

Ref: SE/AR/01/2017-18

October 7, 2017

The General Manager  
Corporate Relationship Department  
BSE Limited  
Phiroze Jeejeebhoy Towers  
Dalal Street, Fort,  
Mumbai 400 001  
Fax No.: 2272 2037/39/41/61/3121/3719

The Manager  
National Stock Exchange of India Ltd.  
Exchange Plaza, C/1, Block G  
Bandra - Kurla Complex, Bandra (East)  
Mumbai 400 051  
Fax No.: 2659 8237 / 38

**BSE Scrip Code: 532712**

**NSE Symbol: RCOM**

Dear Sir,

Sub: **Annual Report 2016-17**

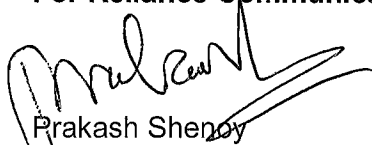
Pursuant to Regulation 34 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are enclosing Annual Report for the financial year 2016-17 of the Company as required.

We hereby confirm that the Annual Report 2016-17 was approved and adopted by the members of the Company at their 13<sup>th</sup> Annual General Meeting held on 26<sup>th</sup> September, 2017, as per provisions of the Companies Act, 2013.

You are requested kindly to take above in your record.

Thanking you.

Yours faithfully,  
**For Reliance Communications Limited**

  
Prakash Shetty  
Company Secretary



Encl.:- As above.

**RELIANCE**

Communications

**Annual Report  
2016-17**



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

## Profile

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

Reliance Communications is India's foremost and truly integrated telecommunications service provider. The Company has a customer base of over 95 million including over 2.6 million individual overseas retail customers. Reliance Communications corporate clientele includes over 39,000 Indian and multinational corporations including small and medium enterprises and over 290 global, regional and domestic carriers.

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

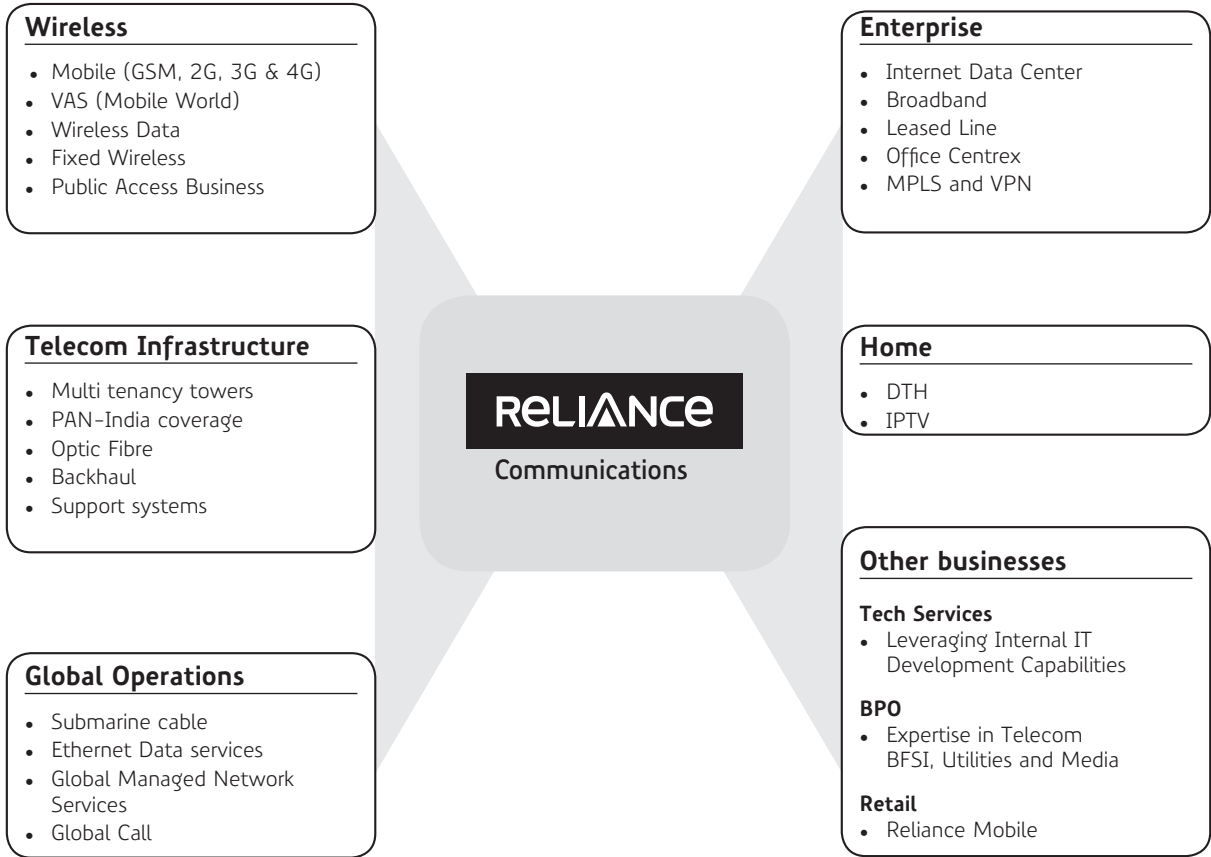
## Mission: Excellence in Communication Arena

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

*This Report is printed on environment friendly paper.*

# Reliance Communications Limited

## Business Mix





# Reliance Communications Limited

## Letter to Shareowners



My dear fellow Shareowners,

Under the leadership of Hon'ble Prime Minister, Shri Narendra Modi, the Indian economy has continued its high growth momentum. The recent measures by the government including demonetization and nationwide roll-out of GST, inter-alia, will improve the ease of doing business in India and would instill greater confidence among investors to enhance their participation in the Indian growth story

Last financial year 2016-17 was a financially challenging year for the entire telecom sector. The hyper competition in the sector brought significant disruption and impacted the sector's operational and financial health. All operators' financial performance in the sector has been adversely impacted. Your Company has also seen the impact on its revenues and profitability.

Your Company is implementing a well-planned 4G strategy that will provide world class services to its valued customers. We expect to see significant growth in our data business with the proliferation of our 4G LTE services, and this will be the driver of growth for the wireless business in the future, together with the proposed demerger with Aircel.

### Operating Segments

RCOM is India's foremost integrated communications service provider in the private sector with nearly 95 million individual, enterprise, and carrier customers. Our business is organized into two strategic segments – India Operations and Global Operations.

#### • India Operations

In India, RCOM mainly provides wireless telecom services to the consumer segment. We also provide voice, long distance services and broadband access to enterprise customers. In addition, our business includes managed internet data centers and direct to home business as well. We provide 2G, 3G and 4G services.

#### • Global Operations

The Global Business Unit offers a comprehensive portfolio of solutions customized for carriers, enterprises and new media companies. The business segments comprise Carrier, Enterprise and Consumer business units. Our undersea cable system, spanning ~67,000 kms and seamlessly integrated with ~190,000 kms of domestic optic fiber backbone, provides a robust Global Service Delivery Platform. We are well equipped to support global businesses through the deployment of next generation Enterprise solutions across our Cloud Delivery ecosystem.

#### • Performance review

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

- Total revenue of ₹ 19,949 crore (US\$ 3,076 million)
- Total EBITDA of ₹ 5,392 crore (US\$ 832 million)
- Net Loss after tax ₹ 1,283 crore (US\$ 198 million)
- Total assets of ₹ 99,731 crore (US\$ 15,379 million)

Shareholders' equity was ₹ 28,569 crore (US\$ 4,405 million), while net debt (excluding cash and cash equivalents) was ₹ 44,345 crore (US\$ 6,838 million), giving a net debt to equity ratio of 1.55 times.

#### Strategic Initiatives

Your Company is actively pursuing an asset light strategy with focused execution of various consolidation and asset monetization initiatives. During the year and in the last few months your Company has made progress in execution of these transactions.

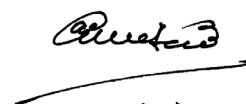
1. Sale of Tower Business: Your Company signed the Definitive Agreements with Brookfield, a leading global infrastructure asset manager with over \$250 billion of assets under management, in December 2016 in relation to the proposed sale of RCOM's nationwide tower assets and related infrastructure. The Shareholders' approvals have been received in the National Company Law Tribunal (NCLT) convened meeting. The Transaction has received the Competition Commission of India's (CCI) approval. The Scheme Petition has been filed with the NCLT.
2. Combination of Wireless Business: The combination of RCOM's wireless business with Aircel will create a strong telecom operator. As part of this transaction your Company's overall debt will reduce by nearly 40% of its total debt. The Definitive Agreements were signed in September, 2016. We have received Stock Exchanges', Securities and Exchange Board of India's (SEBI) and CCI approvals. Shareholders' approvals have also been received in the NCLT convened meeting. The Scheme Petition has been filed with the NCLT.

### Letter to Shareowners

3. Merger of wireless business of SSSL : The Merger of SSSL's wireless operations with RCOM marks the 1st consolidation in the Indian Telecom Industry. We are in the final stage of approvals for acquiring SSSL's wireless operations, with Department of Telecommunications' (DoT) approval expected shortly. We will shortly begin the process to integrate SSSL's operations with RCOM with migration of the customers to Reliance 4G services.

