



RELIANCE

Communications

Quarterly Report on the Financial Results for the Quarter ended June 30, 2016




Reliance Communications Limited

Registered office: H Block, 1st Floor,

Dhirubhai Ambani Knowledge City, Navi Mumbai – 400710

Corporate Identity Number (CIN) of the Company: L45309MH2004PLC147531

June 30, 2016



RELIANCE

UPGRADE TO



**4G
LTE**

Get your SIM here

RELIANCE

4G
LTE

INTRODUCING CALLING KA NAYA TAREEKA



RELIANCE DATA PE BOL

Kyunki ab zamana hai app to app talking ka

Ab kijiye ₹39 mein 300 minutes app to app talking desh ya videsh mein kahin bhi



Whatsapp



Facebook
Messenger



Skype



Google
Hangouts



imo



Viber

Supplemental Disclosures

Safe Harbour: Some information in this report may contain forward-looking statements. We have based these forward-looking statements on our current beliefs, expectations, and intentions as to facts, actions and events that will or may occur in the future. Such statements generally are identified by forward-looking words such as “believe”, “plan”, “anticipate”, “continue”, “estimate”, “expect”, “may”, “will” or other similar words.

A forward-looking statement may include a statement of the assumptions or bases underlying the forward-looking statement. We have chosen these assumptions or bases in good faith, and we believe that they are reasonable in all material respects. However, we caution you that forward-looking statements and assumed facts or bases almost always vary from actual results, and the differences between the results implied by the forward-looking statements and assumed facts or bases and the actual results could be material depending on the circumstances. You should also keep in mind that any forward-looking statement made by us in this report or elsewhere speaks only of the date on which we made it. New risks and uncertainties come up from time to time, and it is impossible for us to predict these events or how they may affect us. We have no duty to, and do not intend to, update or revise the forward-looking statements in this report after the date hereof. In light of these risks and uncertainties, any forward-looking statement made in this report or elsewhere may or may not occur and has to be read and understood along with this supplemental disclosure.

General Risk: Investments in equity and equity-related securities involve a degree of risk and investors should not invest in the equity shares of the Company unless they can afford to take the risk of losing their investment. For taking an investment decision, investors must rely on their own examination of the Company including the risks involved.

Convenience Translation: All references in this report to “Rs” are to Indian Rupees and all references herein to “US\$” are to United States Dollars.

We publish our financial statements in Indian Rupees, the legal currency of the Republic of India. All amounts translated into United States Dollars in this report are provided solely for the convenience of the reader, and no representation is made that the Indian Rupee or United States Dollar amounts referred to herein could have been or could be converted into United States Dollars or Indian Rupees respectively, as the case may be, at any particular rate, or the rates stated in this report, or at all.

Others: In this report, the terms “we”, “us”, “our”, “the Company” or “the Group”, unless otherwise specified or the context otherwise implies, refer to Reliance Communications Limited (“Reliance Communications”) and its affiliates, including, inter alia, FLAG Telecom Group Limited (“FLAG”), Reliance Telecom Limited (“RTL”), Reliance Communications Infrastructure Limited (“RCIL”) and Reliance Infratel Limited (“Reliance Infratel”). Further abbreviations are defined within this report.

Any discrepancies in any table between total and sums of the amounts listed are due to rounding off.

Disclaimer: This communication does not constitute an offer of securities for sale in the United States. Securities may not be sold in the United States absent registration or an exemption from registration under the U.S. Securities Act of 1933, as amended. Any public offering of securities to be made in the United States will be made by means of a prospectus and will contain detailed information about the Company and its management, as well as financial statements.

Table of Contents

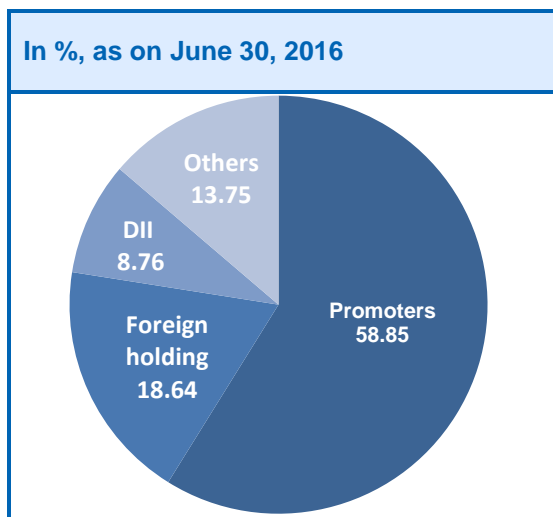
1.	Performance Snapshot & Shareholding Pattern	6
2.	Overview	7
3.	Financial Highlights	17
4.	Key Performance Indicators	22
5.	Basis of Presentation of Financial Statements	23
6.	Financial Statements	27
7.	Accounting Policies	30
8.	Notes to Accounts	34
9.	Glossary.....	36

1. Performance Snapshot & Shareholding Pattern

Particulars	Units	12 months period ended					Quarter ended				
		March 2012	March 2013	March 2014	March 2015	March 2016	Jun 30, 2015 (Q1 FY16) Ind AS *	Sep 30, 2015 (Q2 FY16)	Dec 31, 2015 (Q3 FY16)	Mar 31, 2016 (Q4 FY16)	Jun 30, 2016 (Q1 FY17) Ind AS *
Consolidated financials											
Revenue	Rs. mn	2,03,823	2,17,780	2,23,213	2,20,980	2,21,130	55,704	53,553	52,983	59,189	53,612
EBITDA	Rs. mn	64,899	71,591	77,258	75,181	74,190	18,966	17,819	18,033	19,587	15,601
Cash profit from operations	Rs. mn	49,665	45,896	57,275	44,369	47,488	12,449	10,858	10,876	14,129	9,186
Profit before income taxes	Rs. mn	8,821	8,148	1,167	9,456	5,042	-23	1,465	2,323	-734	-654
Net Profit	Rs. mn	9,285	6,716	10,477	7,135	6,815	510	1,559	1,708	1,767	542
Total Fixed Assets	Rs. mn	7,14,778	6,92,520	6,64,429	6,23,020	7,12,301	*	6,68,850	6,67,862	7,12,301	7,56,273
Shareholders' Equity	Rs. mn	3,17,123	2,87,247	2,71,087	3,25,128	3,12,625	*	3,20,897	3,19,413	3,12,625	3,07,159
Net Debt	Rs. mn	3,58,393	3,88,644	4,01,776	3,67,257	4,13,621	*	3,98,949	4,04,791	4,13,621	4,20,712
Key Ratios											
EBITDA Margin	%	31.8%	32.9%	34.6%	34.0%	33.6%	34.0%	33.3%	34.0%	33.1%	29.1%
Net Profit Margin	%	4.6%	3.1%	4.7%	3.2%	3.1%	0.9%	2.9%	3.2%	3.0%	1.0%
Net Debt to funded equity ratio	Times	1.13	1.35	1.48	1.13	1.32	*	1.24	1.27	1.32	1.37

Note: The Company has adopted Indian Accounting Standards (Ind AS) from April 1, 2016 with a transition date of April 1, 2015. The figures for the quarter ended June 30, 2015 have also been converted as per Ind AS for like-to-like comparison.

Shareholding Pattern:



Top Public Shareholders as on Jun 30, 2016	
Shareholder name	Holding (%)
Life Insurance Corporation of India	6.62
EuroPacific Growth Fund	2.26
Smallcap World Fund INC	1.87
CLSA Global Markets Pte Ltd	1.70
Ontario Teachers' Pension Plan Board	1.00

2. Overview

2.1. Introduction

Reliance Communications Limited ("Reliance Communications" or "the Company") is India's foremost integrated communications service provider in the private sector with over 107 million individual, enterprise, and carrier customers.

