limited

Independent Auditor's Report

To
The Board of Directors of VNO Direct Limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of VNO Direct Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India including Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion whether the Company has in place an adequate Internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements read together with the notes thereon give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016 and its profit and its cash flows for the year ended on that date.

Other Reporting Requirements

We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account.

Other Matters

This report is issued for the information and use of the Board of Directors of the Company and of Reliance Communications Limited, the holding company in India to comply with the financial reporting requirements in India and should not be used for any other purposes without our prior written consent.

For Shridhar & Associates
Chartered Accountants
Firm Registration No.: 134427W

Jitendra Sawjany
Partner
Membership No. 050980

Place: Mumbai
Dated: May 27, 2016

VNO Direct Limited

Balance Sheet as at March 31, 2016

	Notes	As at		(Amount in INR)
		March 31, 2016		As at March 31, 2015
EQUITY AND LIABILITIES				
Shareholder's Funds				
Share Capital	2.01	4,96,45,960		4,80,84,400
Reserves and Surplus	2.02	<u>(36,92,31,517)</u>	<u>(31,95,85,557)</u>	<u>(35,77,76,910)</u> (30,96,92,510)
Current Liabilities				
Other Current Liabilities	2.03	<u>31,95,85,557</u>		<u>30,96,92,510</u>
			<u>31,95,85,557</u>	<u>30,96,92,510</u>
TOTAL			<u><u>-</u></u>	<u><u>-</u></u>
ASSETS				
Non Current Assets				
Group Company Receivable	2.04		<u>-</u>	<u>-</u>
TOTAL			<u><u>-</u></u>	<u><u>-</u></u>
Significant Accounting Policies	1			
Notes forming part of Financial Statement	2			

As per our report attached

For and on behalf of the Board

For Shridhar & Associates
Chartered Accountants
Firm Regn. No. 134427W

Andrew Goldie **Director**

Jitendra Sawjany
Partner
Membership No : 050980

Place : Mumbai
Date : May 27, 2016

VNO Direct Limited

Statement of Profit and Loss for the year ended March 31, 2016

(Amount in INR)

	Note	For the Year ended March 31, 2016	For the Year ended March 31, 2015
INCOME			
Other Income		-	-
		<u>-</u>	<u>-</u>
EXPENDITURE			
Sales and General Administration Expenses	2.05	<u>(1,69,830)</u>	<u>5,91,720</u>
PROFIT/(LOSS) BEFORE TAX		1,69,830	(5,91,720)
Provision for:			
- Current Tax		-	-
PROFIT / (LOSS) FOR THE YEAR		1,69,830	(5,91,720)
Basic and Diluted Earning Per Share	2.07	0.001	(0.001)
Significant Accounting Policies	1		
Notes forming part of Financial Statement	2		

As per our report attached

For and on behalf of the Board

For Shridhar & Associates
Chartered Accountants
Firm Regn. No. 134427W

Andrew Goldie **Director**

Jitendra Sawjany
Partner
Membership No : 050980

Place : Mumbai
Date : May 27, 2016

VNO Direct Limited

Cash Flow Statement for the year ended March 31, 2016

	For the Year ended March 31, 2016	For the Year ended March 31, 2015
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax as per Statement of Profit and Loss	1,69,830	(5,91,720)
Adjusted for:		
Effects of Exchange Difference on Translation of Assets and Liabilities	<u>(1,00,62,877)</u>	<u>2,44,24,912</u>
Operating Profit before Working Capital Changes	(98,93,047)	2,38,33,192
Adjusted for:		
Trade Payables	98,93,047	(2,38,33,192)
Group Company Receivables	<u>-</u>	<u>-</u>
	<u>98,93,047</u>	<u>(2,38,33,192)</u>
Cash Generated from Operations	-	-
Net Cash from Operating Activities	<u>-</u>	<u>-</u>
B CASH FLOW FROM INVESTING ACTIVITIES		
Net Cash Used in Investing Activities	<u>-</u>	<u>-</u>
C CASH FLOW FROM FINANCING ACTIVITIES		
Net Cash from Financing Activities	<u>-</u>	<u>-</u>
Net Increase/ (Decrease) in Cash and Cash Equivalents	-	-
Opening Balance of Cash and Cash Equivalents	-	-
Closing Balance of Cash and Cash Equivalents	<u>-</u>	<u>-</u>

As per our report attached

For Shridhar & Associates
Chartered Accountants
Firm Regn. No. 134427W

Jitendra Sawjany
Partner
Membership No : 050980

Place : Mumbai
Date : May 27, 2016

For and on behalf of the Board

Andrew Goldie **Director**

Note 1

SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation of Financial Statements

The financial statements are prepared under historical cost convention, in accordance with the generally accepted accounting principles (GAAP) in India and Comply with Accounting Standard specified under Section 133 of the Companies Act, 2013 ("the Act") read with Rule 7 of the Companies (Accounts) Rules, 2014 and other provisions of the Act, to the extent notified and applicable as well as applicable guidance note and pronouncements of the Institute of Chartered Accountants of India (the ICAI).

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Schedule III to the Companies Act, 2013. Based on the nature of the services and their realisation in cash & cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current or non-current classification of assets and liabilities.

Financial Statements have been prepared on a going concern basis and financial support as may be required, shall be extended by associates and / or parent company.

b) Revenue Recognition

A network contract typically covers the design, supply and installation of the network and thereafter the provision of Packaged Network Solutions. Turnover relating to the initial part of the contract is recognized over the contract implementation period. The remainder of the contract value is recognized evenly over the period of the contract.

To the extent that the recognition differs from the contractual billing terms, either turnover is accrued or amounts billed in advance are treated as deferred income.

c) Employee Benefits

Pension Obligations

Group companies operate employees' personal pension schemes. The schemes are funded through payments to insurance companies as defined contribution plans.

The group has no legal or constructive obligations to pay further contribution if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The contributions are recognized as employee benefit expense when they are due.

Bonus Plans

The Group recognizes a liability and an expense for bonuses. The Group recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Commissions

Commissions payable to staff on securing new contracts which are directly attributable to the contract, are recognized as a period cost as an when incurred.

d) Use of Estimates

The presentation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the consolidated financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known / materialised.

e) Accounting for Taxes on Income

Provision for Income Tax is made on the basis of estimated taxable income for the year at current rates after considering exemptions and deductions available under the Income Tax Laws of the respective countries of the subsidiaries. Tax expense comprises of both Current Tax and Deferred Tax at the applicable enacted or substantively enacted rates. Current tax represents the amount of Income Tax payable in respect of the taxable income for the reporting period. Deferred tax represents the effect of timing difference between taxable income and accounting income for the reporting period that originate in one period and are capable of reversal in one or more subsequent periods. The deferred tax asset is recognised and carried forward only to the extent that there is a reasonable certainty that the asset will be realised in future.

f) Fixed Assets

Accounting of Tangible Fixed Assets

All Tangible Fixed Assets is shown at cost less subsequent depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Profit & Loss Account during the financial period in which they are incurred.

Depreciation on assets is calculated using the straight-line method to allocate the cost of each asset to its residual value over its estimated useful life as follows:

Leasehold improvements..... Over the period of the lease

Computer equipment..... 3 to 5 years.

Fixtures, fittings and equipment..... 3 to 5 years.

Motor Vehicles..... 5 years.

Major renovations are depreciated over the remaining useful life of the related asset or to the date of the next major renovation, whichever is sooner.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement. Borrowing costs incurred for the construction of any qualifying assets are capitalized during the period of time that is required to complete and prepare the asset for its intended use.

Intangible Assets

Computer software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives (three to five years).

Costs that are directly associated with the production of identifiable and unique software products controlled by the Group and that will probably generate economic benefits exceeding costs beyond one year, are recognized as intangible assets. Direct costs include the costs of software development employees and an appropriate portion of relevant overheads.

Computer software development costs recognized as assets are amortized over their estimated useful lives (not exceeding five years).

g) Effects of Changes in Foreign Currency Rates

Initial Recognition

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Subsequent Recognition

As at the reporting date, non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. All non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined. All monetary assets and liabilities in foreign currency are restated at the end of accounting period.

h) Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised when the company has legal and constructive obligation as a result of past events which it is probable that a cash outflow will be required and a reliable estimate can be made of the amount of obligation.

Contingent Liabilities are disclosed when the company has possible or present obligation and it is probable that a cash flow will not be required to settle the obligation. Contingent Assets are neither recognised nor disclosed in the financial statements.

VNO Direct Limited

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

	As at March 31, 2016	(Amount in INR) As at March 31, 2015		
Note 2.01				
SHARE CAPITAL				
Authorised				
520,000,000 (520,000,000) Ordinary shares @£0.001 per share	<u>4,96,45,960</u>	<u>4,80,84,400</u>		
	<u>4,96,45,960</u>	<u>4,80,84,400</u>		
Issued, Subscribed and Paid up				
520,000,000 (520,000,000) Ordinary shares @£0.001 per share	<u>4,96,45,960</u>	<u>4,80,84,400</u>		
	<u>4,96,45,960</u>	<u>4,80,84,400</u>		
a) Ordinary Shares held by Holding Company and subsidiary of Holding Company				
	No. of Shares	No. of Shares		
Reliance Vanco Group Limited	52,00,00,000	52,00,00,000		
b) Details of Ordinary Shares held by shareholders holding more than 5% of the aggregate shares in the Company				
	% of Holding	No. of Shares	% of Holding	No. of Shares
Reliance Vanco Group Limited	100	52,00,00,000	100	52,00,00,000
c) Terms/ Rights attached to the shares				
The Company has Ordinary Shares (shares) having a par value of £ .001 each per share Each holder of shares is entitled to one vote [per share. In the event of liquidation of the company, the holder of shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of shares held by the shareholder.				
Global Cloud X Change limited (a ultimate holding company) had issued 7 % senior secured noted of USD 350 Millions. These Notes are guaranted by Reliance Vanco Group Limited and its Material Subsidiaries (Including the Company) and secured by way of a pledge of equity shares.				
d) Reconciliation of ordinary shares outstanding at the beginning and at the end of the year				
	No. of Shares	Amount INR	No. of Shares	Amount INR
Ordinary Shares				
Balance as at the beginning of the year	52,00,00,000	4,96,45,960	52,00,00,000	4,80,84,400
Add: Movement for the year	-	-	-	-
At the end of the year	<u>52,00,00,000</u>	<u>4,96,45,960</u>	<u>52,00,00,000</u>	<u>4,80,84,400</u>
Note 2.02				
RESERVES AND SURPLUS				
Exchange Fluctuation Reserve		1,65,71,093		2,81,95,530
Surplus / Deficit in Statement of Profit and Loss				
As per last Balance Sheet	(38,59,72,440)		(38,53,80,720)	
Add: Profit during the year	1,69,830		(5,91,720)	
Balance Carried forward	-	<u>(38,58,02,610)</u>	-	<u>(38,59,72,440)</u>
		<u>(36,92,31,517)</u>		<u>(35,77,76,910)</u>
Note 2.03				
OTHER CURRENT LIABILITIES				
Other Liabilities/ Accrual Expenses		4,00,987		
Payable to Related Parties		<u>31,91,84,570</u>		<u>30,96,92,510</u>
		<u>31,95,85,557</u>		<u>30,96,92,510</u>

VNO Direct Limited

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

	As at March 31, 2016	(Amount in INR) As at March 31, 2015
Note 2.04		
OTHER CURRENT ASSETS		
Group Company Receivable	-	-
	<u>-</u>	<u>-</u>

	For the Year ended March 31, 2016	For the Year ended March 31, 2015
Note 2.05		
SALES AND GENERAL ADMINISTRATION EXPENSES		
Audit Fees	(13,61,795)	5,91,720
Foreign Exchange Loss	11,91,965	-
	<u>(1,69,830)</u>	<u>5,91,720</u>

Note 2.06

BACKGROUND AND ORGANISATION

VNO Direct Limited is a virtual Network operator. The Company provides enterprise clients with managed network solutions including the design, integration, implementation, security and management of global corporate networks. The Company provides IT Outsourcers enabling the sub-contract of the above service package as part of a wider IT outsourcing solution.

VNO Direct Limited is asset-light, instead purchasing infrastructure from the hundreds of carriers globally, the company get the best prices for clients, design a solution using the most appropriate technology to meet customers' global requirements, and is 100% focused on delivering the highest quality customer service.

Note 2.07

Earnings Per Share

Amount in INR except number of shares

Earnings per Share	For the year ended March 31, 2016	For the year ended March 31, 2015
A Profit / (Loss) after Tax	169,830	(591,720)
B Weighted average number of shares of GBP 0.001 each used as denominator for calculating Basic and Diluted EPS	520,000,000	520,000,000
C Basic and Diluted Earnings / (Loss) per share (A/B)	0.001	(0.001)

Note 2.08

Segment Reporting

In accordance with Accounting Standard 17 "Segmental Reporting" issued by the Council of the Institute of Chartered Accountants of India. Since 100% of the Company's business is from telecommunication activities, there are no other primary reportable segments. Thus, the segment revenue, total carrying amount of segment assets, total carrying amount of segment liabilities, total cost incurred to acquire segment assets, total amount of charge of depreciation and amortization during the period are all as is reflected in the Financial Statements as of and for the period ended March 31, 2016.

VNO Direct Limited

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

Note 2.09

Related Party Transactions

In accordance with Accounting Standard 18 "Related Party Disclosures" issued by the Institute of Chartered Accountants of India, the company's related parties and transactions are disclosed below:

- a) Parties where control exist:
 - i) Reliance Vanco Group Limited
 - ii) Reliance Communication Limited
- b) Enterprises as affiliated companies are:

Name of the Entity	Year End Balances March 31, 2016		Year End Balances March 31, 2015	
	Other Current Assets	Other Current Liabilities	Other Current Assets	Other Current Liabilities
Reliance Vanco Group Limited	-	319,184,570		308,028,050

Note 2.10

The previous year's figures have been reworked, regrouped, rearranged and reclassified wherever necessary.

Note 2.11

The amounts relating to Balance Sheet items appearing in Indian Rupees have been translated at Closing Rate of 1 GBP = INR 95.473 (Previous year 1 GBP = INR 92.47) and items relating to profit and loss have been translated at average rate of 1 GBP = INR 98.6808 and (Previous year 1 GBP = INR 98.62).

The amounts have been converted in INR to comply with the financial reporting requirement in India.

As per our report attached

For and on behalf of the Board

For Shridhar & Associates

Andrew Goldie

Directors

Chartered Accountants
Firm Regn. No. 134427W

Jitendra Sawjany

Partner
Membership No : 050980

Place : Mumbai

Date : May 27, 2016

Lagerwood Investments Limited

Independent Auditor's Report

To

**The Board of Directors of
Lagerwood Investments Limited**

We have audited the accompanying standalone financial statements of Lagerwood Investments Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India including Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We conducted our audit in accordance with the Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making

those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion whether the Company has in place an adequate Internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016 and its cash flows for the year ended on that date.

Other Reporting Requirements

We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account.