### Our Commitment

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



**Anil Dhirubhai Ambani**  
Chairman



# Reliance Communications Limited

## Notice

Notice is hereby given that the 13<sup>th</sup> Annual General Meeting of the Members of **Reliance Communications Limited** will be held on Tuesday, September 26, 2017 at 4.00 p.m. or soon after conclusion of the Annual General Meeting of Reliance Power Limited convened on the same day, whichever is later, at Birla Matushri Sabhagar, 19, New Marine Lines, Mumbai 400020 to transact the following business:

### Ordinary Business:

- To consider and adopt:
  - the audited financial statement of the Company for the financial year ended March 31, 2017 and the reports of the Board of Directors and Auditors thereon, and
  - the audited consolidated financial statement of the Company for the financial year ended March 31, 2017 and the report of the Auditors thereon.
- To appoint a Director in place of Smt. Manjari Kacker (DIN 06945359), who retires by rotation under the provisions of the Companies Act, 2013 and being eligible, offers herself for re-appointment.
- To ratify the appointment of the Auditors in this regard, to consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 (hereinafter referred to as the 'Act') (including any statutory modifications(s) or re-enactment(s) thereof, for the time being in force) and the relevant Rules made there under, as amended from time to time, the appointment of M/s. Pathak H.D. & Associates, Chartered Accountants (Firm Registration No. 107783W) who have been appointed as the Auditors to hold office from the conclusion of the 12th Annual General Meeting for a term of five consecutive years till the conclusion of the 17th Annual General Meeting, and who have confirmed their eligibility for the appointment pursuant to Section 141 of the Act, as Statutory Auditors of the Company be and is hereby ratified."

### Special Business:

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

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

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

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

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

- Payment of remuneration to Cost Auditors for the financial year ending March 31, 2018.**

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

**"RESOLVED THAT** pursuant to the provisions of Section 148 and all other applicable provisions, if any, of the Companies Act, 2013 read with the Rules made there under (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) M/s. V. J. Talati & Co., Cost Accountants (Firm Registration Number 00213), appointed as the Cost Auditors of the Company for auditing the cost accounting records of the Company for the financial year ending March 31, 2018, be paid remuneration of ₹ 2.50 lac (Rupees two lac fifty thousand only) excluding tax and out of pocket expenses, if any.

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

- Increase in Authorised Share Capital and Alteration of Memorandum of Association of the Company.**

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

**"RESOLVED THAT** pursuant to the provisions of Sections 13, 61 and 64 and all other applicable provisions, if any, of the Companies Act, 2013 read with the Rules made there under (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), and pursuant to the provisions of Articles of Association of the Company, the Authorised Share Capital of the Company be and is hereby increased from existing ₹ 2500,00,00,000 (Rupees Two Thousand Five Hundred Crore) divided into 500,00,00,000 (Five Hundred Crore) equity shares of ₹ 5/- (Rupees Five only) each to ₹ 5000,00,00,000 (Rupees Five Thousand Crore only) divided into 1000,00,00,000 (One Thousand Crore) Equity shares of

## Notice

₹ 5/- (Rupees Five only) each with the power to the Board of the Directors to decide on the extent of variation in such rights and to classify and re-classify from time to time such shares into any class of shares.

**RESOLVED FURTHER THAT** the Memorandum of Association of the Company be and is hereby altered by substituting the existing Clause V thereof by the following Clause V:

"V. The Authorized Share Capital of the Company is ₹ 5000,00,00,000 (Rupees Five Thousand Crore only) divided into 1000,00,00,000 (One Thousand Crore) Equity shares of ₹ 5/- (Rupees Five only) each with the power to the Board of Directors to increase or reduce the capital of the Company and/ or the nominal value of the shares and to divide or sub-divide the shares in the capital for the time being into several classes and to attach thereto respectively such preferential, deferred, qualified or special rights, privileges or conditions with or without voting rights, as may be determined by or in accordance with the Articles of Association of the Company or as may be decided by the Board of Directors or the Company in General Meeting, as applicable, in conformity with the provisions of the Act and the rules made there under and to vary, modify, amalgamate or abrogate any such rights, privileges or conditions and to consolidate or sub-divide the shares and to issue shares of higher or lower denominations in such manner as may for the time being be provided by the Articles of Association of the Company."

**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Board of Directors of the Company be and is hereby authorised to take all such steps and actions and give such directions as may be in its absolute discretion deem necessary and to settle any question that may arise in this regard."

### 7. Adoption of new Articles of Association of the Company.

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

**"RESOLVED THAT** pursuant to the provisions of Section 14 and all other applicable provisions, if any, of the Companies Act, 2013 (the "Act") read with the Rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), the draft regulations contained in the Articles of Association be and are hereby approved and adopted in substitution, and to the entire exclusion, of the regulations contained in the existing Articles of Association of the Company.

**RESOLVED FURTHER THAT** the Board of Directors be and are hereby authorised to undertake all such acts, deeds, matters and things as may be deemed necessary, proper, desirable and expedient in its absolute discretion, for the purpose of giving effect to this resolution and to settle any question, difficulty or doubt that may arise in this regard without requiring the Board to seek any further consent or approval of the Members or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution."

### 8. Approval for issue and allotment of equity shares to the lenders by way of conversion of loans in terms of Strategic Debt Restructuring Scheme.

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

**"RESOLVED THAT** pursuant to the applicable provisions of Sections 42, 62 and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification or re-enactment thereof for the time being in force) ("the Act") read with the Rules made there under, the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 ("SEBI ICDR Regulations"), the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("LODR Regulations"), the Reserve Bank of India's (the "RBI") circulars on the "Strategic Debt Restructuring Scheme" ("SDR Scheme") including those dated June 8, 2015, September 24, 2015, February 25, 2016, May 5, 2017 and/or any other scheme(s) issued by the RBI from time to time ("RBI Circulars") and any other applicable rules, regulations, guidelines, notifications, amendments issued by Government of India, Securities and Exchange Board of India ("SEBI"), RBI and any other regulatory or other appropriate authorities and subject to such condition(s) and modification(s) as may be prescribed or as may be imposed by one or more of them while granting any such approval(s), consent(s), permission(s) and/ or sanction(s), which may be agreed to by the Board of Directors of the Company (hereinafter referred to as "Board", which term shall be deemed to include any Committee which the Board has constituted or may constitute to exercise its powers including the powers conferred under this Resolution or any person duly authorized by the Board in this behalf) and enabling provisions of the Memorandum and Articles of Association of the Company, the consent, authority and approval of the Company be and is hereby accorded to the Board to create, issue and allot from time to time in one or more tranches, on preferential basis, such number of Equity Shares of face value of ₹ 5/- (Rupees Five only) each of the Company that will represent minimum 51% (fifty one percent) or such other or higher number of the then fully diluted equity share capital of the Company, to the banks, financial institutions or other lenders, whether domestic or foreign, of the Company (hereinafter referred to as the "Lenders", which word shall be deemed to include their successors and assigns, and any such Lenders acting through any authorized representative, agent, trust etc. appointed by such Lender(s) or any assignee of such Lender(s)) by full / part conversion of the Company's borrowings availed by issue of debentures/bonds/ notes and/or by way of financial facilities in the nature of short term/long terms loans, bridge loans, working capital loans, cash credit, bank guarantees, letters of credit, or other forms of secured and/or unsecured financial facilities, together with all overdue and current principal amounts and interests at the respective agreed rates, additional interest, compound interest, accumulated interest, liquidated damages, fees, and all other charges and monies payable by the Company

## Reliance Communications Limited

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(hereinafter collectively referred to as the "Loans") in terms of the agreements or other documents entered into between the Company and the Lenders in respect of the said Loans, in such manner and on such other terms and conditions, as the Board may, in its absolute discretion, deem appropriate.

**RESOLVED FURTHER THAT** the authority, and liberty be and is hereby specifically conferred on the Board without being required to seek any further consent or approval of the members or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution, to finalise and decide, from time to time, the exact number of equity shares that may be issued and allotted to Lenders in full / part conversion of their Loans, in consultation with the Lenders and/or Joint Lenders Forum (hereinafter referred to as the "JLF") as the case may be, in accordance with the SDR Scheme. In the event, any Lender does not convert its outstanding overdue to equity in accordance with the RBI Circulars, the other Lenders shall have the option to increase their conversion amount, subject to maximum of such non-converted amount.

**RESOLVED FURTHER THAT** the aforesaid shares be issued to the Lenders at a price of ₹ 24.71 per share or such other price as is computed in accordance with the SDR Scheme, with June 2, 2017 being the Reference Date.

**RESOLVED FURTHER THAT** the new Equity Shares arising out of the proposed issue shall be listed on the Stock Exchanges where the existing Equity Shares of the Company are listed and shall rank pari-passu in all respects with the existing Equity Shares in the Company save and except to dividend that may be declared and paid in relation to the financial year in which the new Equity Shares are issued, which shall rank pro-rata from the respective date(s) of the allotment.

**RESOLVED FURTHER THAT** for the purpose of giving effect to the above, the Board be and is hereby authorized on behalf of the Company to take all actions including pursuing/implementing the full resolution plan finalized with the Lenders including the JLF and to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, desirable, incidental or expedient and that the Board be and is hereby authorized to agree, make, accept all such term(s), condition(s), modification(s) and alteration(s) as it may deem fit including condition(s), modification(s) and alteration(s) stipulated in the above resolution or required by any relevant authority or under applicable laws, rules, regulations or guidelines and give such directions and instructions as may be necessary to resolve and settle all questions and difficulties that may arise in relation thereto including issuing clarifications to the concerned statutory, regulatory and other appropriate authorities (including but not limited to Lenders, SEBI, RBI, JLF etc.), and to do all acts, deeds and things in connection therewith and incidental thereto as the Board in its absolute discretion may deem fit, including without limitation, to execute necessary documents and enter into contracts, arrangements, and to authorize all such persons at the absolute discretion of the Board, as may be necessary, in connection therewith and incidental thereto without being required to seek any further consent or approval of the

members or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution.

**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, and without prejudice to the generality of the foregoing resolutions, the Board be and is hereby authorized to finalise disclosure documents to be filed with the Registrar of Companies in the form and manner as prescribed under the Form PAS - 4 as set out in Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014, as prescribed under Section 42 of Act and the relevant stock exchanges on which the Equity Shares are to be listed and to do all such acts, deeds, matters and things, as it may in its absolute discretion deem necessary, proper or desirable in that regard.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to delegate all or any of the powers herein conferred to any Director(s) or Officer(s) or authorized representatives of the Company respectively and to do all such acts, deeds and things as may be required in connection with the aforesaid resolution, including execution of any documents on behalf of the Company and to represent the Company before any governmental, regulatory and other appropriate authorities and to appoint any advisors, consultants for the purpose of implementation of the aforesaid Resolution."