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

2.2. Strategic Business Units

2.2.1. India Operations

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

Indian operations has been further categorised into Voice, Non-voice and Others segments. Voice segment constitutes business generated mainly from the wireless customers and 1.2 mn wireline customers (approx. 1% of total customers).

The 'Others' segment comprises operations other than Telecom Operations. This includes income from Direct-to-Home TV business, investments, interest, etc.

Mobility/Wireless services:

The voice and non-voice business is driven 2G/3G/4G based wireless services to consumers on a nationwide basis.

RCOM is one of the largest holders of spectrum in 800/850band. This places RCom in an unparalleled position in the Indian telecommunication space, as this band is recognized as one of the most powerful spectrum bands in the sub-1 GHz spectrum category to provide indoor coverage and speeds. Globally many operators have launched LTE services on this band. We believe this gives us the unique capability to offer LTE services in an efficient manner.

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

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

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

We are among the top providers of wireless communication services in the country, with a wireless subscriber base of nearly 100 million as of June 30, 2016.

Enterprise services:

The Company—through the 'collaborative innovation' route—partners with leading global technology providers to continually expand its diverse service portfolio for the Enterprise and SME segments. Broadly, this portfolio consists of national & international private leased circuits, network connectivity, managed network services, comprehensive voice solutions, Enterprise mobility solutions, collaboration solutions, data center co-location, managed services and cloud offerings. The accent is on integrated, end-to-end solutions that help strengthen RCom's role as an 'ICT Partner of Choice' for the Large Enterprise segment. The Company has a long-standing experience of serving SMEs and combines innovation, deep knowledge of this segment with Reliance's countrywide network infrastructure to continually expand its solution portfolio for SMEs that address their ICT needs in a cost-efficient manner, largely through a pay-per-use model. Our enterprise clientele includes over 39,000 Indian and multinational corporations including SMEs and many prominent enterprises in India.

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

Internet Data Center:

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

Reliance Big TV (Direct-To-Home business):

Our Direct-To-Home (DTH) digital TV Business, branded as Reliance Big TV, offers a full combo of Standard Definition, High Definition & High Definition-DVR STBs, along with largest channel bouquet. We also introduced a new technology advancement which made us the 1st operator to offer all 299 channels in HD like quality. Reliance offers nationwide Direct-To-Home satellite TV services, employing state-of-the-art MPEG4 technology.

Reliance Digital TV is available at nearly 37,350 outlets across numerous cities in the country. The retail and distribution reach, as well as other elements of infrastructure established for our wireless network, have been leveraged to expand our DTH presence. Reliance Digital TV

currently has about 5.0 million subscribers, with 6% share of the DTH market in India. We launched India's first High definition cum Advanced Digital Video recorder (HD DVR), offering 200 hrs of recording, trick play functions & universal remote for operating three devices.

Our Set Top Box (STB) Failure Rate is 0.97%, which is amongst the best internationally & by far the best in India.

2.2.2. Global Operations

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

In our Carrier Voice, we offer ILD carriage and termination, on an inter-segment basis, to our other business units and other operators. We entered the long distance market in India in mid-2003 and are one of the largest carriers of international voice minutes.

As part of our Consumer voice offering we offer virtual international calling services to retail customers for calls to 230 international destinations including India under the brand Reliance Global Call. Our retail services are available to customers in 14 countries in Australia, Austria, Belgium, Canada, France, Hong Kong, India, Ireland, Netherlands, New Zealand, Singapore, Spain, United Kingdom and United States. We have over 2.6 million customers for our Reliance Global Call service. We have more than 550 enterprise customers of Reliance Global Call across 11 countries including the United States, United Kingdom, Canada, Australia, New Zealand, Singapore, Spain, Belgium, France, the Netherlands and India. We also offer SIP Trunk calling along with Blackberry and Windows App.

Our International Data business is underpinned by our ownership of one of the largest private submarine cable system in the world, spanning 68,698 kilometres and connecting North America, Europe, the Middle East and Asia through 46 landing points in 27 countries. The network seamlessly interconnects with our 190,000 kilometres fibre optic cables within India. We have 950 enterprise customers spread over developed markets such as the United States, the United Kingdom, the Netherlands and Singapore.

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

We have a very strong and rapidly growing enterprise business segment outside India. We also provide Managed Ethernet services in the U.S. and have an established position in the global enterprise data market.

2.3. Network and Operating Facilities

We have a wide network covering over 21,000 cities and towns and over 400,000 villages in India.

With 190,000 kilometres of fibre optic cable in India, our national inter-city long distance network is one of the largest next generation network in India. Our network is designed and deployed for maximum reliability in ring and mesh architecture.

Our network operating centre in Navi Mumbai, India is one of the most advanced in the world. It has been designed and built to provide converged services, which is going to be the key differentiator going forward. The entire range of our products and services is enabled by streamlined, fully integrated, flow through operating and business support systems. These facilities provide us with by far the most superior platform in India for offering bandwidth intensive, feature rich, converged services and solutions for consumers, enterprises, and carrier customers with virtually limitless scalability. Our national networks are integrated with our international networks.

Our corporate clientele includes over 39,000 Indian and multinational corporations including small and medium enterprises and over 290 global, regional and domestic carriers. Our virtual network currently extends to over 27,000 sites across 153 countries.

Our consumer and SME offerings are supported by one of the most extensive and powerful distribution networks in India. The backbone of our retail presence is combination of exclusively franchised Reliance mobile store along with strong independent third party retailer network. We adopted an initiative to launch full-serviced franchise owned and operated retail outlets offering a full suite of services, including innovative self-care options, to our customers. We have nearly 1,729 franchised Reliance Mobile exclusive stores spread across more than 500 cities and towns, offering customer activation and after-sales services. We also intend to increase these retail outlets to other cities. Our third-party retailer presence includes nearly six lakh outlets.

Key Company Developments

A. Launched MoviNet Data Plan for Movies, Music, and Internet



MoviNet Pack is a move towards a Content-led data strategy. The composite pack bundles 'any-use' data quota along with subscription-free access to an entertainment-on-demand library of 8,000 movies, 50,000 music videos and 35 lakh sound tracks, virtually bringing the multiplex on mobile. The core objective of the product is to drive ARPU upgrade by driving migration from relatively lower ARPU data plans to higher ARPU MoviNet plans. At the same time customers consuming content on MoviNet have

been seen to increase their recharge frequency.

B. Launched the NightOut Data Pack for Night Data Users



NightOut Pack is targeted towards users using data at night, those who mainly browse during night hours. With NightOut pack the customer can enjoy 1GB Mobile Internet Data @ Rs.35 for the immediate night from 12 midnight to 6 am. There are two variants of the Pack: Plain Night Data Quota Pack, and Night Data Quota plus Unlimited OnNet calling at night. This is a super proposition for customers who watch videos at night, and for viweing offline YouTube videos.