Other Matters

This report is issued for the information and use of the Board of Directors of the Company and of Reliance Communications Limited, the ultimate holding company in India to comply with the financial reporting requirements in India and should not be used for any other purposes without our prior written consent.

For M S Sethi & Associates

Chartered Accountants
Firm Regn. No. 109407W

Manoj Sethi

Proprietor
Membership No. 39784

Place: Mumbai

Dated: May 27, 2016

Lagerwood Investments Limited

Balance Sheet as at March 31, 2016

		(Amount in ₹)	
		As at March 31, 2016	As at March 31, 2015
EQUITY AND LIABILITIES	Notes		
Shareholders' Funds			
Share Capital	2.01	1,50,266	1,41,750
Reserves and Surplus	2.02	2,43,59,711	2,29,79,126
Current Liabilities			
Other Current Liabilities	2.03	20,74,510	19,56,937
	Total	<u>2,65,84,487</u>	<u>2,50,77,813</u>
ASSETS			
Current Assets			
Trade Receivable	2.04	2,35,47,027	2,22,12,500
Cash and Bank balances	2.05	30,37,460	28,65,313
	Total	<u>2,65,84,487</u>	<u>2,50,77,813</u>

Significant Accounting Policies

1

Notes on Accounts

2

The Notes referred to above form an integral part of the Financial Statements.

As per our report of even date

Lagerwood Investments Limited

For M. S. Sethi & Associates

Chartered Accountants
Regn. No. 109407W

Eva Agathangelou

Xenia Thoma

} **Directors**

Manoj Sethi

Proprietor
Membership No. 39784

Place : Mumbai

Date : May 27, 2016

Lagerwood Investments Limited

Statement of Profit and Loss for the year ended March 31, 2016

		(Amount in ₹)	
	Notes	For the year ended March 31, 2016	For the year ended March 31, 2015
Income			
Other Income	2.06	-	1,58,01,906
		<u>-</u>	<u>1,58,01,906</u>
Expenditure			
Finance Costs		-	34,307
Administration Expenses		-	7,44,964
		<u>-</u>	<u>7,79,271</u>
Profit Before Tax		-	1,50,22,635
Current Tax		-	-
Profit After Tax		<u>-</u>	<u>1,50,22,635</u>
Basic and Diluted Earning per Share of Euro 1.71 each (₹)	2.07	-	15,023
Significant Accounting Policies	1		
Notes on Account	2		

The Notes referred to above form an integral part of the Financial Statements.

As per our report of even date

For M. S. Sethi & Associates

Chartered Accountants
Regn. No. 109407W

Manoj Sethi

Proprietor
Membership No. 39784

Place : Mumbai

Date : May 27, 2016

Lagerwood Investments Limited

Eva Agathangelou

Xenia Thoma

} **Directors**

Lagerwood Investments Limited

Cash Flow Statement for the year ended March 31, 2016

	For the year ended March 31, 2016	(Amount in ₹) For the year ended March 31, 2015
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax as per Statement of Profit and Loss	-	1,50,22,635
Adjusted for:		
Profit on Sale of Investments	-	<u>(1,58,01,906)</u>
Operating Profit before Working Capital Changes	-	(7,79,271)
Adjusted for:		
Effect of Exchange difference on translation of Assets & Liabilities	1,72,148	72,341
Other Liabilities	-	<u>31,625</u>
	<u>1,72,148</u>	1,03,966
Net Cash from/(used in) Operating Activities	<u>1,72,148</u>	<u>(6,75,305)</u>
B CASH FLOW FROM INVESTING ACTIVITIES	-	-
C CASH FLOW FROM FINANCING ACTIVITIES	-	-
Net Increase/ (Decrease) in Cash and Cash Equivalents	<u>1,72,148</u>	<u>(6,75,305)</u>
Opening Balance of Cash and Cash Equivalents	<u>28,65,312</u>	<u>35,40,617</u>
Closing Balance of Cash and Cash Equivalents	<u><u>30,37,460</u></u>	<u><u>28,65,312</u></u>

Note:

Cash and Cash Equivalents include cash on hand, cheques on hand.

As per our report of even date

For M. S. Sethi & Associates

Chartered Accountants
Regn. No. 109407W

Manoj Sethi

Proprietor
Membership No. 39784

Place : Mumbai

Date : May 27, 2016

Lagerwood Investments Limited

Eva Aqathangelou

Xenia Thoma

} **Directors**

Lagerwood Investments Limited

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

Note :1 Significant Accounting Policies to the Financial Statements

1.01 Basis of Preparation of Financial Statements

The financial statements are prepared under historical cost convention, in accordance with the generally accepted accounting principles (GAAP) in India and Comply with Accounting Standard specified under Section 133 of the Companies Act, 2013 ("the Act") read with Rule 7 of the Companies (Accounts) Rules, 2014 and other provisions of the Act, to the extent notified and applicable as well as applicable guidance note and pronouncements of the Institute of Chartered Accountants of India (the ICAI).

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Schedule III to the Companies Act, 2013. Based on the nature of the services and their realisation in cash & cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current or non-current classification of assets and liabilities.

1.02 Revenue Recognition

Interest Income is recognised on time proportion basis.

Any other income is recognised on accrual basis.

1.03 Use of Estimates

The presentation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities and disclosure of contingent liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known / materialised.

1.04 Taxes on Income and Deferred Tax

Provision for Income Tax is made on the basis of taxable income for the year at current rates. Tax expense comprises of Current Tax and Deferred Tax at the applicable enacted or substantively enacted rates. Current Tax represents the amount of Income Tax payable / recoverable in respect of the taxable income / loss for the reporting period. Deferred Tax represents the effect of timing difference between taxable income and accounting income for the reporting period that originate in one period and are capable of reversal in one or more subsequent periods. The Deferred Tax Asset is recognised and carried forward only to the extent that there is a reasonable certainty that the assets will be realised in future. However, where there is unabsorbed depreciation or carried forward loss under taxation laws, Deferred Tax Assets are recognised only if there is virtual certainty of realisation of assets.

1.05 Earning per Share

In determining Earning per Share, the Company considers the net profit after tax and includes the post tax effect of any extra-ordinary / exceptional item. The number of shares used in computing Basic Earning per Share is the weighted average number of shares outstanding during the period. The number of shares used in computing Diluted Earning per Share comprises the weighted average number of shares considered for deriving Basic Earnings per Share, and also the weighted average number of shares that could have been issued on the conversion of all dilutive potential Equity Shares. Dilutive potential Equity Shares are deemed converted as of the beginning of the period, unless issued at a later date.

1.06 Provisions, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognised but are disclosed in the Notes. Contingent Assets are neither recognised nor disclosed in the financial statements.

Lagerwood Investments Limited

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

	As at March 31, 2016	(Amount in ₹) As at March 31, 2015
Note: 2.01		
Share Capital		
Authorised		
5000 (Previous year 5000) Ordinary shares of Euro 1.71 each	<u>7,51,332</u>	<u>7,08,750</u>
Issued, Subscribed and Paid up		
1000 (Previous year 1000) Ordinary shares of Euro 1.71 each fully paid up	<u>1,50,266</u>	<u>1,41,750</u>
	<u>1,50,266</u>	<u>1,41,750</u>

1) Details of Shares held by holding Company:

Particulars	% of Holding	No of Shares	% of Holding	No of Shares
Ledra Trustee Services Limited as trustee of Reliance Communications Shareholders Trust	100	1000	100	1000

2) Details of Shareholders holding more than 5% shares in the Company:

Particulars	% of Holding	No of Shares	% of Holding	No of Shares
Ledra Trustee Services Limited as trustee of Reliance Communications Shareholders Trust	100	1000	100	1000

- 3) The Company has only one class of ordinary shares having a par value of Euro 1.71 per share. Each holder of Ordinary shares is entitled to one vote per share. In the event of liquidation of the Company, the holder of ordinary share will be entitled to receive remaining assets of the Company.

4) Reconciliation of shares outstanding at the beginning and at the end of the reporting period

	Number	Amount in ₹	Number	Amount in ₹
Equity Shares				
At the beginning of the year	1 000	66,255	1 000	1,41,750
Add/Less: Changes during the year	-	-	-	-
At the end of the year	<u>1 000</u>	<u>66,255</u>	<u>1 000</u>	<u>1,41,750</u>

Lagerwood Investments Limited

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

Note : 2.07	(Amount in ₹)	
Earning Per Share	For the year ended March 31, 2016	For the year ended March 31, 2015
Net Profit (Numerator used for calculation) (₹)	-	1 50 22 635
Weighted Average number of Equity Shares used as denominator for calculating EPS	1 000	1 000
Basic and Diluted Earning Per Share of Euro 1.71 each (₹)	-	15 023

Note : 2.08

Related Party Transaction

As per Accounting Standard 18, Referred in Rule 7 of Companies Accounts Rule 2014, the disclosures of transactions with the related parties as defined in the Accounting Statdard are given below:

Name of the Related Party (with whom transaction took place)	Relationship
1 Lendra Trustee Services Limited	Holding Company
Transaction during the year with related party	NIL

Closing Balance:

Particulars	As at March 31, 2016	As at March 31, 2015
Other Current Liabilities	18,12,207	17,09,500

Note : 2.09

The amounts relating to Balance Sheet items appearing in Indian Rupees have been translated at Closing Rate of 1 USD = ₹ 66.255 (Previous year 1 USD = ₹ 62.50) and items relating to profit and loss have been translated at average rate of 1 USD = ₹ 65.46 and (Previous year 1 USD = ₹ 61.15).

As per our report of even date

For M. S. Sethi & Associates

Chartered Accountants
Regn. No. 109407W

Manoj Sethi

Proprietor
Membership No. 39784

Place : Mumbai

Date : May 27, 2016

Lagerwood Investments Limited

Eva Agathangelou	}	Directors
Xenia Thoma		

Reliance Tech Services Limited

Independent Auditor's Report

To the Members of Reliance Tech Services Limited

We have audited the accompanying financial statements of Reliance Tech Services Limited ('the Company') which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and the matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's management and Board of Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the

accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2016; its Profit and its Cash Flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure A, a statement on the matters specified in paragraph 3 and 4 of the Order, to the extent applicable.
2. As required by section 143(3) of the Act, we report that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b. In our opinion, proper books of account as required by law have been kept by the Company, so far as it appears from our examination of those books;
 - c. The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d. In our opinion, the aforesaid financial statements comply materially with the applicable accounting standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e. On the basis of written representations received from the Directors and taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2016 from being appointed as Director in terms of section 164(2) of the Act;
 - f. With respect to the adequacy of 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) There are no ongoing litigations as at the reporting date that would have a material impact on its financial position;
 - ii) Based upon the assessment made by the Company, there are no material foreseeable losses on its long-term contracts that may require any provisioning;
 - iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For M. S. Sethi & Associates

Chartered Accountants
(Registration No.109407W)

Manoj Sethi

Proprietor

Membership No. 039784

Place: Mumbai

Dated: May 05, 2016

Reliance Tech Services Limited

Annexure A to Independent Auditor's Report – 31st March 2016

- Referred to in our Report of even date on the Accounts of Reliance Tech Services Limited for the year ended March 31, 2016
- i) The Company has no fixed assets therefore clause (i) of paragraph 3 of the Order is not applicable.
 - ii) The Company has no inventory therefore clause (ii) of paragraph 3 of the Order is not applicable.
 - iii) In our opinion and according to the information and explanations given to us, the Company has not granted any loan, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained pursuant to section 189 of the Act. Hence the reporting requirements under sub-clause (a), (b) and (c) of clause (iii) of paragraph 3 of the Order are not applicable.
 - iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans and investments made.
 - v) The Company has not accepted any deposits from the public.
 - vi) According to the information given to us, no cost records have been prescribed by the Central Government of India under section 148(1) of the Act.
 - vii) (a) According to the information and explanations given to us, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Custom Duty, Excise Duty, Cess or and any other material statutory dues, wherever applicable, with the appropriate authorities during the year and there were no such outstanding dues as at March 31, 2016 for a period of more than six months from the date they became payable.
(b) As per the records and as per information and explanations given to us, there are no disputed statutory dues pending to be deposited with the respective authorities during the year by the Company.
 - viii) According to the information and explanations given to us, the Company has not defaulted in repayment of dues for loans taken from banks.
 - ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.
 - 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) The Company has not paid any managerial remuneration. Hence paragraph 3(xi) of the Order is not applicable.
 - xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
 - 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 and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
 - xiv) The Company has not made any preferential allotment or private placement of shares or debentures during the year.
 - xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
 - xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For M. S. Sethi & Associates
Chartered Accountants
(Registration No.109407W)

Manoj Sethi
Proprietor

Membership No. 039784

Place: Mumbai
Dated: May 05, 2016

Reliance Tech Services Limited

Annexure B to Independent Auditor's Report – 31st March 2016

Annexure B to Independent Auditor's Report – 31st March 2016 on the Financial Statements of Reliance Tech Services Limited

Report on the Internal Financial Controls under Section 143 (3)(i) of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting ('Financial Controls') of Reliance Tech Services Limited ("the Company") in conjunction with our audit of the Company for the year ended March 31, 2016.

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 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.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's Financial Controls 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 Financial Controls are 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 Financial Controls includes obtaining an understanding of Financial Controls, 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 Financial Controls 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 Financial Controls includes those policies and procedures that (1) pertain to 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 Financial Controls, 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 Financial Controls to future periods are subject to the risk that the Financial Controls 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 Financial Controls system and such Financial Controls are operating effectively as at March 31, 2016, based on the Financial Controls 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 ICAI.