By Order of the Board of Directors

Prakash Shenoy  
Company Secretary

#### Registered Office:

H Block, 1<sup>st</sup> Floor  
Dhirubhai Ambani Knowledge City  
Navi Mumbai 400 710  
CIN:L45309MH2004PLC147531  
Website: www.rcom.co.in

August 12, 2017

#### Notes:

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

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- proxy and such person shall not act as proxy for any other shareholder. The holder of proxy shall prove his identity at the time of attending the Meeting.
4. Corporate members intending to send their authorized representatives to attend the Meeting are requested to send to the Company a certified true copy of their board resolution authorising their representative(s) to attend and vote on their behalf at the Meeting.
  5. Members / Proxies are requested to bring their duly filled attendance slip sent herewith along with their copy of the annual report to the Meeting.
  6. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
  7. Members who hold share(s) in electronic form are requested to write their DP ID and Client ID numbers and those who hold share(s) in physical form are requested to write their folio number in the attendance slip for attending the Meeting to facilitate identification of membership at the Meeting.
  8. The provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 are referred to as "Listing Regulations" in this Annual Report.
  9. Relevant documents referred to in the accompanying Notice are open for inspection by the members at the Registered Office of the Company on all working days, except Saturdays between 11:00 A.M. and 1:00 P.M. up to the date of the Meeting. The certificate from the Auditors of the Company confirming the compliance of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 with respect to the Company's ESOS Plans will be available for inspection at the Meeting.
  10. The Company's Register of Members and Share Transfer Books will remain closed from Saturday, September 16, 2017 to Tuesday, September 26, 2017 (both days inclusive) for the purpose of Annual General Meeting.
  11. Members are requested to intimate immediately any change in their address or bank mandates to their Depository Participants with whom they are maintaining their demat accounts. The Company or its Registrar and Transfer Agent cannot change bank particulars or bank mandates for shares held in electronic form.
  12. Members holding shares in physical form are requested to advise any change of address or bank mandates immediately to the Company / Registrar and Transfer Agent, Karvy Computershare Private Limited.
  13. Non-Resident Indian members are requested to inform Karvy Computershare Private Limited immediately on:
    - a. the change in the residential status on return to India for permanent settlement; and
    - b. the particulars of the bank account(s) maintained in India with complete name, branch, account type, account number and address of the bank, if not furnished earlier.
  14. Re-appointment of a Director:
 

At the ensuing Meeting, Smt. Manjari Kacker, Director of the Company retires by rotation under the provision of the Companies Act, 2013 and being eligible, offers herself for re-appointment. The details pertaining to Smt. Manjari Kacker pursuant to the requirements of Regulation 36(3) of the Listing Regulations are furnished in the Corporate Governance Report forming part of this Annual Report.
  15. Members are advised to refer the section titled "Investor Information" provided in this Annual Report.
  16. Members are requested to fill in and submit online Feedback Form provided in the 'Investor Relations' section on the Company's website [www.rcom.co.in](http://www.rcom.co.in) to aid the Company in its constant endeavour to enhance the standards of service to investors.
  17. The Statement containing the salient features of the balance sheet, the statement of profit and loss and auditors' report on the Abridged Financial Statement, is sent to the members, along with the Abridged Consolidated Financial Statement. Any member interested in obtaining a copy of full Annual Report, may write to the Registrar and Transfer Agent of the Company.
  18. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company / Registrar and Transfer Agent.
  19. Members can avail the facility of nomination in respect of shares held by them in physical form pursuant to the provisions of Section 72 of the Companies Act, 2013. Members desiring to avail this facility may send their nomination in the prescribed Form No. SH-13 duly filled in to Karvy Computershare Private Limited, Karvy Selenium Tower, Survey No. 116/22, 115/24, 115/25, Financial District, Nanakramguda, Hyderabad 500 032, or call on Tel: +91 40 6716 1500; Fax No. +91 40 6716 1791 Toll Free No. 1800 4250 999, E-mail: [rcom@karvy.com](mailto:rcom@karvy.com). The prescribed form in this regard may also be obtained from Karvy Computershare Private Limited at the address mentioned above. Members holding shares in electronic form are requested to contact their Depository Participant directly for recording their nomination.
  20. Members who hold shares in physical form, in multiple folios, in identical names or joint holding in the same order of names and having similar addresses are requested to send the share certificates to the Registrar and Transfer Agent for consolidation into a single folio.
  21. Members who have not registered their E-mail addresses so far are requested to register their E-mail address so that they can receive the Annual Report and other communications from the Company electronically.
  22. In compliance with the provisions of Section 108 of the Companies Act, 2013 read with Rules made there under and Regulation 44 of the Listing Regulations, the Company

## Reliance Communications Limited

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is offering e-voting facility to all Members of the Company through Notice dated August 12, 2017 (remote e-voting). A person, whose name is recorded in the register of members or in the register of beneficial owner (in case of electronic shareholding) maintained by the depositories as on the cut-off date i.e. Tuesday, September 19, 2017 only shall be entitled to avail the facility of remote e-voting/voting. Karvy Computershare Private Limited, our Registrar and Transfer Agent will be facilitating remote e-voting to enable the Members to cast their votes electronically. The Members can cast their vote online from 10:00 A.M. on September 22, 2017 to 5:00 P.M. on September 25, 2017.

The Members shall refer to the detailed procedure on remote e-voting given in the e-voting instruction slip. The facility for voting shall also be available at the meeting.

The members who have cast their votes by remote e-voting prior to the meeting may also attend the meeting, but shall not be entitled to cast their votes again at the meeting. The Board of Directors have appointed Shri Anil Lohia, partner or in his absence Shri Rinkit Kiran Uchat, Partner, M/s. Dayal and Lohia, Chartered Accountants as the Scrutiniser to scrutinise the voting process in a fair and transparent manner. The Scrutiniser will submit his report to the Chairman after completion of the scrutiny and the results of voting will be announced after the meeting of the Company. Subject to receipt of requisite number of votes, the resolutions shall be deemed to be passed on the date of the meeting. The result of the voting will be submitted to the Stock Exchanges, where the shares of the Company are listed and posted on the website of the Company at [www.rcom.co.in](http://www.rcom.co.in) and on the website of Karvy Computershare Private Limited, Registrar and Transfer Agent.

### Statement pursuant to Section 102(1) of the Companies Act, 2013 to the accompanying Notice dated August 12, 2017

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

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

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

None of the Directors, Key Managerial Personnel and their relatives are concerned or interested, financially or otherwise, in this resolution, except to the extent of their shareholding in the Company, if any.

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

#### **Item No. 5 Payment of remuneration to Cost Auditors for the financial year ending March 31, 2018.**

The Board of Directors on the recommendation of the Audit Committee has approved the appointment and remuneration of M/s. V. J. Talati & Co., Cost Accountants (Firm Registration No.00213), as the Cost Auditor for audit of the cost accounting records of the Company for the financial year ending March 31, 2018, at a remuneration of ₹ 2.50 lac (Rupees two lac and fifty thousand only) excluding tax and out of pocket expenses, if any. In terms of the provisions of Section 148(3) of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to Cost Auditor needs to be ratified by the Members of the Company.

None of the Directors, Key Managerial Personnel and their relatives are concerned or interested, financially or otherwise, in this resolution, except to the extent of their shareholding in the Company, if any.

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



### Statement pursuant to Section 102(1) of the Companies Act, 2013 to the accompanying Notice dated August 12, 2017

#### **Item No. 6 Increase in Authorised Share Capital and Alteration of Memorandum of Association.**

The Company may be required to issue and allot equity shares by converting its outstanding debt, in part or full, to lenders of the Company as per the SDR Scheme in accordance with the guidelines issued by the Reserve Bank of India (RBI). It is therefore deemed appropriate to increase the existing Authorised Share Capital of the Company from ₹ 2,500 crore to ₹ 5,000 crore and for that purpose, the Memorandum of Association of the Company are proposed to be suitably altered by passing Ordinary resolution as set out at Item No. 6, of the accompanying Notice.

The provisions of the Companies Act, 2013 require the Company to seek approval of the Members for increase in the authorised share capital and for alteration of capital clause of the Memorandum of Association of the Company.

A copy of the Memorandum of Association together with the proposed alterations is available for inspection by members on any working days, except Saturdays between 11.00 A.M. and 1.00 P.M. up to the date of the meeting at the registered office of the Company.

None of the Directors, Key Managerial Personnel and their relatives are concerned or interested, financially or otherwise, in this resolution, except to the extent of their shareholding in the Company, if any.

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

#### **Item No.7 Adoption of new Articles of Association of the Company.**

The Articles of Association (AoA) of the Company as presently in force are based on the Companies Act, 1956 and several Articles in the existing AoA contain references to specific sections of the Companies Act, 1956 and some Articles in the existing AoA are no longer in conformity with the Companies Act, 2013 (Act) and needs alignment with the Act.

Accordingly, it is deemed appropriate that the existing AoA be replaced in its entirety by new set of AoA to give effect to the above.

In terms of provisions of Section 14 and all other applicable provisions of the Act read with the Rules made there under, adoption of new "AoA" requires approval of the Members by way of Special Resolution.

The proposed new set of AoA is being uploaded on the Company's website, [www.rcom.co.in](http://www.rcom.co.in) for perusal by the shareholders. A copy of the same shall be given to the shareholders upon receipt of a request for the same, in writing, during the notice period and shall also be available for inspection at the Registered Office of the Company during business hours on all working days, excluding Saturdays between 11:00 A.M. and 1:00 P.M. upto the date of the Meeting and copy will be made available for inspection in physical and electronic form at the Registered Office of the Company.

None of the Directors, Key Managerial Personnel and their relatives are concerned or interested, financially or otherwise, in this resolution, except to the extent of their shareholding in the Company, if any.

The Board of Directors accordingly recommends the Special Resolution set out at Item No. 7 of the accompanying Notice for the approval of the Members.