C. Leveraging IPL for Driving VAS



"Commentary Mike aapko Jeetayega Bike" was an IVR based cricket contest launched around IPL on 8th April'16 to 29th May'16, where customers could listen to cricket commentary, match trivia and received match schedules and scores over SMS on subscription of content pack. Participating customers

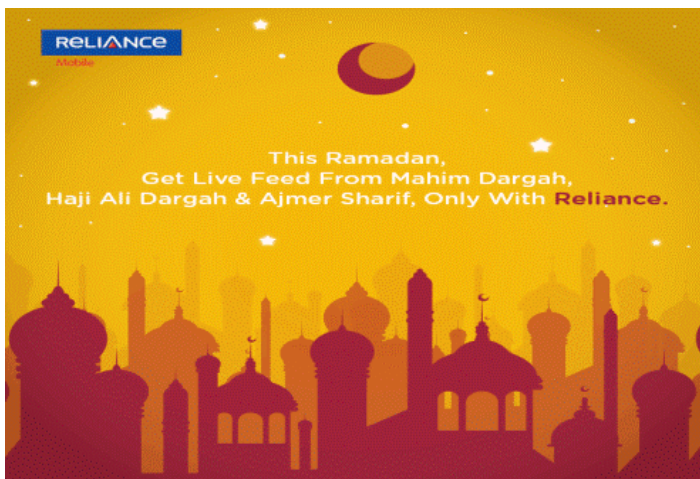
also got an opportunity to win Motor Bike, Smartphones & Daily recharges.

D. Engaging customers around World Music Festival



“World Music Festival” was an IVR based Music contest launched on 15th June’16 to 15th July’16, where customers could listen to Music genres across Romantic, Dance & Hit Bollywood songs, and also got an opportunity to win daily recharges.

E. Leveraging festivals: Ramadan Portal



‘Ramadan Portal’ was designed around the month long holy period of Ramadan (7th June’16 to 5th July’16) giving customers the access to Ramadan content over IVR / SMS & WAP platform. By calling IVR 58800786 customers had an option to listen to live audio feed from Mahim Dargah, Haji Ali Dargah, Ajmer Sharif Dargah and could listen

to Naat, Duaaien, Qawwali, Sufi as well as Quran. In WAP customers could watch live streaming from Haji Ali, Mahim Dargah and download Videos, Music & Imagery on Ramadan.

F. Reliance Communications (RCOM) & Global Cloud Xchange (GCX) Deliver First “Make in India” Content Delivery Network

RCOM & GCX announced the deployment of Fast Edge, the country’s first “Make in India” Content Delivery Network (CDN), which comprises a Content Delivery Network of content caches around the edge of Reliance’s Indian network, connecting back to 9 state-of-the-art Tier III+ data centers in Mumbai, Bangalore, Chennai and Hyderabad. The content caches, in turn, are seamlessly connected onward to our network of data centers situated in key hubs along the Emerging Markets Corridor, all interconnected by our wholly owned global subsea fiber network.

G. RCOM & GCX Launched Global Software-Defined Wide Area Network (SD WAN) Solution for Enterprises

RCOM & GCX launched CLOUD X WAN – a global SD WAN Solution for Enterprises. Cloud X WAN, the latest addition to the CLOUD X portfolio, is a Cloud-centric network platform

designed to help overcome many of the challenges facing today's global enterprise networks, offering an affordable solution which embraces flexibility, scalability and enhanced security. Cloud X WAN is an evolution of GCX's existing hybrid WAN service which already connects more than 20,000 locations to a global MPLS network via the Internet.

H. GCX was named “Best Managed Services Provider by Telecom Asia”

GCX was named “Best Managed Services Provider by Telecom Asia”. Now in its 19th year, the Telecom Asia Awards are the region's longest-running and most prestigious telecom industry awards which recognizes outstanding performance by service providers and industry executives. According to Editor-in-Chief John Tanner, "GCX ticks many of the important boxes in terms of network, services and reach, but what sets GCX apart for this award is its customer-centric vision of the network's key role in the cloud-based digital future."

I. GCX has partnered with Cornell University's Electrical and Computer Engineering Department for deploying and testing the new traffic control solutions

Global Cloud Xchange announced a partnership with Cornell University's Electrical and Computer Engineering Department to test and implement a breakthrough technology for dynamic, optimal routing, providing Cornell with a live production environment for deploying and testing the new traffic control solutions. The environment includes the GCX Cloud X nodes and Layer 2 / Layer 3 networks across multiple locations in North America, Europe, and Asia. The virtual machines at each of the cloud nodes are fully interconnected via the GCX network.

2.4. Update on Key Corporate Developments

- **Consolidation of RCOM's wireless business and Aircel**

RCOM and Maxis Communications Berhad ("MCB"), promoters of Aircel Limited ("Aircel"), signed the definitive documents for the merger of their Indian wireless businesses - the largest-ever consolidation in the Indian telecom sector. The RCOM-Aircel combination will create a strong operator clearly ranked amongst India's top 4 telcos by customer base and revenues, also ranking amongst the top 3 operators by revenues in 12 important circles. The new entity "MergedCo" will have the second-largest spectrum holding amongst all operators, aggregating 448 MHz across the 850, 900, 1800 and 2100 MHz bands, and will enjoy enhanced business continuity through extended validity of spectrum holdings till 2033-35.

MergedCo will be one of India's largest private sector companies, with an asset base of over Rs. 65,000 crore (USD 9.7 billion) and net worth of Rs. 35,000 crore (USD 5.2 billion). The combined entity will enjoy substantial benefits of scale driving significant revenue growth, and capex and opex synergies with an NPV of ~ Rs. 20,000 crore (USD 3 billion).

MergedCo's subscribers will have access to nationwide 'gold standard' 4G LTE services on the sub-1 GHz band, under RCOM's existing nation-wide spectrum sharing / ICR arrangements with Reliance Jio Infocomm.

MergedCo's subscribers will have access to nationwide 'gold standard' 4G LTE services on the sub-1 GHz band, under RCOM's existing nation-wide spectrum sharing / ICR arrangements with Reliance Jio Infocomm.

The combined 2G, 3G and 4G networks position MergedCo for further strategic collaborations, and provide MergedCo the unique capability to offer a robust platform of services across all customer segments in all 22 telecom circles, including the mass market, leading to a superior customer experience at an affordable price point, and bringing the Internet to All in furtherance of Hon'ble Prime Minister Shri Narendra Modi's vision of Digital India.

- **SSTL's consolidation into RCOM**

We have received shareholders approval, CCI approval and Stock exchanges approvals. We are currently awaiting the final High Court and DoT approvals, expected to be received in the near future, after which we will initiate the integration process of SSTL's wireless operations into RCOM.

- **Strategic partnership with Jio to offer 4G services**

RCOM & Jio have completed the execution of the spectrum sharing arrangements in the 850 MHz band covering 4G LTE services. RCOM customers will benefit from Jio's world class 4G LTE network under sharing and ICR arrangements.

Operationally, the spectrum arrangements between RCOM & Jio will result in network synergies, enhanced network capacity and will optimize spectrum utilization and capex efficiencies. Financially, RCOM would achieve considerable savings in operating costs and future investments in networks which will bolster the bottom-line of the Company and help generate positive cash flows.

- Our sharing arrangements with Jio will create a pool of 162.5MHz of spectrum and 192.5MHz of spectrum including SSTL's spectrum in the 850Mhz band.
 - The RCOM-SSTL-Jio 850MHz combination will create a spectrum pool of 10MHz of spectrum in 11 circles, 8.75MHz of spectrum in 7 circles and the rest of the circles will have a minimum of 5MHz-6.25MHz spectrum to offer 4G services. This will give RCOM significant bandwidth to offer high speed 4G data to its customers.
- **We have completed the process of CDMA upgradation**

We have successfully completed the process of migration of our CDMA customers to Reliance 4G. We have been able to retain most of our profitable and valued customers.
 - **We are making progress in improving the health of our balance sheet through deleveraging measures.**

Our deleveraging plans are progressing well through multiple transactions. These transactions will lead to substantial reduction of RCOM's overall debt, and strengthen the Company's Balance Sheet, creating a robust platform for renewed growth in the years to come.