For M. S. Sethi & Associates
Chartered Accountants
(Registration No.109407W)

Manoj Sethi
Proprietor

Membership No. 039784

Place: Mumbai
Dated: May 05, 2016

Reliance Tech Services Limited

Balance Sheet as at March 31, 2016

	Notes		As at March 31, 2016		(Amount in ₹) As at March 31, 2015
EQUITY AND LIABILITIES					
Shareholders' Funds					
Share Capital	2.01	5 00 000		5 00 000	
Reserve and Surplus	2.02	2 95 48 381		2 67 24 207	
			3 00 48 381		2 72 24 207
Non Current Liabilities					
(a) Long Term Provisions	2.03		2 64 52 586		1 59 54 331
Current Liabilities					
(a) Short Term Borrowing	2.04	118 64 56 206		1258 17 83 419	
(b) Trade Payables	2.05				
Due to Micro and Small Enterprises		21 72 402		3 65 261	
Due to Others		105 81 84 858		406 33 89 858	
(c) Other Current Liabilities	2.06	159 94 11 200		61 99 29 954	
(d) Short Term Provisions	2.07	2 00 82 930	386 63 07 596	1 60 83 227	1728 15 51 719
TOTAL			<u>392 28 08 563</u>		<u>1732 47 30 257</u>
ASSETS					
Non Current Assets					
(a) Non Current Investments	2.08	23 000		23 000	
(b) Long Term Loans and Advances	2.09	9 78 03 016		7 58 11 391	
(c) Other Non Current Assets	2.10	10 31 790	9 88 57 806	10 31 790	7 68 66 181
Current Assets					
(a) Trade Receivables	2.11	140 77 39 104		382 86 59 139	
(b) Cash and Bank Balances	2.12	7 66 013		4 42 782	
(c) Other Current Assets	2.13	1 60 118		80 013	
(d) Short Term Loans and Advances	2.14	241 52 85 522	382 39 50 757	1341 86 82 142	1724 78 64 076
TOTAL			<u>392 28 08 563</u>		<u>1732 47 30 257</u>
Significant Accounting Policies	1				
Notes on Accounts	2				

The Notes referred to above form an integral part of the Balance Sheet

As per our report of even date

For and on behalf of the Board

For M.S. Sethi & Associates

Chartered Accountants
Firm Regn. No. 109407W

Manoj Sethi

Proprietor
Membership No. 39784

Anil C Shah

DIN: 00004368

Parmeshwar D Sharma

DIN : 03595827

} **Directors**

Place : Mumbai

Date : May 5, 2016

Reliance Tech Services Limited

Statement of Profit and Loss for the year ended March 31, 2016

(Amount in ₹)

	Notes	For the year ended March 31, 2016	For the year ended March 31, 2015
INCOME			
Service Revenue	2.15	409 43 94 102	468 11 51 680
Less: Service Tax		<u>57 49 87 223</u>	<u>59 70 39 003</u>
		351 94 06 879	408 41 12 677
Other Income	2.16	-	16 41 44 795
Total Revenue		<u>351 94 06 879</u>	<u>424 82 57 472</u>
EXPENSES			
Employees Benefit Expenses	2.17	67 35 57 659	59 86 97 151
Repairs & Maintenance	2.18	256 22 14 112	263 58 61 749
Finance Cost	2.19	27 18 616	15 87 93 702
Other Expenses	2.20	27 51 37 318	84 00 18 640
Total Expenses		<u>351 36 27 705</u>	<u>423 33 71 242</u>
Profit / (Loss) before tax		57 79 174	1 48 86 230
Provision for Current Tax		29 55 000	50 00 000
Excess Provision for Income Tax Earlier Year		-	(13 77 210)
Profit/(Loss) for the period \ year		<u>28 24 174</u>	<u>1 12 63 440</u>
Basic and Diluted Earning per Share of ₹ 10 each	2.22	56.48	338.53
Significant Accounting Policies	1		
Notes on Accounts	2		

The Notes referred to above form an integral part of the Statement of Profit and Loss

As per our report of even date

For and on behalf of the Board

For M.S. Sethi & Associates

Chartered Accountants
Firm Regn. No. 109407W

Manoj Sethi

Proprietor
Membership No. 39784

Anil C Shah

DIN: 00004368

Parmeshwar D Sharma

DIN : 03595827

} **Directors**

Place : Mumbai

Date : May 5, 2016

Reliance Tech Services Limited

Cash Flow Statement for the year ended March 31, 2016

Particulars	For the year ended March 31, 2016	(Amount in ₹) For the year ended March 31, 2015
A: CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit before tax as per Statement of Profit and Loss	57 79 174	1 48 86 230
Adjusted for:		
Finance Cost	27 18 616	15 87 93 702
Interest Income	-	(1 47 46 575)
Write Back of Creditors no longer required	-	(16 41 44 795)
Operating Profit before Working Capital Changes	84 97 790	(2 00 97 668)
Adjusted for:		
Receivables and other Advances	1492 95 03 418	(1412 26 11 121)
Trade Payables	(324 94 32 768)	163 02 44 804
	1168 00 70 650	(1249 23 66 317)
Cash Generated from Operations	1168 85 68 440	(1249 75 77 755)
Taxes Refund	-	7 05 29 083
Taxes Paid	(2 49 46 625)	(1 08 23 356)
Net Cash from Operating Activities	1166 36 21 815	(1242 81 31 028)
B: CASH FLOW FROM FINANCING ACTIVITIES:		
Share Capital	-	3 18 000
Short Term Borrowings	(1139 53 27 213)	1258 17 83 419
Finance Cost (net)	(26 79 71 371)	(15 42 56 716)
Net Cash Used in Financing Activities	(1166 32 98 584)	1242 78 44 703
Net Increase / (Decrease) in Cash and Cash Equivalents	3 23 231	(2 86 325)
Opening Balance of Cash and Cash Equivalents	4 42 782	7 29 107
Closing Balance of Cash and Cash Equivalents	7 66 013	4 42 782

Notes :-

- The above Cash Flow statement has been prepared under the indirect method set out in AS- 3 issued by the Institute of Chartered Accountants of India.
- Cash and cash equivalents includes Cash on hand, cheques on hand and Bank balances including Fixed Deposits with Banks

As per our report of even date

For and on behalf of the Board

For M.S. Sethi & Associates

Chartered Accountants
Firm Regn. No. 109407W

Manoj Sethi

Proprietor
Membership No. 39784

Anil C Shah

DIN: 00004368

Parmeshwar D Sharma

DIN : 03595827

} **Directors**

Place : Mumbai

Date : May 5, 2016

Reliance Tech Services Limited

Significant Accounting Policies to Balance Sheet and Statement of Profit and Loss

Note 1

1.01 Basis of preparation of financial statement

The Financial Statements are prepared under historical cost convention and/fair valuation under a scheme approved by the Hon'ble High Court, in accordance with the generally accepted accounting principles (GAAP) in India and comply with Accounting Standard specified under Section 133 The Companies Act, 2013 ("the Act") read with Rule 7 of the 'Companies (Accounts) Rules 2014 and other provisions of the Act to the extent notified and applicable as well as applicable guidance note and pronouncements of the Institute of Chartered Accountants of India (the ICAI).

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Revised Schedule VI to the Companies Act, 1956. Based on the nature of the services and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current or non-current classification of assets and liabilities.

1.02 Use of estimates

The presentation of Financial Statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the Financial Statements and the reported amount of revenues and expenses during the reporting period. Difference between actual results and estimates is recognised in the period in which the results are known / materialised.

1.03 Revenue recognition

Revenue from providing Technical Services is recognized in accordance with the terms which are specified in the contracts which the company has entered into with its customers.

1.04 Investments

Current Investments are carried at lower of cost or quoted/ fair value. Long Term Investments are stated at cost. Provision for diminution in the value of long term investments is made only if such a decline is other than temporary in the opinion of the Management.

1.05 Provision for Current and Deferred Tax

Provision for Income Tax is made on the basis of taxable income for the year at current rates. Tax expenses comprises of Current Tax and Deferred Tax at the applicable enacted or substantively enacted rates. Current Tax represents the amount of Income Tax payable / recoverable in respect of the taxable income / loss for the reporting period. Deferred Tax represents the effect of timing difference between taxable income and accounting income for the reporting period that originated in one period and are capable of reversal in one or more subsequent periods. The Deferred Tax Asset is recognised and carried forward only to the extent that there is a reasonable certainty that the assets will be realised in future. However, where there is unabsorbed depreciation or carried forward loss under taxation laws, Deferred Tax Assets are recognised only if there is virtual certainty of realisation of assets.

1.06 Earning per Share

In determining Earning per Share, the Company considers the net profit after tax and includes the post tax effect of any extraordinary / exceptional item. The number of shares used in computing Basic Earning per Share is the weighted average number of shares outstanding during the period. The number of shares used in computing Diluted Earning per Share comprises the weighted average shares considered for deriving Basic Earnings per Share and also the weighted average number of shares that could have been issued on the conversion of all dilutive potential equity shares unless the results would be anti - dilutive. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date

1.07 Employee Retirement Benefits

Short term employee benefits

All employee benefits payable wholly within twelve months of rendering service are classified as short term employee benefits. These benefits includes compensated absences such as paid annual leave and sickness leave. The undiscounted amount of short term employee benefits expected to be paid in exchange for the services rendered by employees are recognised as an expense during the period.

Long term employee benefits

Significant Accounting Policies to Balance Sheet and Statement of Profit and Loss

(i) Define Contribution plan

Provident Fund

All employees of the Company are entitled to receive benefits under the Provident Fund, which is a defined contribution plan. The employer makes monthly contributions to the plan at a predetermined rate (presently 12%) of the employees' basic salary. The Company's contributions to schemes are expensed in the Statement of Profit and Loss.

(ii) Define benefit plan :

Gratuity Plan

The Company's gratuity benefit scheme is a defined benefit plan. The Company's net obligation in respect of the gratuity benefit scheme is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior period, that benefit is discounted to determine its present value and the fair value of any plan assets is deducted.

The present value of the obligation under such defined benefit plan is determined based on actuarial valuation using the Projected Unit Credit Method.

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plan, are based on the market yields on Government Securities as at the Balance Sheet date.

Actuarial gains and losses are recognised immediately in the Statement of Profit and Loss.

(iii) Others Long term employee benefits :

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as a liability at the present value of the defined benefit obligation at the Balance Sheet date, determined based on actuarial valuation using Projected Unit Credit Method. The discount rates used for determining the present value of the obligation under defined benefit plan, are based on the market yields on Government Securities as at the balance sheet date.

1.08 Provision, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognised but are disclosed in the notes. Contingent Assets are neither recognised nor disclosed in Financial Statements.

1.09 Foreign Currency Transactions

Foreign currency transactions are recorded at the exchange rates prevailing on the date of such transactions. Monetary assets and liabilities as at the Balance Sheet date are translated at the rates of exchange prevailing at the date of the Balance Sheet. Gain and losses arising on account of differences in foreign exchange rates on settlement/translation of monetary assets and liabilities are recognised in the Statement of Profit and Loss.

Reliance Tech Services Limited

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

	As at March 31, 2016	(Amount in ₹) As at March 31, 2015		
Note : 2.01				
Share Capital				
Authorised :				
1 00 000 Equity Shares of ₹ 10 each fully paid up (Previous Year 1 00 000)	10 00 000	10 00 000		
	<u>10 00 000</u>	<u>10 00 000</u>		
Issued, Subscribed and Paid up:				
50 000 Equity Shares of ₹ 10 each (Previous Year 50 000)	5 00 000	5 00 000		
	<u>5 00 000</u>	<u>5 00 000</u>		
a. Details of Shareholders Holding more than 5% shares				
	March 31, 2016		As at March 31, 2015	
Share Holder Name	No. of shares	%	No. of shares	%
Reliance Communications Limited and its nominees	50 000	100.00	50 000	100.00
	<u>50 000</u>	<u>100.00</u>	<u>50 000</u>	<u>100.00</u>
b. The Reconciliation of shares outstanding at beginning and end of the year				
Particulars				
Equity Shares at the the beginning of the year	50 000	5 00 000	18 200	1 82 000
Add : Shares issued during the year	-	-	31 800	3 18 000
Equity Shares at the end of the year	<u>50 000</u>	<u>5 00 000</u>	<u>50 000</u>	<u>5 00 000</u>
Note : 2.02				
Reserves And Surplus				
Opening Balance	2 67 24 207		1 54 60 767	
Surplus in Statement of Profit and Loss	28 24 174		1 12 63 440	
Closing Balance	<u>2 95 48 381</u>		<u>2 67 24 207</u>	

Reliance Tech Services Limited

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

	As at March 31, 2016	(Amount in ₹) As at March 31, 2015
Note : 2.03		
Long Term Provisions		
Provision for Retirement Benefits	2 64 52 586	1 59 54 331
	<u>2 64 52 586</u>	<u>1 59 54 331</u>
Note : 2.04		
Short Term Borrowings		
Loan from Holding Company – Unsecured (Refer Note No. 2.27(B))	-	1138 17 83 419
Loan from Bank * (* Guaranteed by Holding Company Repayable within One year)	118 64 56 206	120 00 00 000
	<u>118 64 56 206</u>	<u>1258 17 83 419</u>
Note : 2.05		
Trade Payables		
Due to Micro and Small Enterprises*	21 72 402	3 65 261
Due to Others (*Refer Note No. 2.24)	105 81 84 858	406 33 89 858
	<u>106 03 57 260</u>	<u>406 37 55 119</u>
Note : 2.06		
Other Current Liabilities		
Payable to Tax Authorities	1 40 77 582	3 23 80 745
Employee Benefits Payable	4 28 65 860	3 37 41 260
Other Current Liabilities * (*Refer Note No. 2.27 (B))	154 24 67 758	55 38 07 949
	<u>159 94 11 200</u>	<u>61 99 29 954</u>
* Includes amount due towards services received, provident fund contribution & others		
Note : 2.07		
Short Term Provisions		
Provision for Gratuity	1 68 79 579	1 51 59 048
Provision for Superannuation	3 10 078	46 719
Provision for Leave Encashment	28 93 273	8 77 460
	<u>2 00 82 930</u>	<u>1 60 83 227</u>
Note : 2.08		
Long Term Investments		
National Savings Certificates (Lodged with Sales Tax Department)	23 000	23 000
	<u>23 000</u>	<u>23 000</u>

Reliance Tech Services Limited

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

	As at March 31, 2016	(Amount in ₹) As at March 31, 2015
Note : 2.09		
Long Term Loans and Advances		
Payment of Taxes	9 78 03 016	7 58 11 391
	<u>9 78 03 016</u>	<u>7 58 11 391</u>
Note : 2.10		
Other Non Current Assets		
Bank Deposits with more than 12 months maturity	10 31 790	10 31 790
	<u>10 31 790</u>	<u>10 31 790</u>
Note : 2.11		
Trade Receivable (Unsecured)		
Due for More than Six months		
Considered Good	78 50 94 083	8 49 07 692
Considered Doubtful	-	-
Less: Provision for doubtful debts	-	-
	<u>78 50 94 083</u>	<u>8 49 07 692</u>
Others		
Considered Good	62 26 45 021	374 37 51 447
Considered Doubtful	-	-
Less: Provision for doubtful debts	-	-
	<u>62 26 45 021</u>	<u>374 37 51 447</u>
	<u>140 77 39 104</u>	382 86 59 139
	<u>140 77 39 104</u>	<u>382 86 59 139</u>
Note : 2.12		
Cash and Cash Equivalents		
i) Balance with Banks in Current Account	7 66 013	4 42 782
	<u>7 66 013</u>	<u>4 42 782</u>
Note : 2.13		
Other Current Assets		
Interest Accrued on Fixed Deposits	1 60 118	80 013
	<u>1 60 118</u>	<u>80 013</u>
Note : 2.14		
Short Term Loans And Advances		
(Unsecured, Considered good - unless stated otherwise)		
Loan to Body Corporate	220 02 25 976	1218 00 00 000
Advance to Related Parties (Refer Note No. 2.27(B))	6 19 14 226	37 33 10 804
Advance to Vendor	2 01 94 260	55 84 16 536
Loans to employees	19 77 807	11 35 748
Deposits	50 000	50 000
Prepaid Expenses	32 34 488	25 36 795
Others *	12 76 88 765	30 32 32 259
	<u>241 52 85 522</u>	<u>1341 86 82 142</u>