#### **Item No. 8 Approval for issue and allotment of equity shares to lenders by way of conversion of loans in terms of Strategic Debt Restructuring Scheme.**

The Company has availed Loans from the Lenders, in terms of the respective financing documents entered into between, inter alia, the Company and the respective Lenders. The aggregate amount of outstanding Loans of the Company (standalone) as on June 1, 2017 was ₹ 34,844 crore.

The Telecom Sector in India has attractive long term potential, with India having the second largest number of mobile cellular subscriptions in the world. The growth phase is expected to be sustained in future, especially with new opportunities in data and broadband services, and initiatives of the Government of India like 'Digital India' and setting up of 'Smart Cities.' Unfortunately, in the short and medium term, the telecom sector continues to face challenges, owing to the very high degree of competition; the significantly increased cost of acquiring spectrum through auctions; the higher costs of network expansion in rural areas; regulatory uncertainties etc. The intense competition has led to declining ARPU (Average Revenue Per User), and ARPM (Average Revenue Per Minute), resulting in very muted growth in overall revenues, stagnant margins and inadequate free cash flows of the Company which lead to default on some of debt servicing obligations of the Company.

The Company is in process of expeditiously closing the already announced Strategic Transactions for demerger of Company's wireless business to Aircel Limited and demerger of tower business of the Reliance Infratel Limited, a subsidiary of the Company, to Brookfield Infrastructure Group, which will drastically reduce the debt of the Company up to ₹ 25,000 crore. The Company is committed to use entire proceeds up to ₹ 25,000 crore to be received from both these monetization projects only for reduction of the existing debt and make substantial prepayments to Lenders ahead of the normal scheduled repayment dates of the existing loans to the mutual benefit. The Board of Directors of the Company on June 1, 2017, has approved in principle conversion of Debt into equity share capital pursuant to the Strategic Debt Restructuring Scheme ("SDR Scheme").

The lenders at their meeting held on June 2, 2017 constituted Joint Lenders Forum ("JLF") with State Bank of India as lead bank and invoked the SDR Scheme in accordance with the guidelines issued by the RBI.

In accordance with the provisions of SDR Scheme, the Lenders have a right to convert whole or part of their debt into equity share of the Company so as to collectively acquire 51% (i.e; 2,590,570,755 Equity Shares) or more of the equity share capital of the Company.

The successful implementation of SDR Scheme is considered to be beneficial to the Company, its lenders and minority shareholders and will enable the Company to meet its debt servicing obligations towards the Lenders. Accordingly, In terms of the SDR Scheme, it is proposed to issue and allot Equity Shares of face value of ₹ 5/- representing 51% or such other or higher number of the fully diluted equity share capital of the Company, to the Lenders by conversion of outstanding Loans (including all amounts of overdue and outstanding principal amounts,

## Reliance Communications Limited

### Statement pursuant to Section 102(1) of the Companies Act, 2013 to the accompanying Notice dated August 12, 2017

overdue and current interests of all nature, and all other fees, charges, expenses and all other dues and amounts payable by the Company to the Lenders. The resolution set out at Item No. 8 is an enabling resolution with flexibility and power to the Board to issue and allot such other or higher number of equity shares by conversion of Loans if and as may be determined by Lenders and/or JLF in accordance with the SDR Scheme.

In terms of the SDR Scheme, the price of the equity shares to be allotted to the Lenders on conversion of their Loan is required to be calculated on the basis of a fair value which will not exceed the lowest of the following, subject to floor price of the face value of shares:

- (i) Market value: Average of the closing prices of the equity shares on National Stock Exchange of India Limited and BSE Limited during the ten trading days preceding the Reference Date (being June 2, 2017), which works out to ₹ 24.71 and ₹ 24.73 per Equity Share respectively;
- (ii) Break-up value: Book value per share to be calculated from the Company's latest audited balance sheet (without considering 'revaluation reserves', if any) adjusted for cash flows and financials post the earlier restructuring, which works out to ₹ 97 per Equity Share as per the audited Balance Sheet of the Company as at March 31, 2017.

In terms of the SDR Scheme the 'Reference Date' fixed by JLF is June 2, 2017. The price of equity shares to be issued to Lenders upon conversion of Loans thus works out to be ₹ 24.71. The said price has been certified by two independent qualified valuers. The said price shall be subject to any change as may be required in compliance with the SDR Scheme and/or other provisions of law.

The equity shares allotted to Lenders by conversion of Loans as envisaged in terms of the Resolution set out at Item No. 8 shall be subject to lock-in for a period of one year from the date of receipt of trading approval.

In terms of SEBI Notification No. SEBI - NRO/OIAE/GN/2015-16/003 dated May 5, 2015, the provisions of Chapter VII of SEBI ICDR Regulations are not applicable to any allotments to be made to banks and financial institutions pursuant to SDR Scheme, subject to the fulfilment of following conditions:

- a) The conversion price shall be determined in accordance with the guidelines issued by the RBI for SDR Scheme, which shall not be less than the face value of the equity shares;
- b) The conversion price shall be certified by two independent qualified valuers;
- c) Equity shares so allotted shall be locked-in for a period of one year from the date of trading approval, only if, and to the extent, mandatory as per the provisions of applicable laws as on the date of issue and allotment of the Equity shares;
- d) Applicable provisions of the Companies Act, 2013 are complied with.

The preferential issue of shares as envisaged by special resolution set out at Item No. 8 shall conform to the above conditions and accordingly the provisions of Chapter VII of SEBI ICDR Regulations are not applicable. Further, in terms of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations,

2011, acquisition of shares by the Lenders pursuant to conversion of their debt as part of the SDR Scheme is exempted from the obligation of making an open offer. The Equity Shares allotted or arising out of issuance and allotment of Equity Shares on conversion of loan would be listed on the National Stock Exchange of India Limited and BSE Limited. The issue and allotment would be subject to the availability of such approvals including any other regulatory approvals, if any. As and when the Board / Committee does take a decision on matters on which it has the discretion, necessary disclosures will be made to the Stock Exchanges as may be required under the provisions of the LODR Regulations.

The proposed issue/allotment of shares by conversion of Loan shall be made to all or any of the following Lenders of the Company:

S.No.	Name of the bank/ financial institutions
1.	Life Insurance Corporation of India
2.	State Bank of India (State Bank of Patiala) (State Bank of Travancore)
3.	Axis Bank Limited
4.	Bank of Baroda
5.	Standard Chartered Bank
6.	Punjab National Bank
7.	Syndicate Bank
8.	IDBI Bank Limited
9.	Union Bank of India
10.	UCO Bank
11.	Bank of India
12.	Canara Bank
13.	Bank of Maharashtra
14.	United Bank of India
15.	Oriental Bank of Commerce
16.	Central Bank of India
17.	Deutsche Bank
18.	DBS Bank
19.	Corporation Bank
20.	India Infrastructure Finance Company Limited
21.	Dena Bank
22.	IFCI Limited
23.	Credit Agricole
24.	Indian Overseas Bank
25.	ICICI Bank Limited
26.	Vijaya Bank
27.	Yes Bank Limited

## Reliance Communications Limited

### Statement pursuant to Section 102(1) of the Companies Act, 2013 to the accompanying Notice dated August 12, 2017

In terms of SDR Scheme, any other Lender of the Company may also join JLF and opt for SDR Scheme. In such case equity shares of the Company may also be issued/allotted to additional Lenders in compliance with the SDR Scheme. The shareholding pattern of the Company before the preferential issue is provided below:

S. No.	Category	Shareholding Pattern prior to the preferential issue	
		Number of shares held	% of shareholding
<b>A. Promoters' holding:</b>			
1.	Indian:		
	Individual	98,45,709	0.40
	Bodies Corporate	145,48,51,135	58.45
	<b>Sub-Total</b>	<b>146,46,96,844</b>	<b>58.85</b>
2.	Foreign Promoters	-	-
	<b>Sub-Total (A)</b>	<b>146,46,96,844</b>	<b>58.85</b>
<b>B. Non-Promoters' holding:</b>			
1.	Institutional Investors	45,65,00,979	18.34
2.	Central Government / State Government	12,19,357	0.05
3.	Non-Institution:		
	Private Corporate Bodies	12,71,48,977	5.11
	Indian Public	37,86,35,300	15.21
	Others (NRI, GDR and ESOS Trust)	6,07,78,288	2.44
	<b>Sub-Total (B)</b>	<b>102,42,82,901</b>	<b>41.15</b>
	<b>GRAND TOTAL</b>	<b>248,89,79,745</b>	<b>100.00</b>

Please note that the post-issue shareholding pattern of the Company cannot be currently ascertained due to the non finalisation of the quantum of the Equity Shares to be issued in favour of the Lenders under the SDR Scheme.

In terms of SDR Scheme and pursuant to the provisions of Sections 42 and 62 of the Act read with Rules made thereunder, conversion of Debt into Equity pursuant to SDR needs to be approved by the Shareholders.

None of the Directors, Key Managerial Personnel and their relatives are concerned or interested, financially or otherwise, in this resolution, except to the extent of their shareholding in the Company, if any.

The Board of Directors accordingly recommends the Special Resolution set out at Item No. 8 of the Notice for the approval of the members.

By Order of the Board of Directors

Prakash Shenoy  
Company Secretary

**Registered Office:**

H Block, 1<sup>st</sup> Floor  
Dhirubhai Ambani Knowledge City  
Navi Mumbai 400 710  
CIN:L45309MH2004PLC147531  
Website: www.rcom.co.in

August 12, 2017



# Reliance Communications Limited

## Directors' Report

Dear Shareowners,

Your Directors present the 13<sup>th</sup> Annual Report and the audited financial statement for the financial year ended March 31, 2017.