2.5. Principal Operating Companies

Reliance Communications Limited is the Flagship Company and is also the holding company for the other major operating companies in the Group. Reliance Communications provides wireless, wireline, broadband, multimedia and Internet access services and long distance services in India and overseas. Its major assets are the wireless network, transmission networks used in its business, and the contact centres. It provides GSM wireless services in 14 service areas.

Reliance Telecom Limited is a wholly owned subsidiary of Reliance Communications, offering GSM services in Madhya Pradesh, West Bengal, Himachal Pradesh, Odisha, Bihar, Assam, Kolkata and North East service areas.

Reliance Infratel Limited owns, operates, and develops telecom infrastructure, primarily consisting of wireless communication sites and towers. Reliance Infratel is currently a subsidiary of Reliance Communications through RCIL.

Reliance Webstore Limited is a wholly owned subsidiary of Reliance Communications and provides marketing and collection services.

Reliance Globalcom B.V. is a wholly owned subsidiary of Reliance Communications. Reliance Globalcom encompasses Enterprise Services, Capacity Sales, Managed Services and a highly successful bouquet of Retail products & services comprising of Global Voice, Internet Solutions and Value Added Services. Its major assets are the FLAG Atlantic, FLAG North Asia Loop, FLAG Europe Asia, FALCON and Hawk submarine cable systems.

Reliance Big TV Limited (RBTv) is a wholly owned subsidiary of Reliance Communications. RBTv is offering fully Digital Home Entertainment Service on the world's most advanced MPEG4 Direct-To-Home (DTH) Platform to deliver channels in High Definition (HD) like quality.

3. Financial Highlight

Financial results for the quarter ended June 30, 2016 are as per Indian GAAP. In the tables below, "Qtr ended 30/06/15" refers to the three month period ended June 30, 2015 and "Qtr ended 30/06/16" refers to the three month period ended June 30, 2016.

Exchange rate, being the revaluation rate as announced by FEDAI, for conversion of Indian Rupees to United States Dollars is -

Rs 63.65 for the quarter ended June 30, 2015,

and

Rs 67.53 for the quarter ended June 30, 2016.

These financial statements are the Company's first Indian Accounting Standard (Ind AS) financial statements. The Company has adopted Ind AS with effect from April 1, 2016 with a transition date of April 1, 2015. The figures for the quarter ended June 30, 2015 have also been converted in accordance with principals of Ind AS.

The Company has given reconciliation and explanatory notes for the effects of the transition on Statement of Profit and Loss for the quarter ended June 30, 2015 as previously reported and as per Ind AS. The financials of other comparable periods of the previous year 2015 – 16, which are as per Indian GAAP, shall be converted based on Ind AS and reported along with respective quarterly results during 2016 - 17. First Time Adoption of Ind AS as per Ind AS 101 permits accounting choices contained in Ind AS before its first annual financial statements for 2016 -17. Ind AS compliant financial result for previous year ended March 31, 2016 shall also be presented along with annual financial statements of 2016 -17.

Major Impact Areas for the quarter ended June 30, 2015 are as follows:

- a. Restatement of Revenue from non cancellable right of use and other revenues, to be recognised over a period of underlying contract of services in line with applicable Ind AS have been reversed on transition date.
- b. Depreciation impact consists on account of fair valuation and restatement under Ind AS and Restatement of Revenue.
- c. Deferred tax is charged due to following the Balance Sheet approach; and impact arising on account of such changes on transition date.

3.1. Summarized Consolidated Statement of Operations

(Rs Million, except ratios)

Particulars	Qtr ended	Qtr ended	Y-on-Y Growth (%)
	30-06-15	30-06-16	
Total revenue	55,704	53,612	-3.8%
Net revenue	46,524	43,888	-5.7%
EBITDA	18,966	15,601	-17.7%
Cash profit from operations	12,449	9,186	-26.2%
Profit before tax	(23)	(654)	-
Net profit	510	542	6.4%
<i>EBITDA margin (%)</i>	34.0%	29.1%	

(US\$ Million, except ratios)

Particulars	Qtr ended	Qtr ended	Y-on-Y Growth (%)
	30-06-15	30-06-16	
Total revenue	875	794	-9.3%
Net revenue	731	650	-11.1%
EBITDA	298	231	-22.5%
Cash profit from operations	196	136	-30.4%
Profit before tax	(0)	(10)	-
Net profit	8	8	0.2%
<i>EBITDA margin (%)</i>	34.0%	29.1%	

Note: Due to exchange rate conversion difference the percentage change in US\$ will not be comparable with the percentage change in rupee table above.

3.2. Summarized Consolidated Balance Sheet

(Rs Million, except ratios)

Particulars	As at
	30-06-16
Assets	
Net fixed assets, including capital work-in-progress and Goodwill	756,273
Investments	1,216
Total current assets (excluding cash & cash equivalents)	227,247
Total assets	984,736
Liabilities and stockholders equity	
Liabilities and provisions	253,731
Net debt	420,712
Total liabilities	674,443
Stockholders equity	307,159
Minority interest	3,134
Total liabilities and stockholders equity	984,736
<i>Net debt to stockholders equity (x)</i>	<i>1.37</i>
<i>Book value per equity share (Rs)</i>	<i>125</i>

(US\$ Million)

Particulars	As at
	30-06-16
Assets	
Net fixed assets, including capital work-in-progress and Goodwill	11,200
Investments	18
Total current assets (excluding cash & cash equivalents)	3,365
Total assets	14,584
Liabilities and stockholders equity	
Liabilities and provisions	3,758
Net debt	6,230
Total liabilities	9,988
Stockholders equity	4,549
Minority interest	46
Total liabilities and stockholders equity	14,583

Note: Due to exchange rate conversion difference the percentage change in US\$ will not be comparable with the percentage change in rupee table above.

3.3. Summarized Statement of Operations by Segment

3.3.1. India Operations

(Rs Million, except ratios)

Particulars	Qtr ended	Qtr ended	Y-on-Y Growth (%)
	30-06-15	30-06-16	
Gross Revenue	48,117	46,932	-2.5%
- Voice	34,527	30,452	-11.8%
- Non Voice	12,324	14,759	19.8%
- Others	1,266	1,721	35.9%
Net Revenue	38,937	37,208	-4.4%
EBITDA	17,086	13,533	-20.8%
EBIT	8,480	6,718	-20.8%
EBITDA margin %	35.5%	28.8%	
EBIT margin %	17.6%	14.3%	
Investment in Projects	5,471	20,620	

3.3.2. Global Operations

(Rs Million, except ratios)

Particulars	Qtr ended	Qtr ended	Y-on-Y Growth (%)
	30-06-15	30-06-16	
Gross Revenue	11,251	11,848	5.3%
- Data	8,025	7,017	-12.6%
- Voice	3,226	4,831	49.7%
EBITDA	1,879	2,068	10.0%
EBIT	(1,123)	587	-152.2%
EBITDA margin %	16.7%	17.5%	
EBIT margin %	-10.0%	5.0%	
Investment in Projects	331	241	

Note: "Net revenue" in 3.3.1 represents gross segment revenue less license fees and access charges.