* Includes Service Tax Receivable

Reliance Tech Services Limited

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

	For the year ended March 31, 2016	(Amount in ₹) For the year ended March 31, 2015
Note : 2.15		
Service Income		
Income from Services	409 43 94 102	468 11 51 680
Less : Service Tax	<u>57 49 87 223</u>	<u>59 70 39 003</u>
	<u>351 94 06 879</u>	<u>408 41 12 677</u>
	<u>351 94 06 879</u>	<u>408 41 12 677</u>
Note : 2.16		
Other Income		
Miscellaneous Income	-	16 41 44 795
	<u>-</u>	<u>16 41 44 795</u>
	<u>-</u>	<u>16 41 44 795</u>
Note : 2.17		
Employees Benefit Expenses		
Salaries	54 79 38 019	49 86 28 706
Contribution to Provident, Pension and Gratuity Fund	6 79 40 473	4 12 75 276
Employee Welfare and other Amenities	5 76 79 167	5 87 93 169
	<u>67 35 57 659</u>	<u>59 86 97 151</u>
	<u>67 35 57 659</u>	<u>59 86 97 151</u>
Note : 2.18		
Repairs & Maintenance		
Repairs & Maintenance	256 22 14 112	263 58 61 749
	<u>256 22 14 112</u>	<u>263 58 61 749</u>
	<u>256 22 14 112</u>	<u>263 58 61 749</u>
Note : 2.19		
Finance Cost		
Interest expenses (net)	27 18 616	15 87 93 702
	<u>27 18 616</u>	<u>15 87 93 702</u>
	<u>27 18 616</u>	<u>15 87 93 702</u>
Note : 2.20		
Other Expenses		
Business Centre Expenses	13 28 93 710	56 58 13 288
Travelling Expenses	16 79 604	41 19 323
Telephone Expenses	6 41 293	8 31 447
Bank Charges	43 42 914	31 58 523
Hire Charges Manpower Services	12 01 76 672	22 29 35 253
Insurance	41 39 597	18 60 443
Professional Fees	1 26 30 648	32 69 000
Payment to Auditors	50 000	50 000
Rates & Taxes	-	1 906
Net Foreign Currency Exchange Fluctuation (Gain)/Loss	(19 10 780)	29 49 848
Other Administration and Miscellaneous Expenses	4 93 660	3 50 29 609
	<u>27 51 37 318</u>	<u>84 00 18 640</u>
	<u>27 51 37 318</u>	<u>84 00 18 640</u>
Payment to Auditors		
Audit Fees	40 000	40 000
Tax Audit	10 000	10 000
	<u>50 000</u>	<u>50 000</u>
	<u>50 000</u>	<u>50 000</u>

Reliance Tech Services Limited

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

Note : 2.21

The previous year's figures have been reworked, regrouped, rearranged and reclassified wherever necessary.

Note : 2.22

Earnings per share	March 31, 2016	March 31, 2015
Basic, as well as diluted, earnings per equity share (Rs.)	56.48	338.53
Profit/ (Loss) after tax (Rs.)	28 24 174	1 12 63 440
Weighted average number of equity shares	50 000	33 272
Nominal value per equity share (Rs.)	10	10

Note : 2.23

Employee Benefits :

As per Accounting Standard 15 "Employee Benefits"(Revised AS-15), disclosure of Employee benefits are given below:

Defined Contribution Plan:

(i) Contribution to Defined Contribution Plan, recognized as expense for the year are as under:

	March 31, 2016	March 31, 2015
Employer's Contribution to Provident Fund	1 87 33 540	1 78 68 704
Employer's Contribution to Pension Scheme	84 43 909	64 06 353

Defined Benefit Plan:

The employees' gratuity fund scheme managed by a Reliance Life Insurance Company Limited and Life Insurance Corporation Ltd is a defined benefit plan. The present value of obligation is determined based on the actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for leave encashment is recognized in the same manner as gratuity.

(ii) Reconciliation of opening and closing balances of Defined Benefit Obligation

	Gratuity (Funded)		Leave Encashment (Unfunded)	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
Defined Benefit Obligation at the beginning of the year	5 41 49 813	4 71 76 810	1 23 54 291	93 39 215
Current Service Cost	58 84 348	53 83 627	30 39 864	79 91 572
Interest Cost	43 21 155	43 87 443	16 10 306	8 68 547
Past Services Cost – Vested Benefit Incurred During the Period	-	-	78 24 981	-
Actuarial (Gain)/Losses on obligation – Due to change in Financial Assumptions	12 57 884	70 63 253	3 26 291	13 14 150
Actuarial (Gain)/Losses on obligation – Due to Experience	93 16 472	(27 61 760)	67 22 487	55 12 814
Liabilities Transfer	2 12 786	68 775	-	-
Benefits paid by Employer	-	-	(1 17 22 066)	(1 26 72 007)
Benefits paid from Fund	(1 04 64 011)	(71 68 335)		
Defined Benefit Obligation at the year end	6 46 78 447	5 41 49 813	2 01 56 154	1 23 54 291

Reliance Tech Services Limited

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

	Gratuity (Funded)		Leave Encashment (Unfunded)	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
(iii) Reconciliation of opening and closing balances of fair value of plan assets				
	Gratuity (Funded)		Leave Encashment (Unfunded)	
Fair Value of Plan Assets at the beginning of the year	3 45 13 265	2 07 07 413	-	-
Expected return on plan assets	27 54 159	19 25 789	-	-
Actuarial gain/(loss)	-	-	-	-
Employer contribution	1 22 78 716	1 86 11 565	-	-
Assets Transferred In/Acquisitions	2 12 786	68 775	-	-
Benefits paid	(1 04 64 011)	(71 68 335)	-	-
Actuarial (Gain)/Losses on obligation - Due to Experience	(6 85 752)	3 68 058	-	-
Fair Value of plan assets at year end	3 86 09 163	3 45 13 265	-	-
Actual return on plan assets				
(iv) Reconciliation of fair value of assets and obligations				
Fair value of plan assets	3 86 09 163	3 45 13 265	-	-
Present value of obligation	6 46 78 447	5 41 49 813	2 01 56 154	1 23 54 291
Amount Assets \ (Liability) recognized in Balance Sheet	(2 60 69 284)	(1 96 36 548)	(2 01 56 154)	(1 23 54 291)
(v) Expense recognised during the year				
Current Service Cost	58 84 348	53 83 627	30 39 864	79 91 572
Net Interest Cost	15 66 996	43 87 443	16 10 306	8 68 547
Expected return on plan assets		19 25 789	-	-
Actuarial (gain)/ loss	1 12 60 108	70 63 253	70 48 778	68 26 964
Past Service Cost - Vested Benefit Recognised During the period	-	-	78 24 981	-
Net Cost	1 87 11 452	1 87 60 112	1 95 23 929	1 56 87 083
(vi) Investment Details of Plan Assets				
Investment for employees gratuity fund scheme managed by Reliance Life Insurance Co. Ltd.				
(vii) Assumptions				
Discount rate (per annum)	7.79%	7.98%	7.79%	9.30%
Expected rate of return on plan assets (per annum)	7.79%	7.98%	-	-
Rate of escalation in salary (per annum)	8.00%	8.00%	8.00%	8.00%

The estimates of rate of escalation in salary is considered in actuarial valuation, taken into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by actuary.

Reliance Tech Services Limited

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

Note : 2.24

Details of dues to Micro, Small and Medium Enterprises as per MSMED Act, 2006

Under the Micro, Small & Medium Enterprises Development Act, 2006 (MSMED) which came into force from 2nd October 2006, certain disclosures are required to be made relating to Micro, Small & Medium Enterprises (MS&ME). On the basis of the information and records available with the Company, the following disclosures are made for the amounts due to the Micro, Small & Medium Enterprises.

	March 31, 2016	March 31, 2015
i) Principal amount due to any supplier as at the year end	21 72 402	3 65 261
ii) Interest due on the principal amount unpaid at the year end to any supplier	3 94 913	1 22 475
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	10 24 141	-
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	-	-
vi) The amount of interest accrued and remaining unpaid at the end of each accounting year: and	3 94 913	1 22 475
vii) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest due as above is actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under Section 23 of the MSMED	3 94 913	1 22 475

Note : 2.25

Segment Reporting

The Company has a single line of activity. Hence there are no other reportable segment as per Accounting Standard on Segmental Reporting (AS -17) notified under Companies (Accounting Standard) Rules, 2006.

Note : 2.26

As per the Accounting Standard, AS-22, notified under Companies (Accounting Standard) Rules, 2006, "Accounting for Taxes on income", the company has no deferred tax liability. However the company has Deferred Tax assets, on account of disallowance under Income Tax Act. The company has not recognised Deferred Tax Asset on consideration of Prudence.

Note : 2.27

Related Party disclosures as per Accounting Standard (AS-18) as notified under Companies (Accounting Standard) Rules, 2006 is as under.

i) List of related parties and their relationships :

A.	Name of the Related Party	Relationship
1	Reliance Innoventures Private Limited	Ultimate Holding Company
2	Reliance Communications Limited	Holding Company
3	Reliance Communications Infrastructure Limited	Fellow Subsidiary
4	Reliance Telecom Limited	Fellow Subsidiary
5	Reliance Big TV Limited	Fellow Subsidiary
6	Reliance Webstore Limited	Fellow Subsidiary
7	Reliance Infocomm infrastructure Limited	Fellow Subsidiary
8	Reliance IDC Limited	Fellow Subsidiary
9	Reliance Globalcom Limited	Fellow Subsidiary
10	Reliance Mobile Commerce Limited	Fellow Subsidiary
11	Reliance Big Entertainment Private Limited	Fellow Subsidiary
12	Big flicks Private Limited	Fellow Subsidiary

Reliance Tech Services Limited

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

B. Enterprise over which promoter of holding control with effect from March 28, 2015. Fellow subsidiary up to March 27, 2015

- 1 Reliance Capital Limited. (Includes Consumer Finance Division)
- 2 Reliance General Insurance Company Limited
- 3 Reliance Money Express Limited
- 4 Reliance Home Finance Limited
- 5 Reliance Commodities Limited
- 6 Reliance Composite Insurance Broking Limited
- 7 Reliance Wealth Management Limited
- 8 Reliance Financial Limited
- 9 Reliance Money Solutions Private Limited
- 10 Reliance Securities Limited

Transactions with related parties during the year

Sr. No.	Nature of Transactions	Holding Company	Fellow Subsidiary	Enterprise over which promoter of holding company having control	Total
1	Borrowings				
	Opening Balance as on April 01, 2015	1138 17 83 419 (-)	- (-)	- (-)	1138 17 83 419 (-)
	Add: Taken during the year	1310 13 49 000 (1305 52 00 000)	- (-)	- (-)	1310 13 49 000 (1305 52 00 000)
	Less: Repayment during the year	2448 31 32 419 (167 34 16 581)	- (-)	- (-)	2448 31 32 419 (167 34 16 581)
	Balance as on March 31, 2016	- (1138 17 83 419)	- (-)	- (-)	- (1138 17 83 419)
2	Trade Payable	4 10 28 173 (85 01 37 062)	2 51 13 783 (181 40 27 032)	- -	6 61 41 956 (266 41 64 094)
3	Advance to Vendor	- -	6 19 14 226 (37 33 10 804)		6 19 14 226 (37 33 10 804) 0
4	Advance to Customer	59 31 58 326 (-)	- (-)	- (-)	59 31 58 326 (-)
5	Trade Receivables	46 21 27 330 (190 18 30 597)	31 43 39 223 (40 75 22 202)		77 64 66 553 (230 93 52 799)
6	Service Revenue	225 99 36 243 (227 77 69 933)	120 60 29 302 (114 04 47 729)		346 59 65 545 (341 82 17 662)
7	Business Center Expenses	- -	12 27 97 799 (54 50 00 682)		12 27 97 799 (54 50 00 682)
8	Marketing Expenses	(-) -	(-) (75 00 00 000)	(-)	(-) (75 00 00 000)

Note: Previous year figures are given in bracket.

Reliance Tech Services Limited

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

C. Significant Related Party Transactions

- 1 Trade Payables includes to Reliance Communications Limited ₹ 4,10,28,173 (Previous Year ₹ 85,01,37,062), Reliance Infocomm Infrastructure Limited ₹ 2,51,13,783 (Previous Year ₹ 57,13,27,032), Reliance Communications Infrastructure Limited ₹ Nil (Previous Year ₹ 84,27,00,000) and Reliance BIG TV Limited ₹ Nil (Previous Year ₹ 40,00,00,000)
- 2 Borrowing from Reliance Communications Limited ₹ Nil (Previous Year ₹ 1138,17, 83 419)
- 3 Advance to Vendor includes to Reliance Communications Infrastructure Limited ₹ 2,87,78,511 (Previous Year ₹ 37,33,10,804) and Reliance Infratel Limited ₹ 3,31,35,715 (Previous Year ₹ Nil)
- 4 Advance to Customer includes from Reliance Communications Limited ₹ 59,31,58,326 (Previous Year ₹ NIL)
- 5 Trade Receivables includes from Reliance Communications Limited ₹ 46,21,27,330 (Previous Year ₹ 190,18,30,597), Reliance Communications Infrastructure Limited ₹ Nil (Previous Year ₹ 5,81,99,477), Reliance Telecom Limited ₹ 2,89,42,368 (Previous Year ₹ 16,71,93,532), Reliance Big TV Limited ₹ 1,30,72,942 (Previous Year ₹ 37,04,385), Reliance IDC Limited ₹ 12,05,86,000 (Previous Year ₹ 5,34,60,000).Reliance Globalcom Limited ₹ 13,48,74,848 (Previous Year ₹ 12,49,64,808)
- 6 Service Revenue includes from Reliance Communications Limited ₹ 225,99,36,243 (Previous Year ₹ 227,77,69,933), Reliance Communications Infrastructure Limited ₹ 18,18,17,052 (Previous Year ₹ 15,82,10,110), Reliance Telecom Limited ₹ 58,82,40,966 (Previous Year ₹ 58,26,09,459), Reliance Big TV Limited ₹ 2,14,53, 553 (Previous Year ₹ 1,84,09,925), Reliance IDC Limited ₹ 27,00,00,000 (Previous Year ₹ 27,00,00,000) Reliance Globalcom Limited ₹ 11,80,25, 880 (Previous Year ₹ 11,12,18,235) and Reliance Mobile Commerce Limited ₹ 2 50 00 000 (Previous Year ₹ NIL)
- 7 Business center expenses paid to Reliance Infocomm Infrastructure Limited. ₹ 12,27,97,799 (Previous Year ₹ 54,50,00,682).
- 8 Marketing expenses paid to Reliance Communications Infrastruture Limited. ₹ Nil (Previous Year ₹ 75,00,00,000).

As per our report of even date

For and on behalf of the Board

For M.S. Sethi & Associates

Chartered Accountants
Firm Regn. No. 109407W

Manoj Sethi

Proprietor
Membership No. 39784

Anil C Shah

DIN: 00004368

Parmeshwar D Sharma

DIN : 03595827

} Directors

Place : Mumbai

Date : May 5, 2016

Reliance Telecom Infrastructure (Cyprus) Holdings Limited

Independent Auditor's Report

To

The Board of Directors of Reliance Telecom Infrastructure (Cyprus) Holdings Limited

We have audited the accompanying standalone financial statements of Reliance Telecom Infrastructure (Cyprus) Holdings Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India including Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We conducted our audit in accordance with the Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of

the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion whether the Company has in place an adequate Internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016 and its cash flows for the year ended on that date.