### Financial results

The financial results of the Company for the year ended March 31, 2017 is summarised below:

Particulars	Financial Year ended March 31, 2017		* Financial Year ended March 31, 2016	
	₹ in crore	US\$ in million**	₹ in crore	US\$ in million**
Total income	9,154	1412	10,314	1557
Gross profit /(Loss) before depreciation, amortisation and exceptional items	(1,883)	(290)	387	58
Less:				
Depreciation and amortization	1,972	304	2,014	304
Profit/ (Loss) before Tax	(3,855)	(594)	(1,627)	(246)
Less: Provision for:				
Current tax / Excess provision for Tax of earlier years			-	-
Deferred Tax charge/ (credit)	(2,059)	(318)	(1,248)	(188)
Profit / (Loss) after tax	(1,796)	(276)	(379)	(56)
Other Comprehensive Income				
Re-measurement Gain/ (Loss) of defined benefit plans (Net of tax)	(1)	(0.15)	(1)	(0.15)
Total Comprehensive Income	(1,797)	(276)	(380)	(56)
Add : Balance brought forward from previous year	(5,366)	(827)	(4,986)	(753)
Profit available for appropriation			-	-
Balance carried to Balance Sheet	(7,163)	(1103)	(5,366)	(811)

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

\*\* Exchange Rate ₹ 64.85 = US\$ 1 as on March 31, 2017 (₹ 66.255 = US\$ 1 as on March 31, 2016).

### Financial Performance

During the year under review, your Company has earned income of ₹ 9,154 crore against ₹ 10,314 crore in the previous year. The Company has incurred a loss of ₹ 1,796 crore for the year as compared to loss of ₹ 379 crore in the previous year. The performance and financial position of the subsidiary companies and associate companies are included in the consolidated financial statement of the Company and presented in the Management Discussion and Analysis Report forming part of this Annual Report.

### Dividend

During the year under review, the Board of Directors has not recommended dividend on the equity shares of the Company. The Dividend Distribution Policy of the Company is annexed herewith as **Annexure A** to this Report.

### Business Operations

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

Operations and Global Operations. These strategic business units are supported by passive infrastructure connected to nationwide backbone of Optic Fibre Network as well as fully integrated network operation system and by the largest retail distribution and customer services. The Company also owns through its subsidiary company, a global submarine cable network infrastructure and offers managed services, managed Ethernet and application delivery services.

### Scheme of Arrangements with:

#### 1. Sistema Shyam Teleservices Limited

A Scheme of Arrangement for transfer and vesting of Wireless Telecom Business Undertaking of Sistema Shyam Teleservices Limited (SSTL) into the Company ('Scheme') was approved by the Hon'ble High Court of Judicature at Bombay on October 7, 2016 and by Hon'ble Rajasthan High Court on September 30, 2016. The Appointed date is the Effective date. The Scheme is also approved by the Department of Telecommunications, subject to fulfillment of certain conditions. Upon fulfillment of said conditions, the Scheme will be made effective and the Company will be required to allot 27.65 crore equity shares of ₹ 5/- each of the Company to SSTL, which is 10% of the diluted equity share capital of the Company.

## Directors' Report

### 2. Reliance Telecom Limited

The Board had approved the Scheme of Arrangement for demerger of Wireless Undertaking of Reliance Telecom Limited, a wholly owned subsidiary company, into the Company on June 24, 2016. The Hon'ble High Court of Judicature at Bombay has sanctioned the said Scheme on October 27, 2016. The Company has applied to the Department of Telecommunications (DoT) for its approval to the Scheme, which is condition precedent before giving effect to the Scheme. The Scheme would be made effective only upon receiving the approval of the DoT.

### 3. Aircel Group

The Board had approved the demerger and transfer of Wireless Business, including (i) the investments held by the Company in its indirect wholly owned subsidiary companies, Reliance Communications (Hong Kong) Limited, Reliance Communications (UK) Limited, Reliance Communications Inc. USA, Reliance Communications International, Inc. and Reliance Communications Canada, Inc., (ii) the wireless telecom business undertaking of the Company and Reliance Telecom Limited ("RTL") (a wholly owned subsidiary of the Company) to Aircel Limited ("AL") and Dishnet Wireless Limited (a wholly owned subsidiary of AL) ("DWL"), by way of Scheme of arrangement of demerger among the Company, RTL, AL, DWL, South Asia Communications Private Limited, Deccan Digital Networks Private Limited and their respective shareholders and creditors ("Scheme") on September 14, 2016.

Under the terms of the Scheme, upon completion of the Scheme, the Company will be issued and allotted such number of equity shares of AL which will constitute 50% of the fully diluted paid up equity share capital of AL.

The Company has received approval from the Shareholders and have filed petition to the National Company Law Tribunal (NCLT). The Company has also received approval of the Competition Commission of India.

### Debt Restructuring Plan

The lenders have invoked the Strategic Debt Restructuring (SDR) plan with Reference Date as June 2, 2017 in accordance with the guidelines issued by Reserve Bank of India and have constituted a Joint Lenders' Forum (JLF). For expeditious closure of the strategic transactions (Schemes of Arrangement) as mentioned above, your Company had submitted an overall debt resolution plan to the lenders.

At the JLF meeting, Lenders have taken note of advanced stage of implementation of Company's strategic transformation plan, and have agreed for a standstill on Company's debt servicing obligations for next 7 months till end December, 2017. The successful implementation of SDR plan is considered to be in the interest of all the stakeholders of the Company and will enable the Company to meet its debt servicing obligations towards the Lenders.

### Management Discussion and Analysis

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

### Non Convertible Debentures

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

### Deposits

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

### Particulars of Investments

Pursuant to the provisions of Section 186 of the Act, the details of the Investments made by the Company are provided in the unbridged standalone financial statement under Notes No. 2.03 and 2.09.

### Subsidiary and Associate Companies

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

Your Company has signed the Definitive Agreements with Brookfield, a leading global infrastructure asset manager with over \$250 billion of assets under management, in December 2016 in relation to the proposed transfer of Reliance Infratel Limited's (RITL) nationwide tower assets and related infrastructure. The Transaction has received the shareholders and Competition Commission of India's (CCI) approval. The scheme petition has been filed with the National Company Law Tribunal (NCLT).

The Lenders of Reliance Telecom Limited, a wholly owned subsidiary and Reliance Infratel Limited, a subsidiary company, have also invoked the Strategic Debt Restructuring (SDR) plan with Reference Date as June 2, 2017 in accordance with the guidelines issued by Reserve Bank of India and have constituted a Joint Lenders' Forum (JLF).

### Consolidated Financial Statement

The Audited Consolidated Financial Statement for the financial year ended March 31, 2017, incorporating the results of the operations of all subsidiary companies and associate companies, have been prepared in accordance with Indian Accounting Standard (Ind AS) - 110 on 'Consolidated Financial Statement' read with Ind AS-28 on 'Investments in Associates and Joint Ventures', notified under the Act, read with the Accounting Standards Rules as applicable and same is in compliance with the Companies Act, 2013.

### Directors

The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed under the Act and Listing Regulations. The details of programme for familiarization of Independent Directors with the Company, nature of the industry

# Reliance Communications Limited

## Directors' Report

in which the Company operates and related matters are put up on the website of the Company at the link [http://www.rcom.co.in/Rcom/aboutus/ir/pdf/Directors\\_familiarisation.pdf](http://www.rcom.co.in/Rcom/aboutus/ir/pdf/Directors_familiarisation.pdf).

In terms of the provisions of the Act, Smt. Manjari Kacker, Director of the Company, retires by rotation and being eligible, offers herself for re-appointment at the ensuing Annual General Meeting (AGM). A brief resume of Smt. Manjari Kacker, along with requisite details as stipulated under Regulation 36(3) of the Listing Regulations, is given in the section on Corporate Governance Report forming part of this Annual Report.

### Key Managerial Personnel

During the year under review, Shri Vinod Sawhny, the then CEO resigned and Shri Bill Barney, CEO Enterprise and GCX and Shri Gurdeep Singh, CEO Wireless Business were designated as Co-CEO of the Company w.e.f. September 30, 2016. Shri Prakash Shenoy, Company Secretary was re-appointed as a Manager of the Company w.e.f. June 1, 2016 for five years i.e. upto May 31, 2021.

### Evaluation of Directors, Board and Committees

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

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

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

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

### Directors' Responsibility Statement

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

- i In preparation of the annual financial statement for the financial year ended March 31, 2017, the applicable Accounting Standards had been followed along with proper explanation relating to material departures, if any;
- ii The Directors had selected such accounting policies and applied them consistently and made judgments and

estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2017 and of the loss of the Company for the year ended on that date;

- iii The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv The Directors had prepared the annual financial statement for the financial year ended March 31, 2017 on a 'going concern' basis;
- v The Directors had laid down internal financial controls to be followed by the Company and such financial controls are adequate and are operating effectively, and
- vi The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

### Contracts and Arrangements with Related Parties

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

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

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

There were no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year and the date of their report.

### Meetings of the Board

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

### Audit Committee

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

## Directors' Report

### Auditors and Auditors' Report

At the last Annual General Meeting (AGM) held on September 27, 2016, M/s. BSR & Co. LLP, Chartered Accountants and M/s. Pathak H.D. & Associates, Chartered Accountants were appointed as statutory auditors of the Company to hold office till the conclusion of the 13th AGM and 17th AGM respectively. M/s BSR & Co. LLP, Chartered Accountants would be completing 10 years at the ensuing AGM and their term will come to an end.

Pursuant to the provisions of Section 139 of the Act and the Companies (Audit and Auditors) Rules, 2014, M/s. Pathak H.D. & Associates, Chartered Accountants, the Statutory Auditors of the Company have been appointed as Auditors for a term of 5 years. However, their appointment as Statutory Auditors of the Company shall be required to be ratified by the Members at the ensuing Annual General Meeting. The Company has received a confirmation from the said Auditors that they are not disqualified to act as the Auditors and are eligible to hold the office as Auditors of the Company. Necessary resolution for ratification of appointment of the said Auditors is included in the Notice of AGM for seeking approval of the members.

The observations and comments given by the Auditors in their report read together with notes on financial statements are self explanatory and hence do not call for any further comments under Section 134 of the Act. Financial Statements - Application of Indian Accounting Standards (Ind AS) Rules, 2015 Ministry of Corporate Affairs (MCA) vide its Notification No.G.S.R. 111(E) dated February 16, 2015, has made the application of the Companies (Indian Accounting Standards) Rules, 2015 (Ind-AS Rules) effective from April 1, 2015.