3.5. Additional Segmental Information

(Rs Million, except ratios)

Revenue analysis	Qtr ended 30-06-15		Qtr ended 30-06-16	
	Revenue	% of total	Revenue	% of total
India Operations	48,117	81%	46,932	80%
Global Operations	11,251	19%	11,848	20%
Sub Total	59,368	100%	58,780	100%
Less: Eliminations	(3,665)		(5,168)	
Total	55,703		53,612	

3.6. Contribution to EBITDA by Segment

(Rs Million, except ratios)

EBITDA	Qtr ended 30-06-15		Qtr ended 30-06-16	
	EBITDA	% of total	EBITDA	% of total
India Operations	17,086	87%	13,533	87%
Global Operations	1,879	13%	2,068	13%
Sub Total	18,965	100%	15,601	100%
Less: Eliminations	-		-	
Total	18,965		15,601	

3.7. Investment in Projects by Segment

(Rs Million, except ratios)

Segment	Cumulative to 30-06-16		Qtr ended 30-06-16	
	Amount	% of total	Amount	% of total
India Operations	981,107	88%	20,620	99%
Global Operations	139,840	12%	241	1%
Total	1,120,947	100%	20,861	100%

4. Key Performance Indicators

The financial figures used for computing ARPU and RPM are based on Indian GAAP. Definitions of terms are set out in Section 9.

Metric	Unit	Qtr ended 30-06-15	Qtr ended 30-06-16
Voice			
Total customer base	Mn	111.1	99.9
Net adds	Mn	0.4	-3.7
VLR	%	97.6	72.5
Pre-paid % of customer base	%	96.5	96.3
Churn	%	3.2	4.9
Total Minutes of Usage	Bn mins	105	100.0
ARPU	Rs/Sub	140	148
Revenue per minute	Rs/Sub	0.445	0.452
Voice ARPU	Rs/Sub	103	100
Voice Usage per customer/ month	Min/Sub	316	328
Voice revenue per minute	Rs/min	0.328	0.305
Total NLD minutes	Mn Mins	15,196	16,321
Total ILD minutes	Mn Mins	5,099	5,224
Data			
Total data customers *	Mn	35.4	38.9
3G/4G customers #	Mn	17.9	25.4
Total data traffic	Mn MBs	92,793	102,436
Data usage per customer	MBs	895	878
Non-Voice as % of Telecom revenue	%	26.4	32.6
Network Statistics			
Service areas operational	Nos	22	22
Total sites on network**	Nos	86,792	76,472
Total 3G sites	Nos	11,659	12,431

Note: KPIs are not restated as per IND AS for 30-06-15.

* Total data subscribers: Any subscriber with data usage of more than one Mb in one month

** 4G services are provided through the Pan-India network of Jio under our spectrum sharing arrangements. Besides this, over 40,000 sites provide additional 2G/3G coverage through ICR arrangements with other operators.

3G/4G customers: Any subscriber having made atleast one revenue generating call or data usage of more than one Mb in one month.

5. Basis of Presentation of Financial Statements

5.1. Reporting Periods

The financial year end of Reliance Communications Limited is March 31. Each financial year ("FY") is referred to by the calendar year in which the particular financial year end occurs. The current financial year will be for a period of 12 months, commenced on April 1, 2016 and ending on March 31, 2017.

5.2. Consolidated and Segment Financial Results

5.2.1. Revenues

Revenues of the Company have been reported in the following manner:

❑ Consolidated Revenues and Segment Gross Revenues

Consolidated revenues of the Company have been classified as "Services and Sales" revenue. This represents revenues earned from the provision of services and from the sale of network infrastructure on an IRU basis.

For the purposes of segment reporting, revenues have been classified under two geographic segments namely "India Operations" and "Global Operations". The lines of business included in each segment and the basis of segment revenue reporting is described in Section 5.3 below.

❑ Elimination of Inter Segment Revenues

Revenues for each geographic segment are reported at gross level where inter segment revenue is also included. Hence, revenue of one segment, from inter segment source, is reported as the expense of the related segment. Elimination takes place in determining consolidated revenues for the Company.

For the purpose of determining transfer pricing between segments, open market wholesale rates for comparable services or, where applicable, rates stipulated by the regulatory authorities have been adopted.

5.2.2. Net Revenues by Segment

“Net Revenues” represent revenues earned less direct variable operating expenses in the nature of: (1) revenue share (including levies for Universal Service Obligation), and spectrum fees (referred to collectively as “License Fees”); and (2) charges for access, carriage, interconnection, and termination (referred to collectively as “Access Charges”).

Expenses included under License Fees are currently incurred as a percentage of adjusted gross revenue. Expenses included under Access Charges, on the basis of fixed or ceiling cost per minute, or are determined by commercial negotiation with other carriers and between our business segments, as appropriate.

Access Charges and license Fees are disclosed in aggregate as part of the classification of “Operating Expenses” in the consolidated statement of operations. Net Revenues are reported for each business segment.

5.2.3. Operating Expenses

Operating expenses of the Company have been reported in the following manner:

- ❑ Consolidated and Segment Gross Operating Expenses

Consolidated operating expenses of the Company have been classified under four categories of costs, namely “Access Charges and license Fees”, “Network Operations”, “Employees”, and “Selling, General & Administrative”.

- ❑ Elimination of Inter Segment Expenses

Principles, as stated in 5.2.1 above, have been followed for reporting gross operating expenses of each segment and elimination of such expenses in determining consolidated EBITDA for the Company.

5.3. Composition of Segments

We are reporting the financial results under the following two business segments:

- ❑ India Operations
- ❑ Global Operations

Financial results by segment include all products and services covered by the individual segment as described below.

5.3.1. India Operations

This segment constitutes revenue arising and/ or accruing from Telecom Operations and service rendering activities based in India. This comprises of Telecom Revenue of Voice and Non Voice from consumer and enterprise customers. Apart from these, it also includes other revenue such as Direct to Home TV business, investments, interest, etc.

The voice and non voice market largely constitutes of wireless telecom business. The Wireless segment functions in a retail mode. Wireless services are offered on both CDMA and GSM technology platforms. Wireless services consist mainly of the following:

- ❑ 2G & 3G mobile services for individuals and corporate customers, including local and long distance voice, messaging, wireless internet access, wireless multimedia and value added services. Services are offered on both pre-paid and post paid bases.
- ❑ Fixed wireless phone and terminal services are mainly for residential customers, including local and long distance voice, messaging, wireless internet access, wireless multimedia, and value added services. Services are offered on both pre-paid and post paid bases.
- ❑ 3G services provide customers with a plethora of data applications like live mobile TV, Video-on-demand, video calling, video and music streaming, video conferencing, personalized RSS feeds and much more.
- ❑ Public calling offices and coin collection boxes for local and long distance voice using fixed wireless phones and terminals. Service is provided to independent retail operators of such facilities on a pre-paid basis.
- ❑ National inter-circle (NLD) carriage services for voice, data, and internet.
- ❑ NLD bandwidth and infrastructure services for other service providers.
- ❑ Managed contact centre solutions for call centres in India.
- ❑ Services provided through LMDS, WIMAX etc. and involving the provision of IT infrastructure are covered under this segment. Services are provided across various customer groups including residential, SMEs, and large corporates. Products and services include the following:
 - Voice Products: E1 DID, Centrex, PBX trunks, One Office Duo, Toll free, Intelligent Telephony Services, Audio Conferencing, and Fixed line phones.
 - Data products: VPN, leased lines, IPLCs, Ethernet, Video Conferencing, Remote Access VPN, Cloud Video Surveillance and broadband internet.

Assets allocated to this business segment include: radio equipment (base trans-receiver stations (BTSs), microwave towers, antennas, mobile switching centers (MSCs), and related electronics, software and systems for operations); intra-city access networks (ducts and optical fiber) other than in 44 cities; utilities, servers, customer premises equipment, and license fees.