Other Reporting Requirements

We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account.

Other Matters

This report is issued for the information and use of the Board of Directors of the Company and of Reliance Communications Limited, the ultimate holding company in India to comply with the financial reporting requirements in India and should not be used for any other purposes without our prior written consent.

For M S Sethi & Associates
Chartered Accountants
Firm Regn. No. 109407W

Manoj Sethi
Proprietor
Membership No. 39784

Place: Mumbai
Dated: May 27, 2016

Reliance Telecom Infrastructure (Cyprus) Holdings Limited

Balance Sheet as at March 31, 2016

		(Amount in ₹)	
		As at March 31, 2016	As at March 31, 2015
EQUITY AND LIABILITIES			
	Notes		
Shareholders' Funds			
Share Capital	2.01	1,48,809	1,40,375
Reserves and Surplus	2.02	28,47,81,680	26,86,41,688
Current Liabilities			
Other Current Liabilities	2.03	4,37,93,760	4,13,11,749
	Total	<u><u>32,87,24,249</u></u>	<u><u>31,00,93,812</u></u>
ASSETS			
Non Current Assets			
Non Current Investments	2.04	31,41,48,016	29,63,43,688
Current Assets			
Cash and Bank balance	2.05	1,45,76,233	1,37,50,124
	Total	<u><u>32,87,24,249</u></u>	<u><u>31,00,93,812</u></u>

Significant Accounting Policies

1

Notes on Accounts

2

The Notes referred to above form an integral part of the Financial Statements.

As per our report of even date

Reliance Telecom Infrastructure (Cyprus) Holdings Limited

For M. S. Sethi & Associates

Chartered Accountants
Regn. No. 109407W

Eva Agathangelou

Xenia Thoma

} Directors

Manoj Sethi

Proprietor
Membership No. 39784

Place : Mumbai

Date : May 27, 2016

Reliance Telecom Infrastructure (Cyprus) Holdings Limited

Statement of Profit and Loss for the year ended March 31, 2016

		(Amount in ₹)	
	Notes	For the year ended March 31, 2016	For the year ended March 31, 2015
Income			
Other Income	2.06	-	-
		<u>-</u>	<u>-</u>
Expenditure			
Finance Costs	2.07	-	10,457
General Administration Expenses	2.08	-	64,36,892
		<u>-</u>	<u>64,47,349</u>
Profit /(Loss) Before Tax		-	(64,47,349)
Current Tax		-	6,849
Profit /(Loss) After Tax		<u>-</u>	<u>(64,54,198)</u>
Basic and Diluted Earning per Share of Euro 17.09 each	2.10	-	(64,542)

Significant Accounting Policies

1

Notes on Account

2

The Notes referred to above form an integral part of the Financial Statements.

As per our report of even date

For M. S. Sethi & Associates

Chartered Accountants
Regn. No. 109407W

Manoj Sethi

Proprietor
Membership No. 39784

Place : Mumbai

Date : May 27, 2016

Reliance Telecom Infrastructure (Cyprus) Holdings Limited

Eva Agathangelou

Xenia Thoma

} **Directors**

Reliance Telecom Infrastructure (Cyprus) Holdings Limited

Cash Flow Statement for the year ended March 31, 2016

	For the year ended March 31, 2016	(Amount in ₹) For the year ended March 31, 2015
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/(Loss) before tax as per statement of Profit and Loss	-	(64,47,349)
Operating Profit before Working Capital Changes	-	(64,47,349)
Adjusted for:		
Increase/(Decrease) in financial assets at fair value through profit or loss	-	55,59,375
Effect of Exchange difference on translation of Assets & Liabilities	8,26,108	4,73,013
Other Current Liabilities	-	(86,938)
	8,26,108	59,45,450
Cash Generated from Operations	8,26,108	(5,01,899)
Tax Paid	-	(6,849)
Net Cash from/(used in) Operating Activities	8,26,108	(5,08,748)
B CASH FLOW FROM INVESTING ACTIVITIES	-	-
C CASH FLOW FROM FINANCING ACTIVITIES	-	-
Net Increase/ (Decrease) in Cash and Cash Equivalents	8,26,108	(5,08,748)
Opening Balance of Cash and Cash Equivalents	1,37,50,124	1,42,58,872
Closing Balance of Cash and Cash Equivalents	1,45,76,233	1,37,50,124

Note:

Cash and Cash Equivalents includes cash on hand, cheques on hand.

As per our report of even date

For M. S. Sethi & Associates

Chartered Accountants

Regn. No. 109407W

Manoj Sethi

Proprietor

Membership No. 39784

Place : Mumbai

Date : May 27, 2016

Reliance Telecom Infrastructure (Cyprus) Holdings Limited

Eva Agathangelou

Xenia Thoma

} Directors

Reliance Telecom Infrastructure (Cyprus) Holdings Limited

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

Note :1 Significant Accounting Policies to the Financial Statements

1.01 Basis of Preparation of Financial Statements

The financial statements are prepared under historical cost convention, in accordance with the generally accepted accounting principles (GAAP) in India and Comply with Accounting Standard specified under Section 133 of the Companies Act, 2013 ("the Act") read with Rule 7 of the Companies (Accounts) Rules, 2014 and other provisions of the Act, to the extent notified and applicable as well as applicable guidance note and pronouncements of the Institute of Chartered Accountants of India (the ICAI).

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Schedule III to the Companies Act, 2013. Based on the nature of the services and their realisation in cash & cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current or non-current classification of assets and liabilities.

1.02 Revenue Recognition

Interest Income is recognised on time proportion basis.

1.03 Foreign Currency Transactions :

Exchange difference arising either on settlement or on translation of monetary items is recognised in the Statement of Profit and Loss.

1.04 Use of Estimates

The presentation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities and disclosure of contingent liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known / materialised.

1.05 Taxes on Income and Deferred Tax

Provision for Income Tax is made on the basis of taxable income for the year at current rates. Tax expense comprises of Current Tax and Deferred Tax at the applicable enacted or substantively enacted rates. Current Tax represents the amount of Income Tax payable / recoverable in respect of the taxable income / loss for the reporting period. Deferred Tax represents the effect of timing difference between taxable income and accounting income for the reporting period that originate in one period and are capable of reversal in one or more subsequent periods. The Deferred Tax Asset is recognised and carried forward only to the extent that there is a reasonable certainty that the assets will be realised in future. However, where there is unabsorbed depreciation or carried forward loss under taxation laws, Deferred Tax Assets are recognised only if there is virtual certainty of realisation of assets.

1.06 Earning per Share

In determining Earning per Share, the Company considers the net profit after tax and includes the post tax effect of any extra-ordinary / exceptional item. The number of shares used in computing Basic Earning per Share is the weighted average number of shares outstanding during the period. The number of shares used in computing Diluted Earning per Share comprises the weighted average number of shares considered for deriving Basic Earnings per Share, and also the weighted average number of shares that could have been issued on the conversion of all dilutive potential Equity Shares. Dilutive potential Equity Shares are deemed converted as of the beginning of the period, unless issued at a later date.

1.07 Provisions, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognised but are disclosed in the Notes. Contingent Assets are neither recognised nor disclosed in the financial statements.

1.08 Investments

Non Current Investments are stated at cost or fair value as required .

Reliance Telecom Infrastructure (Cyprus) Holdings Limited

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

	As at March 31, 2016	(Amount in ₹) As at March 31, 2015
Note: 2.01		
Share Capital		
Authorised		
500 (Previous year 500) Ordinary shares of Euro 17.09 each	7,44,044	7,01,875
860000 (Previous year 860000) Redeemable Preference shares of Euro 17.09 each fully paid up	1,27,97,55,078	1,20,72,25,000
	<u>1,28,04,99,122</u>	<u>1,20,79,26,875</u>
Issued, Subscribed and Paid up		
100 (Previous year 100) Ordinary shares of Euro 17.09 each full paid up	1,48,809	1,40,375
	<u>1,48,809</u>	<u>1,40,375</u>

1) Details of Shares held by holding Company:

Particulars	% of Holding	No of Shares	% of Holding	No of Shares
Ledra Trustee Services Limited as trustee of Reliance Communications Shareholders Trust	100	100	100	100

2) Details of Shareholders holding more than 5% shares in the Company:

Particulars	% of Holding	No of Shares	% of Holding	No of Shares
Ledra Trustee Services Limited as trustee of Reliance Communications Shareholders Trust	100	100	100	100

3) The Company has only one class of ordinary shares having a par value of Euro 17.09 per share. Each holder of ordinary shares is entitled to one vote per share. In the event of liquidation of the Company, the holder of ordinary share will be entitled to receive remaining assets of the Company.

4) Reconciliation of shares outstanding at the beginning and at the end of the reporting period

	No of Shares	Amount in ₹	No of Shares	Amount in ₹
Ordinary Shares				
At the beginning of the year	100	1,48,809	100	1,40,375
Add/Less: Changes for the year	-	-	-	-
At the end of the year	<u>100</u>	<u>1,48,809</u>	<u>100</u>	<u>1,40,375</u>

Reliance Telecom Infrastructure (Cyprus) Holdings Limited

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

	As at March 31, 2016	(Amount in ₹) As at March 31, 2015
Note: 2.02		
Reserve & Surplus		
Exchange Fluctuation Reserve	1,61,39,992	1,12,41,669
Statement of Profit & Loss	26,86,41,688	26,38,54,217
Add: Profit/ (Loss) for the year	-	(64,54,198)
	<u>28,47,81,680</u>	<u>26,86,41,688</u>
Note: 2.03		
Other Current Liabilities		
Payable to Related Party (Refer Note 2.12)	4,30,75,688	4,06,34,375
Other Liabilities	7,18,072	6,77,374
	<u>4,37,93,760</u>	<u>4,13,11,749</u>
Note: 2.04		
Non Current Investments		
13 37 50 582(13 37 50 582) equity shares of Reliance Infratel Limited of ₹ 10 each, fully paid-up	31,26,38,396	29,49,19,625
86 879 (86 879) Equity Share of Bank of Cyprus of Euro1 each, fully paid-up	15,09,620	14,24,063
	<u>31,41,48,016</u>	<u>29,63,43,688</u>
Note: 2.05		
Cash & Bank Balance		
Balance With Bank in current account	87,45,925	82,50,250
Fixed Deposits with Banks with less than 3 months maturity	58,30,307	54,99,874
	<u>1,45,76,233</u>	<u>1,37,50,124</u>
		(Amount in ₹)
	For the year ended March 31, 2016	For the year ended March 31, 2015
Note: 2.06		
Other Income		
Other Income	-	-
	<u>-</u>	<u>-</u>
Note: 2.07		
Finance Costs		
Bank Charges	-	10,457
	<u>-</u>	<u>10,457</u>
Note: 2.08		
General Administrative Expenses		
Services Received	-	5,015
Auditors Remuneration	-	6,62,653
Other Professional Fees	-	2,46,568
Annual Levy	-	29,476
Other Expenses	-	54,93,180
	<u>-</u>	<u>64,36,892</u>

Reliance Telecom Infrastructure (Cyprus) Holdings Limited

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

Note : 2.09

Figures for the previous year have been regrouped/ reclassified/ rearranged wherever necessary to make them comparable to those for the current year.

Note : 2.10

Earning Per Share	For the year ended March 31, 2016	(Amount in ₹) For the year ended March 31, 2015
Net Profit (Numerator used for calculation)	-	(64 54 198)
Weighted Average number of Ordinary Shares used as denominator for calculating EPS		100
Basic and Diluted Earning Per Share of Euro 17.09 each	-	(64 542)

Note : 2.11

Segment Reporting

The Company has a single line activity. Hence Accounting Standard on Segment Reporting (AS -17), is not applicable.

Note : 2.12

As per Accounting Standard 18, Referred in Rule 7 of Companies Accounts Rule 2014, the disclosures of transactions with the related parties as defined in the Accounting Standard are given below:

Name of the Related Party	Relationship
1 Lendra Trustee Services Limited	Holding Company
Transaction during the year with related party	NIL

Closing Balance:

Particulars	As at March 31, 2016	As at March 31, 2015
Other Current Liabilities	4,30,75,688	4,06,34,375

Note : 2.12

The amounts relating to Balance Sheet items appearing in Indian Rupees have been translated at Closing Rate of 1 USD = Rs. 66.255 (Previous year 1 USD = Rs. 62.50) and items relating to profit and loss have been translated at average rate of 1 USD = Rs. 65.46 and (Previous year 1 USD = Rs. 61.15).

As per our report of even date

For M. S. Sethi & Associates

Chartered Accountants
Regn. No. 109407W

Reliance Telecom Infrastructure (Cyprus) Holdings Limited

Eva Agathangelou

Xenia Thoma

} Directors

Manoj Sethi

Proprietor
Membership No. 39784

Place : Mumbai

Date : May 27, 2016

Global Cloud Xchange Limited

Independent Auditor's Report

To
The Board of Directors of Global Cloud Xchange Limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Global Cloud Xchange Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India including Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion whether the Company has in place an adequate Internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements read together with the notes thereon give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016 and its profit and its cash flows for the year ended on that date.

Other Reporting Requirements

We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account.

Other Matters

This report is issued for the information and use of the Board of Directors of the Company and of Reliance Communications Limited, the holding company in India to comply with the financial reporting requirements in India and should not be used for any other purposes without our prior written consent.