The audited financial statement drawn up both on standalone and consolidated basis for the financial year ended March 31, 2017, in accordance with the requirements of the above said Rules.

The ESOS Compensation Committee of the Board monitors the Employees Stock Option Scheme. The existing ESOS Scheme and Plans are in compliance with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (SEBI ESOS Regulations). The applicable disclosures as stipulated under the Companies (Share Capital and Debentures) Rules, 2014 as on March 31, 2017 are given below:

Particulars	ESOS Plan 2008	ESOS Plan 2009
a) Total Options granted	: 1,49,91,185 Options	1,32,17,975 Options
b) No of Options surrendered	: 1,32,17,975 Options	-
c) Options vested	: Nil	Nil
d) Options exercised	: Nil	Nil
e) Total number of equity shares arising as a result of exercise of Options	: Nil	Nil
f) Options lapsed / forfeited during the year	: 4,674 Options	96,188 Options
g) Exercise Price	: Market Price or such other price as Board / Committee may determine. Different Exercise price may apply to different Plan(s).	Average of the weekly high and low of the closing price of the equity share of the Company at National Stock Exchange of India Limited during two weeks preceding the date of Grant i.e. January 16, 2009.
h) Variation of terms of Options	: None	None
i) Money realised by exercise of Options during the year	: Nil	Nil

### Cost Auditors

Pursuant to the provisions of the Act and the Companies (Cost Records and Audit) Rules, 2014, the Board of Directors have appointed M/s. V. J. Talati & Co., Cost Accountants, as the Cost Auditors to conduct cost audit for the telecommunications businesses of the Company for the financial year ending March 31, 2018, subject to the remuneration being ratified by the shareholders at the ensuing AGM of the Company.

### Secretarial Audit

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

### Extract of Annual Return

Extract of the Annual Return as on March 31, 2017 of the Company in Form - MGT-9 is attached herewith as **Annexure D**.

### Employees Stock Option Scheme

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

## Reliance Communications Limited

### Directors' Report

Particulars	ESOS Plan 2008	ESOS Plan 2009
j) Total number of Options in force at the end of the year	: 48,124 Options	5,53,454 Options
k) Employee wise details of Options granted to:		
i. Key managerial personnel Shri Manikantan V. - Chief Financial Officer	: Nil	29400
ii. Employee who receives grant in any one year of Option amounting to 5 per cent or more of Option granted during the year	Nil	Nil
iii. Identified employees who were granted options, during any one year equal to or exceeding 1 per cent of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	: Nil	Nil

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

#### Particulars of Employees and related disclosures

In terms of the provisions of Section 197 of the Act read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement showing the names and other particulars of the employees drawing highest top 10 remuneration and remuneration in excess of the limits set out in the said rules are provided in the Annexure to the Directors' Report. However, having regard to the provisions of Section 136 of the Act, the Annual Report excluding the aforesaid information is being sent to all the shareholders of the Company and others entitled thereto. The said information is available for inspection at the registered office of the Company on all working days, except Saturdays between 11:00 A.M. and 1:00 P.M. up to the date of the Meeting and any member interested in obtaining the same may write to the Company Secretary. Upon such request the information shall be furnished. Disclosures relating to the remuneration and other details as required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are provided in **Annexure E**.

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

As the Company does not carry on any manufacturing activity, being a telecommunications service provider, most of the information of the Company as required under Section 134(3) (m) of the Act read with Rule 8 of the Companies (Accounts) Rules, 2014 are not applicable. However, the information as applicable has been given in the Annexure F forming part of this Report.

#### Corporate Governance

The Company has adopted the "Reliance Group-Corporate Governance Policies and Code of Conduct" which sets out the systems, process and policies conforming to the international standards. The report on Corporate Governance as stipulated

under Regulation 34(3) read with Para C of Schedule V of the Listing Regulations is presented in separate section forming part of this Annual Report

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

#### Vigil Mechanism

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

#### Risk Management

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

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

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

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

### Directors' Report

#### Corporate Social Responsibility

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

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

The annual report on CSR activities is annexed as **Annexure G**.

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

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

#### Internal Financial Controls and their adequacy

The Company has in place adequate internal financial controls across the organisation. The same is subject to review periodically by the internal audit cell and by the audit committee for its effectiveness.

During the year, such controls were tested and no reportable material weakness in the design or operation were observed.

#### Business Responsibility Statement

Business Responsibility Report as stipulated under the listing regulations is presented in separate section forming a part of this Annual Report.

#### Acknowledgement

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

**For and on behalf of the Board of Directors**

Mumbai  
August 12, 2017

**Anil Dhirubhai Ambani**  
Chairman



### Dividend Distribution Policy

#### 1. Introduction

The Board of Directors (the "Board") of Reliance Communications Limited (the "Company") at its meeting held on May 27, 2017, has adopted this Dividend Distribution Policy (the "Policy") in accordance with the Companies Act, 2013 (the "Act") and Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "Listing Regulations").

#### 2. Objective

The Objective of this Policy is to establish the parameters to be considered by the Board of Directors of the Company before declaring or recommending dividend.

#### 3. Circumstances under which the shareholders may or may not expect dividend

The shareholders of the Company may not expect dividend in the below mentioned circumstances:

- i. In the event of a growth opportunity where the Company may be required to allocate a significant amount of capital.
- ii. In the event of higher working capital requirement for business operations or otherwise.
- iii. In the event of inadequacy of cashflow available for distribution.
- iv. In the event of inadequacy or absence of profits.
- v. In the event of any regulation or contractual restriction.

The Board may consider not declaring dividend or may recommend a lower payout for a given financial year, after analysing the prospective opportunities and threats or in the event of challenging circumstances such as regulatory and financial environment.

#### 4. Parameters to be considered before recommending dividend

Dividends will generally be recommended by the Board once a year, after the announcement of the full year results and before the Annual General Meeting (AGM) of the shareholders, as may be permitted under the Companies Act, 2013. The Board may also declare interim dividends as may be permitted under the Companies Act, 2013. The Company has had a consistent dividend policy that balances the objective of appropriately rewarding shareholders through dividends and to support the future growth of the Company.

The decision regarding dividend pay-out is a crucial decision as it determines the amount of profit to be distributed among shareholders and amount of profit to be retained in business. The Dividend pay-out decision of any company depends upon certain external and internal factors:

#### 4.1 External Factors

State of Economy: In case of uncertain or recessionary economic and business conditions, Board will endeavor to retain larger part of profits to build up reserves to absorb future shocks.

#### 4.2 Internal Factors

Apart from the various external factors aforementioned, the Board will take into account various internal factors while declaring Dividend, which, inter alia will include:

- Income / Profits earned during the year;
- Present & future capital requirements of the existing businesses;
- Brand/ Business Acquisitions;
- Expansion/ Modernization of existing businesses;
- Additional investments in subsidiaries/ Joint Ventures/ associates of the Company;
- Fresh investments into external businesses;
- Repayment of Loans

Any other factor as deemed fit by the Board.

#### 5. Utilisation of retained earnings

The Company shall endeavour to utilise the retained earnings in following manner:

- For expansion and growth of business;
- Additional investments in existing businesses;
- Declaration of Dividend;
- General Corporate purpose; and
- Any other specific purpose as may be approved by the Board.

#### 6. Parameters that shall be adopted with regard to various classes of shares

The Company has issued only one class of shares viz. Equity shares. Parameters for dividend payments in respect of any other class of shares will be as per the respective terms of issue and in accordance with the applicable regulations and will be determined, if and when the Company decides to issue other classes of share.

#### 7. Review

This Policy will be reviewed periodically by the Board.

#### 8. Limitation and amendment

In the event of any conflict between the Act or the Listing Regulations and the provisions of the policy, the Listing Regulations shall prevail over this policy. Any subsequent amendment / modification in the Listing Regulations, in this regard, shall automatically apply to this policy.

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

##### 1. Introduction

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

##### 2. Objectives

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

##### 3. Scope

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

##### 4. Definitions

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

##### 5. Policy

###### 5.1 Appointment of Directors/ Key Managerial / Senior Management personnel

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

###### 5.2 Remuneration to Directors/ Key Managerial Personnel

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

###### 5.3 Remuneration to other employees

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

##### 6. Retention Features as part of Compensation Package

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

##### 7. Modification and Amendment

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



Form No. MR-3

Secretarial Audit Report

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2017

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

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

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

Based on the verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2017 ('Audit Period') complied with the statutory provisions listed hereunder and also that the Company has followed proper Board processes and have required compliance – mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by **Reliance Communications Limited** for the financial year ended on March 31, 2017 according to the provisions of:

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

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

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

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

### Directors' Report

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

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

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

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

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

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

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

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

For Ashita Kaul & Associates  
Company Secretaries

Date : May 5, 2017  
Place : Mumbai

Proprietor  
FCS 6988/ CP 6529

# Reliance Communications Limited

## Directors' Report

ANNEXURE - D

### FORM NO. MGT - 9 EXTRACT OF ANNUAL RETURN

as on the financial year ended March 31, 2017  
[Pursuant to Section 92(3) of the Companies Act, 2013, and Rule 12(1) of the Companies  
(Management and Administration) Rules, 2014]