NLD assets include: transport equipment and electronics; transmission networks connecting various Media Convergence Nodes (MCNs) across all circles; buildings, utilities, and license fees.

In-building wiring and building access networks from building access nodes in all locations where active; intra-city access networks (ducts and optical fiber) in 44 cities; internet data centers; digital loop carriers (DLC), routers, modems and related electronics; customer premises equipment (CPE) and license fees.

The “Others” segment comprises operations other than Telecom Operations. This includes income from Direct to Home TV business, investments, interest, etc.

Assets shown under “Others” mainly comprise properties owned by the Company, including the Dhirubhai Ambani Knowledge City, and property and fittings.

5.3.2. Global Operations

The Global Operations segment provides wholesale and retail voice and data services from many international locations. It provides the following services to the wireless segment of Reliance Communications on an inter segment basis and enterprises in India and across the globe:

- ❑ International long distance (ILD) carriage services for voice, data, and internet.
- ❑ IRUs and leased circuits for international voice and data connectivity through submarine cable systems, together with cable restoration and maintenance services.
- ❑ Global Ethernet services to enterprise customers across four industry verticals i.e. financial, legal, healthcare and Government
- ❑ International managed data services, including IP-VPN.
- ❑ Virtual international calling and voice content services provided by overseas operating units in Australia, Austria, Belgium, Canada, France, Hong Kong, India, Ireland, Netherlands, New Zealand, Singapore, Spain, United Kingdom and United States in a retail mode to individual customers for calling India and global destinations.
- ❑ Managed contact centre solutions for overseas call centres in India

Assets allocated to this segment include ILD assets: dedicated ports and switches, electronics, infrastructure at various points of presence and other cable systems not owned and operated by the Company. In addition, the submarine cable systems, cable landing stations, switching equipment for PoPs and associated facilities of FLAG, are included in this segment.

6. Financial Statements

Financial results for the quarter ended 30 June 2016 are as per Indian GAAP. An explanation of the basis of presentation is set out in Section 5. Previous quarter's figures have been re-grouped, re-arranged and re-classified wherever necessary.

6.1. Consolidated Results of Operations

(Rs. Million, except ratios)

Particulars	Qtr ended	Qtr ended
	30-06-15	30-06-16
Total revenues	55,704	53,612
Services and sales	55,704	53,612
Total operating expenses	36,738	38,011
Access charges and license fees	9,180	9,723
Network operations	17,527	17,115
Employees	2,597	3,028
SG&A	7,434	8,145
EBITDA	18,966	15,601
Finance charges (net)	7,166	7,958
Depreciation / amortization	11,823	8,296
Profit before tax	(23)	(654)
Provision for tax (including Deferred tax)	(649)	(1,544)
Net profit after tax (before adjustment of share of Minority Interest/ Associates)	626	890
Share of Minority and associates	116	348
Net profit after tax (after adjustment of share of Minority Interest/ Associates)	510	542
Other Comprehensive Income for the period	812	904
Total Comprehensive Income for the period	1,322	1,446
Ratios		
<i>EBITDA margin (%)</i>	34.0%	29.1%
<i>Net profit margin (%)</i>	0.9%	1.0%

6.2. Consolidated Balance Sheet

(Rs. Million)

Particulars	As at
	30-06-16
ASSETS	
Current assets	
Inventories	1,762
Trade receivables	42,475
Advances, Receivables and Other assets	179,640
Total current assets (excluding cash and cash equivalents)	223,877
Fixed assets including CWIP	711,770
Goodwill	44,503
Total fixed assets	756,273
Investments	1,216
Deferred Tax Asset	3,370
Total assets	984,736
LIABILITIES AND STOCKHOLDERS EQUITY	
Stockholders' equity	
Share capital	12,441
Reserves and surplus	294,718
Total Stockholders' equity	307,159
Minority Interest	3,134
Deferred Tax Liabilities	16,228
Other liabilities and provisions	237,503
Debt	
Foreign currency loans	242,871
Rupee loans	199,974
Gross debt	442,845
Less: Cash and cash equivalents including investments	22,133
Net debt	420,712
Total liabilities and Stockholders' equity	984,736

6.3. Consolidated Statement of Cash Flows

(Rs. Million)

Particulars		Qtr ended
		30-06-16
Cash flows from operating activities:		
Net profit/(loss) before tax	A	(654)
Add: Non cash/non operating items	B	17,785
Depreciation and amortization		8,296
Provision for doubtful debts		277
Finance charges (net)		7,596
(Profit)/loss on sale of investments		1,616
Cash generated from operations before working capital changes	A+B	17,131
(Increase)/decrease in working capital		(26,805)
Cash generated from operations		(9,675)
Tax paid		1,874
Net cash provided/used by/in operating activities	C	(7,800)
Cash flows from investing activities:		
(Purchase)/sale of property, plant, and equipment (net)		12,895
(Purchase)/sale of investments (net)		-
Interest income / (expense) (net)		(8,446)
Net cash provided/used by/in investing activities	D	4,449
Cash flows from financing activities:		
Net cash provided/used by/in financing activities	E	3,424
Cash and cash equivalents:		
Beginning of the period	F	22,060
End of the period	C+D+E+F	22,133

7. Accounting Policies

Set out below are the significant accounting policies to the Consolidated Statement of Operations and the Consolidated Balance Sheet.

7.1. Principles of Consolidation

Consolidation has been carried out in compliance with the applicable Accounting Standards, viz., Ind AS 110 "Consolidated Financial Statements" as referred to in the Companies (Accounts) Rules, 2014.

7.2. Other Significant Accounting Policies

7.2.1. Basis of Preparation of Financial Statements

The financial statements are prepared under historical cost convention/ fair valuation under a Scheme approved by the Hon'ble High Court, in accordance with the generally accepted accounting principles (GAAP) in India and comply with Indian Accounting Standards specified under Section 133 the Companies Act, 2013 ("the Act") read with Rule 3 of the Companies (Indian Accounting Standards) Rules 2015, Companies (Indian Accounting Standards) Amendment Rules 2016 and other provisions of the Act, to the extent notified applicable as well as applicable guidance notes and pronouncements of the Institute of Chartered Accountants of India (ICAI).

7.2.2. 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 recognized in the period in which the results are known/ materialized.

7.2.3. Fixed Assets

Fixed assets are stated at cost net of cenvat/value added tax and include amount added on revaluation less accumulated depreciation, amortization and impairment loss, if any.

- ❑ The Company has, upon first time adoption of Ind AS, chosen the option of fair valuation of certain fixed assets and accordingly carried out retrospective application of Ind AS.
- ❑ All costs including financing cost until commencement of commercial operations relating to borrowings attributable to fixed assets, are capitalized.
- ❑ Expenses incurred relating to projects prior to commencement of commercial operation are considered as project development expenditure and shown under capital work-in-progress.
- ❑ In respect of operating leases, rentals are expensed with reference to lease terms and other considerations in compliance with provisions of the Ind AS 17 "Leases" 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 capitalized.
- ❑ In respect of finance leases, the lower of the fair value of the assets and present value of the minimum lease rentals is capitalized as fixed assets with corresponding amount shown as liabilities for leased assets in compliance with the provisions of the AS 17 issued by The Institute of Chartered Accountants of India. The principal component in the lease rental in

respect of the above is adjusted against liabilities for leased assets and the interest component is recognized as an expense in the year in which the same is incurred except in case of assets used for capital projects where it is capitalized.