For Shridhar & Associates
Chartered Accountants
Firm Registration No.: 134427W

Jitendra Sawjany
Partner
Membership No. 050980

Place: Mumbai
Dated: May 27, 2016

Global Cloud Xchange Limited

Balance Sheet as at March 31, 2016

	Note	As at March 31, 2016 INR	As at March 31, 2015 INR
Equity and Liabilities			
Shareholders' funds			
Share Capital	2.01	15,59,13,11,451	14,70,76,74,375
Reserves and Surplus	2.02	6,90,19,44,233	6,51,02,30,407
		<u>22,49,32,55,684</u>	<u>21,21,79,04,782</u>
Current liabilities			
Trade Payables	2.03	6,62,550	1,75,781
Other Current Liabilities	2.04	99,38,25,000	-
		<u>99,44,87,550</u>	<u>1,75,781</u>
Total		<u><u>23,48,77,43,234</u></u>	<u><u>21,21,80,80,563</u></u>
Assets			
Non Current Assets			
Non Current Investments	2.05	22,49,26,64,078	21,21,78,93,063
		<u>22,49,26,64,078</u>	<u>21,21,78,93,063</u>
Current Assets:			
Trade Receivables	2.06	3,64,409	1,87,500
Cash and Bank Balances	2.07	1,95,206	-
Short-Term Loans and Advances	2.08	6,94,541	-
Other Current Assets	2.09	99,38,25,000	-
		<u>99,50,79,156</u>	<u>1,87,500</u>
Total		<u><u>23,48,77,43,234</u></u>	<u><u>21,21,80,80,563</u></u>
Significant Accounting Policies	1		
Notes forming part of Financial Statements	2		

As per our report attached

For Shridhar & Associates
Chartered Accountants
Firm Regn. No. 134427W

Jitendra Sawjany
Partner
Membership No : 050980

Place : Mumbai
Date : May 27, 2016

For and on behalf of the Board

Manikantan Iyer
William Barney } **Directors**

Global Cloud Xchange Limited

Statement of Profit and Loss for the year ended March 31, 2016

	Notes	April 1, 2015 to March 31, 2016 INR	April 1, 2014 to March 31, 2015 INR
Revenue			
Service Income	2.10	47,12,846	1,83,459
Other Income	2.11	98,18,43,000	
Total revenue		<u>98,65,55,846</u>	<u>1,83,459</u>
Expenses			
Other expenses	2.12	41,40,619	1,71,993
Total expenses		<u>41,40,619</u>	<u>1,71,993</u>
Profit Before Tax		98,24,15,227	11,466
Tax expense			
- Current Tax		-	-
- Deferred Tax		-	-
Profit for the year		<u>98,24,15,227</u>	<u>11,466</u>
Earnings per ordinary share of US\$1 each:	2.14	4.17	-
Basic and Diluted			
Weighted Average Number of Ordinary Shares Outstanding			
Significant Accounting Policies	1		
Notes forming part of Financial Statements	2		

As per our report attached

For Shridhar & Associates
Chartered Accountants
Firm Regn. No. 134427W

Jitendra Sawjany
Partner
Membership No : 050980

Place : Mumbai
Date : May 27, 2016

For and on behalf of the Board

Manikantan Iyer
William Barney } **Directors**

Global Cloud Xchange Limited

Cash Flow Statement for the year ended March 31, 2016

	April 1, 2015 March 31, 2016 Indian Rupees	April 1, 2014 March 31, 2015 Indian Rupees
A) CASH FLOW FROM OPERATING ACTIVITIES:		
Profit before tax	98,24,15,227	11,466
Adjustment for:		
Dividend Income	(98,18,43,000)	-
Foreign Currency Translation reserve	7,660	26,103
Changes in Working Capital		
(Increase) in Trade Receivables	(1,76,909)	(1,87,500)
Increase in Trade Payables	4,86,769	1,75,781
Cash Generated from Operations	8,89,746	25,850
Taxes Paid	-	-
Net Cash Generated from Operating Activities (A)	8,89,746	25,850
B) CASH FLOW FROM INVESTING ACTIVITIES:		
(Increase) in Loan and Advances	(6,94,541)	-
Net Cash Used in Investing Activities (B)	(6,94,541)	-
C) CASH FLOW FROM FINANCING ACTIVITIES:		
Repayment of Short Term Borrowing	-	(6,25,000)
Net Cash (Used) in Financing Activities (C)	-	(6,25,000)
Net Increase/ (Decrease) in Cash and Cash Equivalents (A+B+C)	1,95,205	(5,99,150)
Add: Cash and Cash equivalents at the beginning of the year	0	5,99,150
Cash and Cash Equivalents at the end of the year (Refer Note 2.07)	1,95,206	0

Notes:

- 1) The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard 3 - Cash Flow Statement issued by the Institute of Chartered Accountants of India.
- 2) The Company had acquired the Hawk cable system from Reliance Globalcom BV (RGCV)(who in turn had acquired the same from RFPHL) at an agreed value of US\$ 350,000,000, liability was settled by payment of US\$250,000,000 in cash and issues of US\$100,000,000 equity shares of the company to RGBV.
- 3) During the previous year company had issued share of US\$26,193,289 to GCXL in settlement of Intercompany balance.
- 4) During the previous year company had received share of US\$126,193,289 from GCX, in settlement of Hawk cable liability US\$100,000,000 and Intercompany balance US\$26,193,289.

As per our report attached

For and on behalf of the Board

For Shridhar & Associates

Chartered Accountants
Firm Regn. No. 134427W

Manikantan Iyer

William Barney

} **Directors**

Jitendra Sawjany

Partner
Membership No : 050980

Place : Mumbai
Date : May 27, 2016

Global Cloud Xchange Limited

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

1. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation

The financial statements are prepared under historical cost convention, in accordance with the generally accepted accounting principles (GAAP) in India and Comply with Accounting Standard specified under Section 133 of the Companies Act, 2013 ("the Act") read with Rule 7 of the Companies (Accounts) Rules, 2014 and other provisions of the Act, to the extent notified and applicable as well as applicable guidance note and pronouncements of the Institute of Chartered Accountants of India (the ICAI).

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Schedule III to the Companies Act, 2013. Based on the nature of the services and their realisation in cash & cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current or non-current classification of assets and liabilities.

b) Revenue Recognition

Service Income

Revenue from services is recognised on rendering of services in accordance with contractual arrangements.

Dividend Income

Dividend income is recognized when the right to receive dividend is established.

c) Use of Estimates

The preparation and presentation of financial statements in conformity with accounting standards issued by ICAI requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Differences between the actual results and estimates are recognised in the period in which the results are known/ materialised.

d) Current and Deferred tax

Tax expense for the period, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the period. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the taxation laws prevailing in the respective jurisdictions.

Deferred tax is recognised for all the timing differences, subject to the consideration of prudence in respect of deferred tax assets. Deferred tax assets are recognised and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. However, where there is unabsorbed depreciation or carry forward loss, the deferred tax asset is recognised and carried forward only to the extent that there is a virtual certainty that the assets will be realised in future. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. At each Balance Sheet date, the Company re-assesses unrecognised deferred tax asset if any.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing current tax and where the deferred tax assets and the deferred tax liabilities relate to taxes on income levied by the same governing taxation laws.

e) Foreign Currency Translation

Initial Recognition

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Subsequent Recognition

As at the reporting date, non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. All non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined. All monetary assets and liabilities in foreign currency are restated at the end of accounting period.

f) Investments

Investments that are readily realisable and are intended to be held for not more than one year from the date, on which such investments are made, are classified as current investments. All other investments are classified as long term investments. Current investments are carried at cost or fair value, whichever is lower. Long-term investments are carried

Global Cloud Xchange Limited

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

at cost. However, provision for diminution is made to recognise a decline, other than temporary, in the value of the investments, such reduction being determined and made for each investment individually.

g) Cash and Cash Equivalents

In the cash flow statement, cash and cash equivalents include cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

h) Provisions, Contingent Liabilities and Contingent Assets

Provisions: Provisions are recognised when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance Sheet date and are not discounted to its present value.

Contingent Liabilities: Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

Contingent Assets: Contingent assets are neither recognised nor disclosed in the financial statements.

i) Earnings Per Share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to ordinary shareholders by the weighted average number of Ordinary Shares outstanding during the period. Earnings considered in ascertaining the Company's earnings per share is the net profit for the period after deducting preference dividend and any attributable tax thereto for the period. The weighted average number of Ordinary Shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential ordinary shares that have changed the number of Ordinary Shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to ordinary shareholders and the weighted average number of Ordinary Shares outstanding during the period is adjusted for the effects of all dilutive potential Ordinary Shares.

	As at March 31, 2016 INR	As at March 31, 2015 INR
NOTE 2.01		
Share Capital		
Authorised		
250,000,000 (March 31, 2015 : 250,000,000) Ordinary Shares of US\$ 1 each	16,56,37,50,000	15,62,50,00,000
	16,56,37,50,000	15,62,50,00,000
Issued, Subscribed and Paid up:		
235,322,790 (March 31, 2015 : 235,322,790) Ordinary Shares of US\$ 1 each fully paid up	15,59,13,11,451	14,70,76,74,375
	15,59,13,11,451	14,70,76,74,375

a) Reconciliation of number of Ordinary Shares

	No. of shares	INR	INR
Balance as at the beginning of the year	23,53,22,790	14,70,76,74,375	6,25,000
Add: Ordinary Shares issued during the year	-		14,70,70,49,375
Add: Foreign exchange movement		88,36,37,076	
Balance as at the end of the year	23,53,22,790	15,59,13,11,451	14,70,76,74,375

Note

During the previous year, the Company had issued 22,029,790 Ordinary Shares of US\$ 1 per share to Reliance Globalcom BV at the aggregate Security Premium of US\$ 104,163,499 in settlement of the inter-company balances amounting to US\$ 126,193,289.

Global Cloud Xchange Limited

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

b) Rights, preferences and restriction attached to the shares

The Company has only Ordinary Shares (shares) having a par value of US\$1 each per share. Each holder of shares is entitled to one vote per share. In the event of liquidation of the Company, the holder of shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of shares held by the shareholder.

c) Shares held by holding company and subsidiary of holding Company

	As at March 31, 2016	As at March 31, 2015
	No. of Shares	No. of Shares
Reliance Globalcom BV, the holding company	23,53,22,790	23,53,22,790
	<u>23,53,22,790</u>	<u>14,70,76,74,375</u>

d) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company

	As at March 31, 2016	As at March 31, 2015
Ordinary Shares:		
Reliance Globalcom BV, the holding company	23,53,22,790 (100%)	23,53,22,790 (100%)

NOTE 2.02

Reserves and Surplus

Securities Premium Account (Refer note below)

Balance as at the beginning of the year/period	6,51,02,18,688	-
Add : Premium on shares issued during the year/period	-	6,51,02,18,688
Balance at the end of the year/preiod	<u>6,51,02,18,688</u>	<u>6,51,02,18,688</u>

Foreign Exchange Translation Reserve

Balance as at the beginning of the year/period	253	-
Add : During the year	39,11,41,599	253
Balance at the end of the year/preiod	<u>39,11,41,852</u>	<u>253</u>

Profit and Loss Account Balance

Balance as at the beginning of the year/period	11,466	-
Add: Profit and Loss for the year/period	98,24,15,227	11,466
Less : Interim Dividend	(98,18,43,000)	

Balance at the end of the year/period

	<u>5,83,693</u>	<u>11,466</u>
Total	<u>6,90,19,44,233</u>	<u>6,51,02,30,407</u>

Note

During the previous year, the Company had issued 22,029,790 Ordinary Shares of US\$ 1 per share to Reliance Globalcom BV at the aggregate Security Premium of US\$ 104,163,499 in settlement of the inter-company balances amounting to US\$ 126,193,289.

During the year pursuant to board approval, the Company has declared an interim dividend of ₹ 981,843,000 (equivalent US\$ 15,000,000).

Global Cloud Xchange Limited

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

	As at March 31, 2016 INR	As at March 31, 2015 INR
NOTE 2.03		
Trade Payables		
Trade Payables	6,62,550	1,75,781
	<u>6,62,550</u>	<u>1,75,781</u>
NOTE 2.04		
Other Current Liabilities		
Dividend Payable	99,38,25,000	-
	<u>99,38,25,000</u>	<u>-</u>
NOTE 2.05		
Non Current Investments		
Other Investment (Unquoted , Non Trade) Investment in Subsidiaries: 235,322,790 Ordinary share (March 31, 2015 : 235,322,790) of US \$ 1 each held in GCX Limited	22,49,26,64,078	21,21,78,93,063
	<u>22,49,26,64,078</u>	<u>21,21,78,93,063</u>
NOTE 2.06		
Trade Receivable		
Unsecured, considered good	3,64,409	1,87,500
Less: Provision for doubtful debts	-	-
	<u>3,64,409</u>	<u>1,87,500</u>
	<u>3,64,409</u>	<u>1,87,500</u>
NOTE 2.07		
Cash and Bank Balances		
Cash and Cash equivalents: Balance with Banks	1,95,206	-
	<u>1,95,206</u>	<u>-</u>
NOTE 2.08		
Short-Term Loans and Advances		
Unsecured considered good:		
Loan and Advances to related parties	6,94,541	-
	<u>6,94,541</u>	<u>-</u>
NOTE 2.09		
Other Current Assets Dividend Receivable	99,38,25,000	-
	<u>99,38,25,000</u>	<u>-</u>

Global Cloud Xchange Limited

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

	April 1, 2015 to March 31, 2016 INR	April 1, 2014 to March 31, 2015 INR
NOTE 2.10		
Service Income		
Service Income	47,12,846	1,83,459
	<u>47,12,846</u>	<u>1,83,459</u>
NOTE 2.11		
Other Income		
Dividend Income	98,18,43,000	-
	<u>98,18,43,000</u>	<u>-</u>
NOTE 2.12		
Other Expenses		
Sales and Marketing Expenses	-	1,71,993
Legal Fees	12,22,067	-
Professional Fees	21,84,047	-
Bank Charges	79,943	-
Payment to auditors	6,54,562	-
	<u>41,40,619</u>	<u>1,71,993</u>
NOTE 2.13		
General Information		
Global Cloud Xchange Limited ("GCXL") was incorporated in Bermuda and is a wholly owned subsidiary of Reliance Globalcom B.V., Netherland (RGBV). The Company is holding company of a multinational corporate organisation and operates global telecommunications network comprised of advanced fiber-optic cable systems and interfaces that are owned by, leased to, or otherwise available to the company subsidiaries.		
NOTE 2.14		
Earnings per share		
Profit for the year/period (A)	98,24,15,227	11,466
Weighted average number of shares of US\$ 1 each used as denominator for calculating Basic and Diluted EPS (B)	23,53,22,790	22,98,90,787
Basic and Diluted Earnings per Share (C=A/B)	4.17	-

Global Cloud Xchange Limited

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

3. Related Party Disclosures

Names of related parties and nature of relationships:

a) Parties where control exists:

S.No Name of the entity

Parent Company

- 1 Reliance Communications Limited (Holding Company) (RCOM)
- 2 Reliance Globalcom B.V. (Intermediary Holding Company) (RGBV)

Subsidiary Company

- 1 GCX Limited
- 2 Reliance Globalcom Limited, Bermuda
- 3 FLAG Telecom Development Limited
- 4 FLAG Telecom Development Services Company LLC
- 5 Reliance FLAG Atlantic France SAS
- 6 FLAG Telecom Deutschland GmbH
- 7 FLAG Telecom Hellas AE
- 8 FLAG Telecom Asia Limited (including representative office in China)
- 9 FLAG Telecom Network Services Limited
- 10 Reliance FLAG Telecom Ireland Limited
- 11 FLAG Telecom Ireland Network Limited
- 12 FLAG Telecom Japan Limited
- 13 FLAG Telecom Netherland BV
- 14 FLAG Telecom Singapore Pte. Limited
- 15 FLAG Telecom Espana Network SAU
- 16 FLAG Telecom Taiwan Limited
- 17 Reliance Globalcom (U.K.) Limited
- 18 FLAG Atlantic UK Limited
- 19 FLAG Telecom Network USA Limited
- 20 Seoul Telenet Inc.
- 21 FLAG Holdings (Taiwan) Limited
- 22 Reliance Globalcom Limited, India
- 23 Flag Telecom Group Services Limited
- 24 Yipes Holdings Inc.
- 25 Reliance Globalcom Services Inc.
- 26 YTV Inc.
- 27 Reliance Vanco Group Limited
- 28 Vanco UK Limited
- 29 Vanco Global Limited
- 30 Vanco ROW Limited
- 31 Vanco International Limited
- 32 Vanco Switzerland A.G.
- 33 VNO Direct Limited
- 34 Vanco US LLC
- 35 Vanco Solutions Inc.
- 36 Vanco BV
- 37 Vanco Benelux BV
- 38 Vanco GmbH
- 39 Vanco Deutschland GmbH
- 40 Vanco SAS
- 41 Vanco NV

Global Cloud Xchange Limited

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

S.No Name of the entity

42	Vanco Srl
43	Euronet Spain SA
44	Vanco EuronetSp Zoo
45	Vanco Sweden AB
46	Vanco South America Ltda
47	Vanco Australasia Pty Limited
48	Vanco Asia Pacific PTE Limited
49	Vanco (Shanghai) Co. Limited
50	Vanco Japan KK
51	Net Direct SA (Proprietary) Limited (under liquidation)

b) Summarised below are the transactions entered into with related parties:

During the year/period :	Reliance Globalcom Ltd	GCX Limited	Indian Rupees Reliance Globalcom B.V.
Revenue from Operations	4,712,832	-	-
	<i>1,83,459</i>	-	-
Purchase of Hawk Cable	-	-	-
	-	-	<i>21,875,000,000</i>
Sale of Hawk Cable	-	-	-
	-	<i>21,875,000,000</i>	-
Investment in shares of GCX Limited	-	-	-
	-	<i>7,887,080,563</i>	<i>13,330,187,500</i>
Borrowing taken	-	-	-
	-	-	-
Borrowing repaid	-	-	-
	<i>6,25,000</i>	-	-
Assignment of Intercompany Payable	-	-	-
	-	<i>15,625,000,000</i>	-
Assignment of Intercompany Receivable	-	-	-
	-	-	<i>15,625,000,000</i>
Interim Dividend	-	-	993,825,000
	-	-	-
Dividend Income	-	993,825,000	-
	-	-	-
Expenses incurred on behalf of	-	694,551	-
	-	-	-

Figures in Italics represent previous period figures.