#### I. Registration and other details

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

#### II. Principal Business Activities of the Company

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

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

#### III. Particulars of Holding, Subsidiary and Associate Companies

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

## Reliance Communications Limited

### Directors' Report

Sl. No.	Name and address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section
13.	Reliance BPO Private Limited Manek Mahal Flat No.19-20, 6th Floor, 90-Veer Nariman Road, Churchgate, Mumbai 400 020	U72200MH2000PTC124290	Subsidiary	100%	2(87)
14.	Reliance Mobile Commerce Limited H Block, 1st Floor, Dhirubhai Ambani Knowledge City, Navi Mumbai 400 710	U64201MH2010PLC210643	Subsidiary	100%	2(87)
15.	Reliance Globalcom Limited H Block, 1st Floor, Dhirubhai Ambani Knowledge City, Navi Mumbai 400 710	U51900MH2000PLC125366	Subsidiary	100%	2(87)
16.	Reliance Communications Tamil Nadu Limited H Block, 1st Floor, Dhirubhai Ambani Knowledge City, Navi Mumbai 400 710	U64201MH2001PLC131627	Subsidiary	100%	2(87)
17.	Reliance Infra Projects Limited H Block, 1st Floor, Dhirubhai Ambani Knowledge City, Navi Mumbai 400 710	U70109MH2014PLC259052	Subsidiary	100%	2(87)
18.	Reliance Infra Realty Limited H Block, 1st Floor, Dhirubhai Ambani Knowledge City, Navi Mumbai 400 710	U70109MH2014PLC259224	Subsidiary	100%	2(87)
19.	Internet ExchangeNext.Com Limited H Block, 1st Floor, Dhirubhai Ambani Knowledge City , Navi Mumbai 400 710	U51399MH2000PLC217929	Subsidiary	100%	2(87)
20.	Worldtel Tamilnadu Private Limited H Block, 1st Floor, Dhirubhai Ambani Knowledge City , Navi Mumbai 400 710	U64201MH1999PTC220563	Subsidiary	100%	2(87)
21.	Realsoft Cyber Systems Private Limited H Block, 1st Floor, Dhirubhai Ambani Knowledge City , Navi Mumbai 400 710	U72200MH2000PTC219534	Subsidiary	100%	2(87)
22.	Reliance Globalcom B.V. Herikerbergweg 292, 292-342, 1101CT Amsterdam	NA	Subsidiary	100%	2(87)
23.	Reliance Communications (UK) Ltd Unit 5 & 6, Great West Plaza, Riverbank Way, Brentford, TW8 9RE, United Kingdom	NA	Subsidiary	100%	2(87)
24.	Reliance Communications (Hong Kong) Limited 29th Floor, Edinburgh Tower, The Landmark, 15 Queen's Road Central, Central, Hong Kong	NA	Subsidiary	100%	2(87)
25.	Reliance Communications (Singapore) Pte. Limited 10 Anson Road # 18-13,International PlazaSingapore 079903	NA	Subsidiary	100%	2(87)
26.	Reliance Communications (New Zealand) Pte Limited C/o - Ross Melville PKF, Level 5, 50 Anzac Avenue, Auckland, New Zealand	NA	Subsidiary	100%	2(87)
27.	Reliance Communications (Australia) Pty Limited 9 Peach Gardens, Glenwood NSW 2768	NA	Subsidiary	100%	2(87)
28.	Anupam Global Soft (U) Limited Plot - 43, Chwa - 11 Rd, Mbuya, P O Box 70881, Kampala Uganda	NA	Subsidiary	90%	2(87)
29.	Gateway Net Trading Pte Limited 10 Anson Road # 18-13, International Plaza, Singapore 079903	NA	Subsidiary	100%	2(87)
30.	Reliance Globalcom Limited, Bermuda Cumberland House, 9th Floor, 1 Victoria Street, Hamilton HM11, Bermuda	NA	Subsidiary	100%	2(87)
31.	FLAG Telecom Singapore Pte. Limited 10 Anson Road # 18-13,International Plaza, Singapore 079903	NA	Subsidiary	100%	2(87)
32.	FLAG Atlantic UK Limited Units 5 & 6, Riverbank Way, BRENTFORD, Middlesex, TW8 9RE, England	NA	Subsidiary	100%	2(87)
33.	Reliance FLAG Atlantic France SAS 114 rue Ambroise Croizat 93200 Saint Denis France	NA	Subsidiary	100%	2(87)
34.	FLAG Telecom Taiwan Limited Room No. 102, 4F, No 200, Sec 1, Keelung Road, Taipei, Taiwan	NA	Subsidiary	60%	2(87)
35.	Reliance FLAG Pacific Holdings Limited Cumberland House, 9th Floor, 1 Victoria Street, Hamilton HM11, Bermuda	NA	Subsidiary	100%	2(87)
36.	FLAG Telecom Group Services Limited Cumberland House, 9th Floor, 1 Victoria Street, Hamilton HM11, Bermuda	NA	Subsidiary	100%	2(87)
37.	FLAG Telecom Deutschland GmbH Mainzer Landstrasse, 176, 60327 Frankfurt, Germany	NA	Subsidiary	100%	2(87)
38.	FLAG Telecom Hellas AE 75 Patisson Street, 10434 Athens, Greece	NA	Subsidiary	100%	2(87)
39.	FLAG Telecom Asia Limited Suite 3901-2, 39F, Lippo Centre, Tower two, 89 Queensway, Hong Kong	NA	Subsidiary	100%	2(87)
40.	FLAG Telecom Nederland B.V. Units 5 & 6, Riverbank Way, BRENTFORD, Middlesex, TW8 9RE, England	NA	Subsidiary	100%	2(87)
41.	Reliance Globalcom (UK) Limited Units 5 & 6, Riverbank Way, BRENTFORD, Middlesex, TW8 9RE, England	NA	Subsidiary	100%	2(87)
42.	Yipes Holdings Inc. 2711 Centerville Road Suite 400 Wilmington DE 19808, New Castle County	NA	Subsidiary	100%	2(87)
43.	Reliance Globalcom Services Inc. 2711 Centerville Road Suite 400 Wilmington DE 19808, New Castle County	NA	Subsidiary	100%	2(87)
44.	YTV Inc. 11 South 12th Street P.O. Box 1463 Richmond VA 23218 Richmond City, Virginia	NA	Subsidiary	100%	2(87)
45.	Reliance Infocom Inc. 2711 Centerville Road, Suite 400, City of Wilmington, County of New Castle, Delaware 19808	NA	Subsidiary	100%	2(87)

## Reliance Communications Limited

### Directors' Report

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

## Reliance Communications Limited

### Directors' Report

Sl. No.	Name and address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section
77.	Vanco UK Ltd Units 5 & 6 Great West Plaza Riverbank Way Brentford Middlesex TW8 9RE, United Kingdom	NA	Subsidiary	100%	2(87)
78.	Vanco International Ltd Units 5 & 6 Great West Plaza Riverbank Way Brentford Middlesex TW8 9RE, United Kingdom	NA	Subsidiary	100%	2(87)
79.	Vanco Row Limited Units 5 & 6 Great West Plaza Riverbank Way, Brentford Middlesex TW8 9RE United Kingdom	NA	Subsidiary	100%	2(87)
80.	Vanco Global Limited Units 5 & 6 Great West Plaza Riverbank Way, Brentford Middlesex TW8 9RE United Kingdom	NA	Subsidiary	100%	2(87)
81.	VNO Direct Limited Units 5 & 6 Great West Plaza Riverbank Way Brentford Middlesex TW8 9RE U. K.	NA	Subsidiary	100%	2(87)
82.	Vanco US LLC Suite 1600, 200 South Wacker Drive 12th Floor Chicago IL 60606	NA	Subsidiary	100%	2(87)
83.	Vanco Solutions Inc Suite 1600, 200 South Wacker Drive 12th Floor Chicago IL 60606	NA	Subsidiary	100%	2(87)
84.	Net Direct SA (Proprietary) Ltd. (Under liquidation) Accord House, 2 Golf Course Drive, Mount Edgecombe, 4320, South Africa	NA	Subsidiary	100%	2(87)
85.	Reliance Telecom Infrastructure (Cyprus) Holdings Limited Arch Makariou III 229 Meliza Court 4th Floor P.C. 3105, Limassol, Cyprus	NA	Subsidiary	0%	2(87)
86.	Lagerwood Investments Limited Arch Makariou III 229 Meliza Court 4th Floor P.C. 3105, Limassol, Cyprus	NA	Subsidiary	0%	2(87)
87.	Global Cloud Xchange Limited Cumberland House, 9th Floor, 1 Victoria Street, Hamilton HM 11, Bermuda	NA	Subsidiary	100%	2(87)
88.	GCX Limited Cumberland House, 9th Floor, 1 Victoria Street, Hamilton HM 11, Bermuda	NA	Subsidiary	100%	2(87)
89.	Aircom Holdco B.V. Haaksbergweg 71 1101 BR Amsterdam	NA	Subsidiary	100%	2(87)
90.	Towercom Infrastructure Private Limited H Block, 1st Floor, Dhirubhai Ambani Knowledge City, Navi Mumbai 400 710	U64204MH2016PTC287734	Subsidiary	99.52%	2(87)
91.	Warf Telecom International Private Limited 2nd Floor, HDL Building, Hulhumale' Republic of Maldives	NA	Associate	20%	2(6)
92.	Mumbai Metro Transport Private Limited 502, Plot No. 91/94, Prabhat Colony, Santacruz (E), Mumbai - 400 055	U60222MH2009PTC196739	Associate	26%	2(6)

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

##### i) Category wise Shareholding

Category of Shareholders	No. of Shares held at the beginning of the year (April 1, 2016)				No. of Shares held at the end of the year (March 31, 2017)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/HUF	9845709	0	9845709	0.40	9845709	0	9845709	0.40	0.00
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt.(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corporate	1454851135	0	1454851135	58.45	1454851135	0	1454851135	58.45	0.00
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any Other	-	-	-	-	-	-	-	-	-
<b>Sub-Total (A)(1):</b>	<b>1464696844</b>	<b>0</b>	<b>1464696844</b>	<b>58.85</b>	<b>1464696844</b>	<b>0</b>	<b>1464696844</b>	<b>58.85</b>	<b>0.00</b>
<b>(2) Foreign</b>									
a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
b) Other - Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corporate	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any Other	-	-	-	-	-	-	-	-	-
<b>Sub-Total (A)(2):</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Shareholding of Promoters</b>	<b>1464696844</b>	<b>0</b>	<b>1464696844</b>	<b>58.85</b>	<b>1464696844</b>	<b>0</b>	<b>1464696844</b>	<b>58.85</b>	<b>0.00</b>
<b>(A) = (A)(1) + (A)(2)</b>									