- ❑ Entry fees paid for telecom licenses and infeasible right of connectivity are stated at cost for acquiring the same less accumulated amortization. These are classified as part of fixed assets.

7.2.4. 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 except in cases of cable systems, customer premises equipment and certain other assets for which useful life has been considered based on technical assessment. Depreciation is net of the amount adjusted from General Reserve in accordance with the Scheme.
- ❑ Depreciation on assets taken on finance lease is provided over the remaining period of lease from the commencement of commercial operations.
- ❑ Leasehold land is depreciated over the period of the lease term.
- ❑ Intangible assets, namely entry fees for telecom licenses are amortized equally over the balance period of licenses from the date of commencement of commercial services or acquisition. Infeasible rights of use are amortized on matching principle basis for the upfront revenue recognition.
- ❑ The depreciation schedule for various classes of assets is as follows:

Asset Class	Period (Years)
Leasehold Land	Over the lease period
Building	30 & 60
Optic Fiber Cable	35
Plant and Machinery	10-20
Furniture, Fixture and Office Equipment	5-10
Vehicles	5

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

7.2.6. 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, computed category wise. Long term investments are stated at cost. Provision for diminution in the value of long term investments is made only if such a decline is other than temporary in the opinion of the management.

7.2.7. Inventories

Inventories are valued at lower of cost or net realizable value. Cost of communication devices and accessories and stores and spares are determined on weighted average basis, or net realizable value whichever is less.

7.2.8. Employee Retirement Benefits

Gratuity and leave encashment liabilities are provided for based on actuarial valuation. While Company's contributions towards provident fund and superannuation fund are provided on actual contribution basis in accordance with the related stipulation.

7.2.9. Borrowing Cost

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

7.2.10. Foreign Currency Transactions

- ❑ Transactions denominated in foreign currencies are normally recorded at the exchange rates prevailing at the time of the transaction.
- ❑ 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 yearend rate and the rate on the date of the contract is recognized as exchange difference and the premium paid on forward contracts has been recognized over the life of the contract.
- ❑ Non monetary foreign currency items are carried at cost.
- ❑ 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 or deducted from the cost of the assets as per the notification issued by the Ministry of Company Affairs (MCA) dated 29th December, 2011 and 9th August 2012, and depreciated over remaining life of the 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.
- ❑ Any income or expense on account of currency exchange difference, either on settlement or on translation, is recognized in the profit and loss account. Forex loss/ gain in case of monetary items other than mentioned above, is debited/ credited to Profit and Loss Account.
- ❑ Any income or loss arising out of marking derivative contracts to market price is recognized in the profit and loss account.

7.2.11. Revenue Recognition

Revenue (income) is recognized as and when the services are performed on the basis of actual usage of the Company's network. Revenue on upfront charges for services with lifetime validity and fixed validity periods are recognized over the estimated useful life of subscribers and specified fixed validity period, where significant. The estimated useful life is consistent with estimated churn of the subscribers. Revenue from indefeasible rights of use (IRU) granted for network capacity is recognized as license income on activation of circuits over the period of the contract.

7.2.12. Provision for Doubtful Debts

Provision is made in the accounts for doubtful debts based on Expected Loss Model as required under Ind AS.

7.2.13. Miscellaneous Expenditure

Miscellaneous expenses are charged to profit and loss account as and when they are incurred.

7.2.14. Taxes on Income

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

7.2.15. Government Grants

Subsidies provided by Government for providing telecom services in rural areas are recognized as other operating income.

7.2.16. Provisions, 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.

8. Notes to Accounts (As reported to stock exchanges)

1. Figures of the previous period have been regrouped and reclassified, wherever required
2. Pursuant to the Scheme of Arrangement ("the Scheme") sanctioned by the Hon'ble High Court of Judicature at Bombay, variation on account of changes in exchange rates including amortisation of the balance in "Foreign Currency Monetary Item Translation Difference Account (FCMITDA)" and depreciation consequent to addition of exchange differences to the cost of capitalised assets aggregating to ₹ 238 crore during the quarter ended June 30, 2016, are withdrawable from General Reserve. These withdrawable items are not considered in the accounts for the quarter ended on June 30, 2016 and consequently no withdrawal has been made. The necessary effects, if any, will be carried out at the year end. The Company has, as permitted under the said Schemes, adjusted additional depreciation of ₹ 257 crore, arising on fair value of certain assets, for the quarter by withdrawing an equivalent amount from General Reserve. The matter has been referred to in the Limited Review Report by the Auditors.
3. The Company has adopted Indian Accounting Standard (Ind AS) from April 1, 2016 with a transition date of April 1, 2015. The figures for the quarter ended June 30, 2015 have also been converted as per Ind AS, which have not been subject to limited review or audit. However, the management has exercised necessary due diligence to ensure that the comparable financial results are correctly stated.
 - a. Reconciliation and explanatory notes for the effects of the transition on Statement of Profit and Loss for the quarter ended June 30, 2015 as previously reported and as per Ind AS are as follows:

Sr.	Adjustments to Increase/ (Decrease) in Net Profit	Amount (₹ in crore)	Refer Note below
1	Net profit as previously reported as per Indian GAAP	177	
2	Restatement of Revenue	29	b
3	Impact on Depreciation	(209)	c
4	Fair Valuation impact of Financial Instruments	(13)	d
5	Deferred Tax Credit	73	e
6	Others	(6)	
7	Net Profit before Other Comprehensive Income as per Ind AS	51	

- b. Restatement of Revenue from non cancellable right of use and other revenues, to be recognised over a period of underlying contract of services in line with applicable Ind AS have been reversed on transition date.
- c. Depreciation impact consists of ₹ 22 crore on account of fair valuation and restatement under Ind AS and ₹ 187 crore on account of Restatement of Revenue.
- d. Fair valuation impact of borrowings, deposits/ advances etc. has been accounted considering net present value on transition date and consequent impact on profitability.
- e. Deferred tax is charged due to following the Balance Sheet approach; and impact arising on account of such changes on transition date.
- f. Other Comprehensive Income also comprises of actuarial gains and losses on employee Benefits, Exchange differences on translation of foreign operations/ subsidiaries and Fair valuation of Investments.

4. The listed Redeemable Non Convertible Debentures (NCDs) of the Company aggregating to ₹ 4,625 crore as on June 30, 2016 are secured by way of first pari passu charge on the whole of the movable properties, insurance contracts of the Company and its three subsidiaries and the asset cover thereof exceeds 100% of the principal amount of the said Debentures. Out of the above, in case of NCDs of ₹ 2,000 crore, the Company has also assigned Telecom Licences, by execution of Tripartite Agreements with Department of Telecommunications (DoT).
5. Provision for Income Tax for the quarter ended June 30, 2016 is based on the estimate for the full financial year.

9. Glossary

Key Performance Indicators and Financial Terms

Key Performance Indicators	
ARPU	Computed by dividing total India telecom operations revenue for the relevant period by average customers; and dividing the result by the number of months in the relevant period.
Voice ARPU	Computed by dividing total India voice revenue for the relevant period by average customers; and dividing the result by the number of months in the relevant period.
Churn	Computed by taking average monthly disconnections divided by opening monthly subscriber base in the relevant period. Churn is expressed as a percentage.
Total minutes of usage (MoU)	Sum of all incoming and outgoing minutes used on the access network by all customers in aggregate.
Voice Usage per customer (min/sub)	Total voice minutes divided by average number of customers on the network in the relevant period. The result is expressed as the average per customer per month.
Revenue per minute (RPM)	ARPU divided by the average voice usage customer per month.
Voice revenue per minute (RPM)	Voice ARPU divided by the average voice usage customer per month.
ILD minutes	Total of incoming and outgoing international long distance minutes carried on the network. This includes minutes originating or terminating in India, international transit minutes, and global calling card minutes.
NLD minutes	Total of national long distance minutes carried by the Company under NLD license
Total data subscribers	Any subscriber with data usage of more than one Mb in one month.
Total data volume	Data usage by data subscribers in the relevant period.
Data usage per customer	Total data usage divided by average number of data subscribers on the network in the relevant period. The result is expressed as the average per customer per month.
3G/4G customers	Any subscriber having made at least one revenue generating call or data usage of more than one Mb in one month.