Year-end balance:	Reliance Globalcom Ltd	GCX Limited	Indian Rupees Reliance Globalcom B.V.
Trade Receivables	364,409	-	-
	<i>187,500</i>	-	-
Loans and Advances	-	694,551	-
	-	-	-
Dividend Receivable	-	993,825,000	-
	-	-	-
Dividend Payable	-	-	993,825,000
	-	-	-

Figures in Italics represent previous period figures.

Global Cloud Xchange Limited

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

4. Previous Period Figures:

a) Previous period figures have been reclassified to conform to this year's classifications

5. Exchange Rate:

The amounts relating to Balance Sheet items appearing in Indian Rupees have been translated at Closing Rate of 1 USD = INR 66.255 (Previous year 1 USD = INR 62.500) and items relating to profit and loss have been translated at average rate of 1 USD = INR 65.456.

The amounts have been converted in INR to comply with the financial reporting requirement in India.

As per our report attached

For and on behalf of the Board

For Shridhar & Associates

Chartered Accountants
Firm Regn. No. 134427W

Manikantan Iyer

William Barney

} **Directors**

Jitendra Sawjany

Partner
Membership No : 050980

Place : Mumbai

Date : May 27, 2016

Independent Auditor's Report

To
The Board of Directors of GCX Limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of GCX Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India including Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion whether the Company has in place an adequate Internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements read together with the notes thereon give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016 and its profit and its cash flows for the year ended on that date.

Other Reporting Requirements

We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account.

Other Matters

This report is issued for the information and use of the Board of Directors of the Company and of Reliance Communications Limited, the holding company in India to comply with the financial reporting requirements in India and should not be used for any other purposes without our prior written consent.

For Shridhar & Associates
Chartered Accountants
Firm Registration No.: 134427W

Jitendra Sawjiani
Partner
Membership No. 050980

Place: Mumbai
Dated: May 27, 2016

GCX Limited

Balance Sheet as at March 31, 2016

	Note	As at March 31, 2016 Indian Rupees	As at March 31, 2015 Indian Rupees
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2.01	1559 13 11 451	1470 76 74 375
Reserves and Surplus	2.02	694 87 47 546	525 43 29 975
		<u>2254 00 58 997</u>	<u>1996 20 04 350</u>
Non Current Liabilities			
Long-Term Borrowings	2.03	2318 92 50 000	2187 50 00 000
		<u>2318 92 50 000</u>	<u>2187 50 00 000</u>
Current Liabilities			
Trade Payables	2.04	3 66 73 952	1 11 13 281
Other Current Liabilities	2.05	172 52 02 240	65 44 17 884
		<u>176 18 76 192</u>	<u>66 55 31 165</u>
TOTAL		<u>4749 11 85 189</u>	<u>4250 25 35 515</u>
ASSETS			
Non Current Assets			
Non Current Investments	2.06	3907 92 98 555	3686 44 80 547
Other Non Current Assets	2.07	22 25 81 608	36 74 41 905
		<u>3930 18 80 163</u>	<u>3723 19 22 452</u>
Current Assets:			
Trade Receivables	2.08	25 83 945	1 87 500
Cash and Bank Balances	2.09	36 88 67 489	317 77 84 365
Short-term Loans and Advances	2.10	341 07 58 386	193 51 66 096
Other Current Assets	2.11	440 70 95 206	15 74 75 102
		<u>818 93 05 026</u>	<u>527 06 13 063</u>
TOTAL		<u>4749 11 85 189</u>	<u>4250 25 35 515</u>
Significant Accounting Policies	1		
Notes forming part of Financial Statements	2		

This is the Standalone Statement of Profit and Loss referred to in our report of even date.

As per our report attached

For and on behalf of the Board

For Shridhar & Associates

Chartered Accountants
Firm Regn. No. 134427W

Rory Cole

Group Chief Financial Officer

Rodney Riley

Director

Jitendra Sawjany

Partner
Membership No : 050980

Place : Mumbai

Date : May 27, 2016

GCX Limited

Statement of Profit and Loss for the year ended March 31, 2016

	Note	April 1, 2015 to March 31, 2016 Indian Rupees	April 1, 2014 to March 31, 2015 Indian Rupees
Revenue			
Service Income	2.12	23 56 423	1,83,459
Other Income	2.13	419 01 17 135	14,69,701
Total Revenue		<u>419 24 73 558</u>	<u>16,53,160</u>
Expenses			
Finance Costs	2.14	180 05 43 075	1,14,55,83,333
Other Expenses	2.15	4 79 72 559	8,48,91,606
Total Expenses		<u>184 85 15 634</u>	<u>1,23,04,74,939</u>
Profit / (Loss) Before Tax		234 39 57 924	(1,22,88,21,779)
Tax Expense			
- Current Tax			-
Profit / (Loss) for the Year		<u>234 39 57 924</u>	<u>(1,22,88,21,779)</u>
Profit / (Loss) per Ordinary share of US\$1 each:			
- Basic and Diluted	2.17	9.96	(5.35)
Weighted Average Number of Ordinary Shares Outstanding		23 53 22 790	22,98,90,787
Significant Accounting Policies	1		
Notes forming part of Financial Statements	2		

This is the Standalone Statement of Profit and Loss referred to in our report of even date.

As per our report attached

For and on behalf of the Board

For Shridhar & Associates

Chartered Accountants
Firm Regn. No. 134427W

Rory Cole

Group Chief Financial Officer

Rodney Riley

Director

Jitendra Sawjany

Partner
Membership No : 050980

Place : Mumbai

Date : May 27, 2016

GCX Limited

Cash Flow Statement for the year ended March 31, 2016

	April 1, 2015	April 1, 2014
	March 31, 2016	March 31, 2015
	Indian Rupees	Indian Rupees
A) CASH FLOW FROM OPERATING ACTIVITIES:		
Profit / (Loss) Before Tax	234 39 57 924	(122 88 21 779)
Adjustments for:		
Interest Income	(10 79 203)	(11 97 060)
Dividend Income	(418 90 37 741)	-
Interest Expenses	160 36 76 900	99 88 32 374
Credit Facility Fees	3 19 42 626	4 40 30 160
Notes Issue Expenses	-	7 39 87 261
Movement in Foreign Translation Reserve	(66 64 71 268)	(2 70 41 067)
Amortisation of Notes Issue Expenses	16 49 23 549	10 27 20 799
	(71 20 87 213)	(3 74 89 312)
Changes in Working Capital		
(Increase) in Trade Receivables	(23 96 445)	(1 87 500)
Increase in Loan & Advances and Other Asset	(5 25 40 024)	-
Increase in Liabilities and Provisions	103 60 53 111	1 11 13 281
Cash Generated from Operations	26 90 29 429	(2 65 63 531)
Taxes Paid		
Net Cash Generated from Operating Activities (A)	26 90 29 429	(2 65 63 531)
B) CASH FLOW FROM INVESTING ACTIVITIES:		
Loan to Related Parties	(147 41 73 525)	(193 51 66 096)
Purchase of Hawk cable system	-	(1562 50 00 000)
Interest Received	10 79 203	11 97 060
Investment in Subsidiaries	-	(2 22 12 501)
Net Cash Used in Investing Activities (B)	(147 30 94 322)	(1758 11 81 537)

GCX Limited

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

	April 1, 2015	April 1, 2014
	March 31, 2016	March 31, 2015
	Indian Rupees	Indian Rupees
C) CASH FLOW FROM FINANCING ACTIVITIES:		
Interest paid	(160 36 76 900)	(74 36 23 999)
Credit Facility fees paid	(3 19 42 626)	(4 40 30 160)
Notes Issue Expenses	(2 95 24 356)	(70 16 25 067)
Loan from related party	6 02 91 899	39 92 09 509
Proceeds from issue of 7% Senior Secured Notes 2019	-	2187 50 00 000
Net Cash from Financing Activities (C)	(160 48 51 983)	2078 49 30 283
Net Increase in Cash and Cash Equivalents (A+B+C)	(280 89 16 876)	317 71 85 215
Add: Cash and Cash equivalents at the beginning of the year/period	317 77 84 365	5 99 150
Cash and Cash Equivalents at the end of the year/period (refer Note 2.09)	36 88 67 489	317 77 84 365

Notes:

- 1) The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard 3 – Cash Flow Statement issued by the Institute of Chartered Accountants of India.
- 2) For Non-cash transaction entered during the previous year Refer note 2.01 and 2.06

This is the Standalone Cash Flow Statement referred to in our report of even date.

As per our report attached

For and on behalf of the Board

For Shridhar & Associates

Chartered Accountants
Firm Regn. No. 134427W

Rory Cole

Rodney Riley

Group Chief Financial Officer

Director

Jitendra Sawjany

Partner
Membership No : 050980

Place : Mumbai

Date : May 27, 2016

1. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation

The financial statements are prepared under historical cost convention, in accordance with the generally accepted accounting principles (GAAP) in India and Comply with Accounting Standard specified under Section 133 of the Companies Act, 2013 ("the Act") read with Rule 7 of the Companies (Accounts) Rules, 2014 and other provisions of the Act, to the extent notified and applicable as well as applicable guidance note and pronouncements of the Institute of Chartered Accountants of India (the ICAI).

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Schedule III to the Companies Act, 2013. Based on the nature of the services and their realisation in cash & cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current or non-current classification of assets and liabilities.

b) Revenue Recognition

Service Income

Revenue from services is recognised on rendering of services in accordance with contractual arrangements.

Dividend Income

Dividend income is recognised when the right to receive dividend is established.

c) Use of Estimates

The preparation and presentation of financial statements in conformity with accounting standards issued by ICAI requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Differences between the actual results and estimates are recognised in the period in which the results are known/ materialised.

d) Current and Deferred tax

Tax expense for the period, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the period. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the taxation laws prevailing in the respective jurisdictions.

Deferred tax is recognised for all the timing differences, subject to the consideration of prudence in respect of deferred tax assets. Deferred tax assets are recognised and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

However, where there is unabsorbed depreciation or carry forward loss, the deferred tax asset is recognised and carried forward only to the extent that there is a virtual certainty that the assets will be realised in future. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. At each Balance Sheet date, the Company re-assesses unrecognised deferred tax asset if any.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing current tax and where the deferred tax assets and the deferred tax liabilities relate to taxes on income levied by the same governing taxation laws.

e) Foreign Currency Translation

Initial Recognition

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Subsequent Recognition

As at the reporting date, all balance sheet items are reported using current year closing rate except reserves and surplus which is reported at previous year closing rate. All Profit and loss items are reported at current year average rate.

f) Investments

Investments that are readily realisable and are intended to be held for not more than one year from the date, on which such investments are made, are classified as current investments. All other investments are classified as long term investments. Current investments are carried at cost or fair value, whichever is lower. Long-term investments are carried at cost. However, provision for diminution is made to recognise a decline, other than temporary, in the value of the investments, such reduction being determined and made for each investment individually.

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

g) Cash and Cash Equivalents

In the cash flow statement, cash and cash equivalents include cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

h) Provisions, Contingent Liabilities and Contingent Assets

Provisions: Provisions are recognised when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance Sheet date and are not discounted to its present value.

Contingent Liabilities: Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a liable estimate of the amount cannot be made.

Contingent Assets: Contingent assets are neither recognised nor disclosed in the financial statements.

i) Earnings Per Share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to ordinary shareholders by the weighted average number of Ordinary Shares outstanding during the period. Earnings considered in ascertaining the Company's earnings per share is the net profit for the period after deducting preference dividend and any attributable tax thereto for the period. The weighted average number of Ordinary Shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential ordinary shares that have changed the number of Ordinary Shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to ordinary shareholders and the weighted average number of Ordinary Shares outstanding during the period is adjusted for the effects of all dilutive potential ordinary shares.

	As at March 31, 2016 Indian Rupees	As at March 31, 2015 Indian Rupees
NOTE 2.01		
Share Capital		
Authorised		
250,000,000 (March 31, 2015 : 235,322,790) Ordinary Shares of US\$ 1 each	1656 37 50 000	1562 50 00 000
	<u>1656 37 50 000</u>	<u>1562 50 00 000</u>
Issued Subscribed and Paid up:		
235,322,790 Ordinary Shares (March 31, 2015 : 235,322,790) of US \$ 1 each fully paid (Refer note below)	1559 13 11 451	1470 76 74 375
10,000 Ordinary Shares of US \$ 1 each fully paid	6 62 550	6 25 000
213,283,000 Ordinary Shares of US \$ 1 each fully paid	1413 10 65 165	1333 01 87 500
22,029,790 Ordinary Shares of US \$ 1 each fully paid at total premium of US\$ 104,163,499	145 95 83 736	137 68 61 875
	<u>1559 13 11 451</u>	<u>1470 76 74 375</u>
	<u>1559 13 11 451</u>	<u>1470 76 74 375</u>

The Company had issued US\$ 213,283,000 shares for purchase of RGBV's entire holding in Reliance Globalcom Limited, Bermuda (RGL) and Flag Telecom Group Service Limited, Bermuda (FTGSL) for the consideration of US\$ 213,271,000 and US\$ 12,000, respectively. Eventually, RGBV has transferred its holding in the Company to GCXL in lieu of ordinary share issued by GCXL for an equivalent amount.

During the previous year, the Company had issued 22,029,790 Ordinary Shares of US\$ 1 per share to Global Cloud Xchange Limited at Premium amounting to US\$ 104,163,499 in settlement of the inter company balances and towards part payment for purchase of HAWK cable system amounting to US\$ 26,193,289 and US\$ 100,000,000 respectively.

GCX Limited

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

a) Reconciliation of number of Ordinary Shares	No. of Shares	As at		
		March 31, 2016	March 31, 2015	
		India Rupees	No. of Shares	India Rupees
Balance as at the beginning of the year	23 53 22 790	1470 76 74 375	10 000	5 99 150
Add: Shares issued during the year	-	-	23 53 12 790	1470 70 49 375
Add: Foreign exchange conversion	-	88 36 37 076	-	25 850
Balance as at the end of the year	23 53 22 790	1559 13 11 451	23 53 22 790	1470 76 74 375

b) Rights, preferences and restriction attached to the shares

The Company has only Ordinary Shares (shares) having a par value of US\$ 1 each per share. Each holder of shares is entitled to one vote per share. In the event of liquidation of the Company, the holder of shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of shares held by the shareholder.

Reliance Globalcom B.V., the Netherlands (RGBV), had availed US\$ 700,000,000 facility from Standard Chartered Bank (Lender). For securing the facility, shares of RGL and its material subsidiaries were pledged to the Lender and RGL was one of the Guarantors for the facility.

During the previous year, due to internal corporate restructuring, the Lender had released the pledge on shares of RGL and its material subsidiaries and FLAG Telecom Group Services Limited and its material subsidiaries and RGL as Guarantor, in exchange of pledge of shares of GCX Limited were extended inter-alia other securities.

c) Shares held by Holding company and subsidiary of Holding Company	No. of Shares	As at	
		March 31, 2016	March 31, 2015
Ordinary Shares			No. of Shares
235,322,790 shares (March 31, 2015: 235,322,790 Shares) held by Global Cloud Xchange Limited, Bermuda	23 53 22 790		23 53 22 790
	23 53 22 790		23 53 22 790

d) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company

Ordinary Shares	As at	
	March 31, 2016	March 31st, 2015
Global Cloud Xchange Limited, Bermuda	23 53 22 790 (100%)	23 53 22 790 (100%)

GCX Limited

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

	As at March 31, 2016 Indian Rupees	As at March 31, 2015 Indian Rupees
NOTE 2.02		
Reserves and Surplus		
Securities Premium (Refer note below)		
Balance at the beginning of the year	6,51,02,18,671	-
Add: Premium on shares issued during the year	-	6,51,02,18,671
Balance at the end of the year	<u>6,51,02,18,671</u>	<u>6,51,02,18,671</u>
Foreign Exchange Translation Reserve		
Balance at the beginning of the year	(2,70,66,917)	-
Add: During the year	-	(2,70,66,917)
Add: Foreign Exchange Conversion	33,23,02,647	-
Balance at the end of the year	<u>30,52,35,730</u>	<u>(2,70,66,917)</u>
Surplus in Statement of Profit and Loss		
Balance at the beginning of the year	(1,22,88,21,779)	-
Profit / (Loss) for the year	2,34,39,57,924	(1,22,88,21,779)
Less: Interim Dividend	98,18,43,000	-
Balance at the end of the year	<u>13,32,93,145</u>	<u>(1,22,88,21,779)</u>
Total	<u>694 87 47 546</u>	<u>525 43 29 975</u>
<p>During the previous year, the Company had issued 22,029,790 Ordinary Shares of US\$1 per share to GCXL at the aggregate Security Premium of US\$ 104,163,499 in settlement of the inter-company balances amounting to US\$ 126,193,289.</p> <p>During the year pursuant to board approval, the Company has declared an interim dividend of ₹ 981,843,000 (equivalent US\$ 15,000,000).</p>		
NOTE 2.03		
Long-Term Borrowings		
Secured:		
7.00% Senior Secured Notes due 2019 ("Notes") (US\$ 350,000,000)	23,18,92,50,000	21,87,50,00,000
	<u>2318 92 50 000</u>	<u>21,87,50,00,000</u>
<p>On August 01 2014, GCX limited had issued "7% Senior Secured Notes due 2019" of US\$ 350mn to Institutional Investors. GCX's Notes are listed at Singapore Stock Exchange. Notes are having 5 year maturity in 2019 and 7% interest rate. For issue of Notes GCX's subsidiaries RGL, FTGSL and their material subsidiaries shares has been pledge to Security Trusty of Notes Holders and they are also guarantor for the Notes.</p>		
NOTE 2.04		
Trade Payables		
Trade Payables	-	1,11,13,281
Other Contractual Obligations	3 66 73 952	-
	<u>3 66 73 952</u>	<u>1 11 13 281</u>
NOTE 2.05		
Other Current Liabilities		
Interest accrued and due on Notes	27 05 41 294	25,52,08,375
Dividend Payable	99 38 25 000	-
Due to related parties	46 08 35 946	39,92,09,509
	<u>1,72,52,02,240</u>	<u>65,44,17,884</u>

GCX Limited

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

	As at March 31, 2016 Indian Rupees	As at March 31, 2015 Indian Rupees
NOTE 2.06		
Non Current Investments (Valued at cost)		
(Unquoted , Non Trade)		
Investment in Subsidiaries:		
31,604,315,300 Class A Common shares of US \$ 0.01 each held in Reliance Globalcom Limited	3907 85 03 478	36,86,37,30,547
12,000 Ordinary shares of US \$ 1 each held in Flag Telecom Group Services Limited	7 95 060	7,50,000
	<u>3907 92 98 555</u>	<u>36,86,44,80,547</u>

Note

The Company had purchased RGBV's entire holding in Reliance Globalcom Limited, Bermuda (RGL) and Flag Telecom Group Services Limited (FTGSL) at the consideration of US\$ 213,271,000 and US\$ 12,000, respectively by way of issue of its own shares for equivalent value to RGBV.

During the previous year, the Company had sold HAWK cable to RGL for a consideration of US\$ 350,000,000. The amount was settled by RGL by way of issuance of its Class A Common Shares of an equivalent amount to the Company.

During the previous year, RGL had assigned intercompany payable of US\$ 26,193,289 to the Company and in settlement RGL had issued its share of equivalent value to the Company.

During the previous year, Company had acquired 9,700,000 Class A Common Shares of US\$ 0.01 each of RGL at a total consideration of US\$ 355,400 from Lagerwood Investment Limited.

NOTE 2.07

Other Non Current Assets

Unamortised Notes Issue Expenses-LT	22 25 81 608	36,74,41,905
	<u>22 25 81 608</u>	<u>36,74,41,905</u>

NOTE 2.08

Trade Receivable

Unsecured, Considered good	25 83 945	1,87,500
Less: provision for doubtful debts	-	-
	<u>25 83 945</u>	<u>1,87,500</u>
	<u>25 83 945</u>	<u>1,87,500</u>

NOTE 2.09

Cash and Bank Balances

Cash and Cash equivalents:

Cash on hand		
Bank Balance		
- In Current Accounts	1 00 180	-
- Demand Deposits	36 87 67 309	3,17,77,84,365
	<u>36 88 67 489</u>	<u>317 77 84 365</u>

GCX Limited

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

	As at March 31, 2016 Indian Rupees	As at March 31, 2015 Indian Rupees
NOTE 2.10		
Short-term loans and advances		
Unsecured, Considered good		
Prepaid Expenses	14 18 765	-
Loan and Advances to related parties	340 93 39 621	1,93,51,66,096
	<u>341 07 58 386</u>	<u>193 51 66 096</u>
NOTE 2.11		
Other Current Assets		
Unamortised Notes Issue Expenses	16 69 36 206	15,74,75,102
Dividend Receivable	424 01 59 000	-
	<u>440 70 95 206</u>	<u>15,74,75,102</u>
	April 1, 2015 to March 31, 2016 Indian Rupees	April 1, 2014 to March 31, 2015 Indian Rupees
NOTE 2.12		
Service Income		
Service Income	23,56,423	1,83,459
	<u>23,56,423</u>	<u>1,83,459</u>
NOTE 2.13		
Other Income		
Interest Income	10,79,203	11,97,060
Dividend Income	4,18,90,37,741	-
Miscellaneous Income	191	2,72,641
	<u>4,19,01,17,135</u>	<u>14,69,701</u>
NOTE 2.14		
Finance Costs		
Interest on Notes	1,60,36,76,900	99,88,32,374
Amortisation of Notes Issue Expenses	16,49,23,549	10,27,20,799
Credit Facility Fees	3,19,42,626	4,40,30,160
	<u>1,80,05,43,075</u>	<u>1,14,55,83,333</u>

GCX Limited

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

April 1, 2015 to March 31, 2016 Indian Rupees	April 1, 2014 to March 31, 2015 Indian Rupees
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NOTE 2.15

Other expenses

Professional Fees	25,62,459	7,39,87,261
Insurance	55,08,377	-
Payment to auditors	2,02,91,422	1,07,01,775
Gain on Foreign Exchange Fluctuation (Net)	1,94,71,516	-
Sales and Marketing Expenses	-	1,71,993
Miscellaneous Expenses	1,38,785	30,577
	<u>4,79,72,559</u>	<u>8,48,91,606</u>

NOTE 2.16

General Information

GCX Limited ("GCX") was incorporated in Bermuda and is a wholly owned subsidiary of Global Cloud Xchange Limited, Bermuda (GCXL). The Company is holding company of a multinational corporate organisation and operates global telecommunications network comprised of advanced fiber-optic cable systems and interfaces that are owned by, leased to, or otherwise available to the Company subsidiaries.

Senior Secured Notes of GCX have been listed on the Official List of the Singapore Exchange Securities Trading Limited ("SGX-ST").

NOTE 2.17

Earnings per Share

Profit / (Loss) for the year (A)	2,34,39,57,924	(1,22,88,21,779)
Weighted average number of Ordinary share of US\$ 1 each used as denominator for calculating Basic and Diluted Loss per Share (B)	23 53 22 790	22 98 90 787
Basic and Diluted Profit / (Loss) per Share (A)/(B)	9.96	(5.35)

3. Related Party Disclosures

Names of related parties and nature of relationships:

a) Parties where control exists:

S. Name of the entity

No

Parent Company

- 1 Reliance Communications Limited (Holding Company) (RCOM)
- 2 Reliance Globalcom B.V. (Intermediary Holding Company) (RGBV)
- 3 Global Cloud Xchange Limited, Bermuda (Holding Company) (GCXL)

Subsidiary Company

- 1 Reliance Globalcom Limited, Bermuda
- 2 FLAG Telecom Development Limited
- 3 FLAG Telecom Development Services Company LLC
- 4 Reliance FLAG Atlantic France SAS
- 5 FLAG Telecom Deutschland GmbH
- 6 FLAG Telecom Hellas AE
- 7 FLAG Telecom Asia Limited (including representative office in China)
- 8 FLAG Telecom Network Services Limited
- 9 Reliance FLAG Telecom Ireland Limited

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

S. No	Name of the entity
10	FLAG Telecom Ireland Network Limited
11	FLAG Telecom Japan Limited
12	FLAG Telecom Netherland BV
13	FLAG Telecom Singapore Pte. Limited
14	FLAG Telecom Espana Network SAU
15	FLAG Telecom Taiwan Limited
16	Reliance Globalcom (U.K.) Limited
17	FLAG Atlantic UK Limited
18	FLAG Telecom Network USA Limited
19	Seoul Telenet Inc.
20	FLAG Holdings (Taiwan) Limited
21	Reliance Globalcom Limited, India
22	Flag Telecom Group Services Limited
23	Yipes Holdings Inc.
24	Reliance Globalcom Services Inc.
25	YTV Inc.
26	Reliance Vanco Group Limited
27	Vanco UK Limited
28	Vanco Global Limited
29	Vanco ROW Limited
30	Vanco International Limited
31	Vanco Switzerland A.G.
32	VNO Direct Limited
33	Vanco US LLC
34	Vanco Solutions Inc.
35	Vanco BV
36	Vanco Benelux BV
37	Vanco Gmbh
38	Vanco Deutschland Gmbh
39	Vanco SAS
40	Vanco NV
41	Vanco Srl
42	Euronet Spain SA
43	Vanco EuronetSp Zoo
44	Vanco Sweden AB
45	Vanco South America Ltda
46	Vanco Australasia Pty Limited
47	Vanco Asia Pacific PTE Limited
48	Vanco (Shanghai) Co. Limited
49	Vanco Japan KK
50	Net Direct SA (Proprietary) Limited (under liquidation)

b) Other related parties (Fellow Subsidiaries) with whom transactions have taken place:

- i. Lagerwood Investment Limited, Cyprus (Lagerwood)

GCX Limited

c) Summarised below are the transactions entered into with related parties:

	Indian Rupees			
During the year/period :	RGL	RGBV	Lagerwood	GCXL
Revenue from Operations	2,356,423			
	<i>1,83,459</i>	-		-
Purchase of Hawk Cable System	-	-		
	-	-		<i>21,875,000,000</i>
Sale of Hawk Cable System		-		-
	<i>21,875,000,000</i>	-		-
Investment in RGL shares				-
	<i>23,512,080,563</i>	<i>13,329,437,500</i>	<i>22,212,500</i>	-
Investment in FTGSL shares	-			-
	-	<i>7,50,000</i>	-	-
Loan Given	1,474,173,525	-	-	-
	<i>1,935,166,096</i>	-	-	-
Expense incurred on behalf of the company	59,597,348	-	-	694,551
	<i>376,997,009</i>	-	-	-
Assignment of Intercompany Receivable	-	-	-	
	-	-	-	<i>15,625,000,000</i>
Dividend Income	4,240,159,000	-	-	-
	-	-	-	-
Interim Dividend	-	-	-	993,825,000
	-	-	-	-

Figures in Italics represent previous period figures.

Indian Rupees

Year End Balance:	RGL	RGBV	Lagerwood	GCXL
Trade Receivables	2,583,945	-	-	-
	<i>1,87,500</i>	-	-	-
Loan and Advances	3,409,339,621	-	-	-
	<i>1,935,166,096</i>	-	-	-
Other Current Liabilities	436,594,357	-	23,547,027	694,511
	<i>376,997,009</i>	-	<i>22,212,500</i>	-
Dividend Receivable	4,240,159,000	-	-	-
	-	-	-	-
Dividend Payable	-	-	-	993,825,000
	-	-	-	-

Figures in Italics represent previous period figures.

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

4. Previous Period Figures:

a) Previous period figures have been reclassified to conform to this year's classifications.

5. Exchange Rate:

The amounts relating to Balance Sheet items appearing in Indian Rupees have been translated at Closing Rate of 1 USD = INR 66.255 (Previous year 1 USD = INR 62.500) and items relating to profit and loss have been translated at average rate of 1 USD = INR 65.456.

The amounts have been converted in INR to comply with the financial reporting requirement in India.

As per our report attached

For and on behalf of the Board

For Shridhar & Associates

Chartered Accountants
Firm Regn. No. 134427W

Rory Cole

Group Chief Financial Officer

Rodney Riley

Director

Jitendra Sawjany

Partner
Membership No : 050980

Place : Mumbai

Date : May 27, 2016