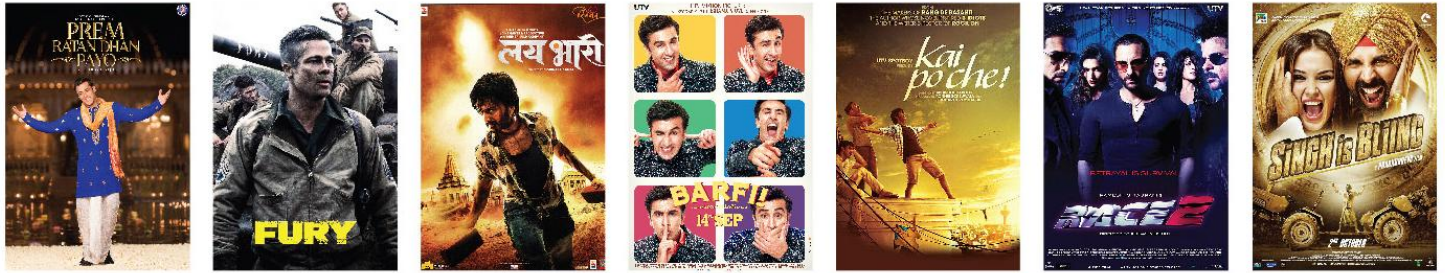
Financial Terms	
Net revenue	Total revenue less (1) revenue share and spectrum fees (referred to as "License Fees") and (2) interconnect usage charges (referred to as "Access Charges").
Cash profit from operations	Is defined as the profit after tax plus depreciation and amortization.

RELIANCE

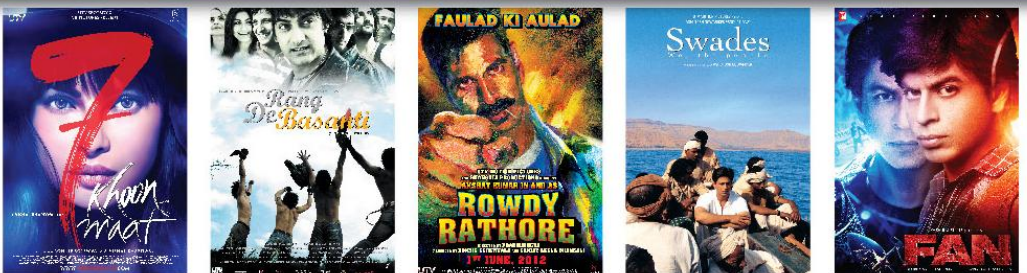
MOVINET

Plan

Powered by  hungamaPlay



A DATA PLAN THAT BRINGS MULTIPLEX ON YOUR MOBILE.



Now enjoy unlimited access to movies & music, along with data quota, every time you recharge with Reliance MoviNet Plan.

Discover Multiplex: After recharge with MoviNet plan, you will get a Weblink & PIN through SMS to enjoy the entertainment library.

Modern Trade Partner



simply better 




3G MoviNet Recharge				
MRP	All Time Data	Night Data	Bonus*	Validity
₹275	2 GB	2 GB	250 MB	28 Days
₹235	1.5 GB	1.5 GB	250 MB	28 Days

+ *Introductory Bonus is for limited period

Multiplex Subscription Fee: Zero		
Movies	Music Videos	Sound Tracks
8,000	50,000	35 lacs

Night timing: 12 midnight to 6 am

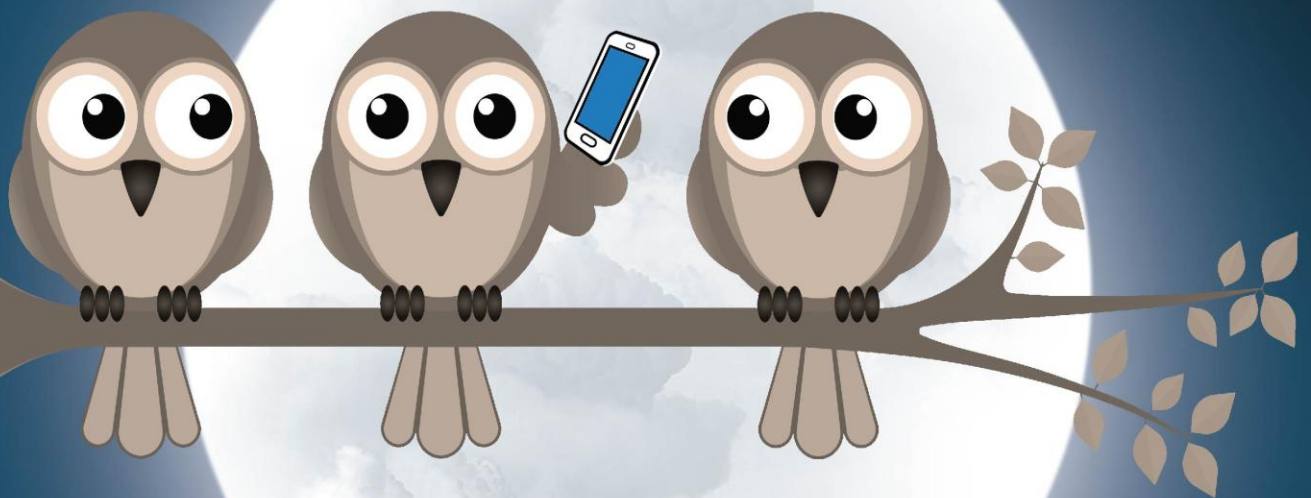
The MoviNet planpack gives free subscription to Hungama Play and Hungama Music app till the validity of the planpack. Any data usage while consuming the content will be charged as per customer's data plan / rate. The MoviNet planpack can be used for any internet usage and is not restricted to the MoviNet content access. Hungama Digital Media Entertainment is solely responsible for quality and all rights related to the content accessed with MoviNet plan. Night data is valid from 12 midnight to 6am. For more details visit www.rcom.co.in. T/C apply.

Follow us on    | Visit www.rcom.co.in or your nearest dealer for more details

RELIANCE

Now **surf** **talk** and **save** all night long

Enjoy 1GB Internet + Unlimited
Local Reliance Calls



MRP	Benefit	Validity
₹35	1GB Data (3G/2G)	1 night
₹45	1GB Data (3G/2G) + Unlimited local calls to Reliance	1 night

Night Timings: 12 midnight to 6 am



*T&C Apply. NightOut Pack is valid for the immediate night from the date of recharge / purchase, and the data can be used only during the defined night hours. To use the data quota under the NightOut pack recharge, the data session has to start and end between 00:00 and 06:00 hours. For data session initiated before 00:00 hours, the prevailing tariff will continue till the end of the session. Unused night data will not be carried forward. At a time a customer can recharge only 1 night pack. Unlimited local Reliance-to-Reliance calls are valid only from home network.