# Reliance Communications Limited

## Directors' Report

Category of Shareholders	No. of Shares held at the beginning of the year (April 1, 2016)				No. of Shares held at the end of the year (March 31, 2017)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>B. Public Shareholding</b>									
<b>(1) Institutions</b>									
a) Mutual Funds / UTI	39892499	377761	40270260	1.62	30876664	377731	31254395	1.26	-0.36
b) Banks / FI	5521859	111292	5633151	0.23	5913366	103577	6016943	0.24	0.02
c) Central Govt.	415528	805045	1220573	0.05	416212	804945	1221157	0.05	0.00
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	176262693	5729	176268422	7.08	176262693	5729	176268422	7.08	0.00
g) FII's	262349818	117121	262466939	10.55	29310274	116571	29426845	1.18	-9.36
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify) (FPI)	230303559	0	230303559	9.25	373836734	0	373836734	15.02	5.77
<b>Sub-Total (B)(1):</b>	<b>714745956</b>	<b>1416948</b>	<b>716162904</b>	<b>28.77</b>	<b>616615943</b>	<b>1408553</b>	<b>618024496</b>	<b>24.83</b>	<b>-3.94</b>
<b>(2) Non-Institutions</b>									
a) Bodies Corporate									
i) Indian	43680262	468618	44148880	1.77	61440665	463463	61904128	2.49	0.71
ii) Overseas	98236	31665	129901	0.01	97327	31665	128992	0.01	-
b) Individuals									
i) Individual shareholders holding nominal share capital up to ₹ 1 lac.	171906861	32759981	204666842	8.22	230278806	32025427	262304233	10.54	2.32
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lac	16455484	0	16455484	0.66	30853464	0	30853464	1.24	0.58
c) Others (specify)									
i) NRI	8228916	2419121	10648037	0.43	17645976	2322770	19968746	0.80	0.37
<b>Sub-Total (B)(2):</b>	<b>240369759</b>	<b>35679385</b>	<b>276049144</b>	<b>11.09</b>	<b>340316238</b>	<b>34843325</b>	<b>375159563</b>	<b>15.07</b>	<b>3.98</b>
<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	<b>955115715</b>	<b>37096333</b>	<b>992212048</b>	<b>39.87</b>	<b>956932181</b>	<b>36251878</b>	<b>993184059</b>	<b>39.91</b>	<b>0.04</b>
<b>C. Non Promoter Non Public</b>									
1) Shares held by Custodian for GDRs	10791853	0	10791853	0.43	9819842	0	9819842	0.39	-0.04
2) ESOS Trust*	21279000	0	21279000	0.85	21279000	0	21279000	0.85	0.00
<b>Grand Total (A+B+C)</b>	<b>2451883412</b>	<b>37096333</b>	<b>2488979745</b>	<b>100</b>	<b>2452727867</b>	<b>36251878</b>	<b>2488979745</b>	<b>100.00</b>	<b>0.00</b>

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

### (ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year (April 1, 2016)			Shareholding at the end of the year (March 31, 2017)			% change in shareholding during the year
		No. of Shares	% of total shares of the Company	% of shares Pledged / encumbered to total shares	No. of Shares	% of total shares of the Company	% of shares Pledged / encumbered to total shares	
1.	Reliance Telecom Infrainvest Private Limited (Formerly Telecom Infrastructure Finance Private Limited)	86666667	3.48	0	86666667	3.48	0	0.00
2.	Reliance Communications Enterprises Private Limited	723110172	29.05	16.97	723110172	29.05	25.31	0.00
3.	Reliance Wind Turbine Installators Industries Private Limited	300000000	12.05	0	300000000	12.05	12.05	0.00
4.	Reliance Ornatu's Enterprises and Ventures Private Limited	300000000	12.05	0	300000000	12.05	0	0.00
5.	Shri Jai Anmol A. Ambani	1669759	0.07	0	1669759	0.07	0	0.00
6.	Shri Jai Anshul A. Ambani	100	0.00	0	100	0.00	0	0.00
7.	Reliance ADA Group Trustees Private Limited - Trustees of RCOM ESOS Trust *	0	0.00	0	0	0.00	0	0.00
8.	Reliance Capital Limited	29695295	1.19	0	29695295	1.19	0	0.00

## Reliance Communications Limited

### Directors' Report

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year (April 1, 2016)			Shareholding at the end of the year (March 31, 2017)			% change in shareholding during the year
		No. of Shares	% of total shares of the Company	% of shares Pledged / encumbered to total shares	No. of Shares	% of total shares of the Company	% of shares Pledged / encumbered to total shares	
9.	Shreeji Comtrade LLP	1500000	0.06	0	1500000	0.06	0	0.00
10.	Shrikrishna Tradecom LLP	1500000	0.06	0	1500000	0.06	0	0.00
11.	Reliance Innoventures Private Limited	12379001	0.50	0.50	12379001	0.50	0.50	0.00
12.	Shri Anil D. Ambani	1859171	0.07	0	1859171	0.07	0	0.00
13.	Smt. Kokila D. Ambani	4665847	0.19	0	4665847	0.19	0	0.00
14.	Smt. Tina A. Ambani	1650832	0.07	0	1650832	0.07	0	0.00
	<b>Total</b>	<b>1464696844</b>	<b>58.85</b>	<b>17.47</b>	<b>1464696844</b>	<b>58.85</b>	<b>37.86</b>	<b>0.00</b>

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

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

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1.	At the beginning of the year	-	-	-	-
2.	Datewise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	-	-	-	-
3.	At the end of the year	-	-	-	-

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

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Increase / Decrease No. of Shares	Shareholding at the end of the year	
		No. of Shares	% of total shares of the Company		No. of Shares	% of total shares of the Company
1.	Life Insurance Corporation of India	164688199	6.62	0	164688199	6.62
2.	New World Fund Inc	33819250	1.36	65415485	99234735	3.99
3.	CLSA Global Markets Pte. Ltd.	42285000	1.70	0	42285000	1.70
4.	SmallCap World Fund, Inc	31945000	1.28	8535854	40480854	1.63
5.	Reliance Capital Trustee co. Ltd a/c Reliance Etf Consumption	23391599	0.94	4540354	27931953	1.12
6.	American Funds Insurance Series New World Fund	10216665	0.41	17592666	27809331	1.12
7.	Ontario Teachers' Pension Plan Board-Np3a - All	25000000	1.00	0	25000000	1.00
8.	Reliance ADA Group Trustees Pvt. Ltd.	21279000	-	0	21279000	0.85
9.	Vanguard Emerging Markets Stock Index Fund, A series of Vanguard International Equity Index Fund	16092512	0.65	1978108	18070620	0.73
10.	Dimensional Emerging Markets Value Fund	17610550	0.71	-616888	16993662	0.68

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

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

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



## Reliance Communications Limited

### Directors' Report

#### V. Indebtedness

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

(₹ in crore)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i. Principal Amount	32,913	1,889	-	34,802
ii. Interest due but not paid	-	-	-	-
iii. Interest accrued but not due	202	8	-	210
<b>Total (i+ii+iii)</b>	<b>33,115</b>	<b>1,897</b>	<b>-</b>	<b>35,012</b>
<b>Change in Indebtedness during the financial year</b>				
• Additions	3,426	11,662	-	15,088
• Reduction	(6,160)	(6,932)	-	(13,092)
Net Change	(2,734)	4,730	-	1,996
<b>Indebtedness at the end of the financial year</b>				
i. Principal Amount	30,179	6,619	-	36,798
ii. Interest due but not paid	413	7	-	420
iii. Interest accrued but not due	248	88	-	336
<b>Total (i+ii+iii)</b>	<b>30,840</b>	<b>6,714</b>	<b>-</b>	<b>37,554</b>

#### VI. Remuneration of Directors and Key Managerial Personnel

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

(₹ in Lacs)

Sl. No.	Particulars of Remuneration	Shri Prakash Shenoy, Company Secretary and Manager
1.	Gross Salary	
	a) Salary as per provisions contained u/s section 17(1) of the Income-tax Act, 1961	71.61
	b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	1.25
	c) Profits in lieu of salary u/s 17(3) of the Income-tax Act, 1961	-
2.	Stock Option	-
3.	Sweat Equity	-
4.	Commission	-
5.	Others, please specify	-
	<b>Total (A)</b>	<b>72.86</b>
	Ceiling as per the Act	232.54

## Reliance Communications Limited

### Directors' Report

#### (B) Remuneration to other Directors:

(₹ in lacs)						
Sl. No.	Particulars of Remuneration	Name of Director				Total Amount
1.	Independent Directors	<b>Prof J. Ramachandran</b>	<b>Shri Deepak Shourie</b>	<b>Shri A.K. Purwar</b>	<b>Shri R.N. Bhardwaj</b>	
	• Fee for attending board/ committee meetings	5.60	6.40	8.00	8.00	28.00
	• Commission	-	-	-	-	-
	• Others, please specify	-	-	-	-	-
	<b>Total (1)</b>	<b>5.60</b>	<b>6.40</b>	<b>8.00</b>	<b>8.00</b>	<b>28.00</b>
2.	Other Non Executive Directors	<b>Shri Anil D. Ambani</b>	<b>Smt. Manjari Kacker</b>			
	• Fee for attending board/ committee meetings	5.60	6.00			11.60
	• Commission	-	-			-
	• Others, please specify	-	-			-
	<b>Total (2)</b>	<b>5.60</b>	<b>6.00</b>			<b>11.60</b>
	<b>Total (B) = (1 + 2)</b>					<b>39.60</b>
	<b>Total Managerial Remuneration (A+B)</b>					
	Overall Ceiling as per the Act					331.54

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

₹ In Lacs				
Sl. No.	Particulars of Remuneration	Key Managerial Personnel		Total Amount
		Shri Manikantan V., Chief Financial Officer	Shri Prakash Shenoy, Company Secretary and Manager	
1.	Gross Salary			
a.	Salary as per provisions contained u/s 17(1) of the Income-tax Act, 1961	82.45	71.61	154.06
b.	Value of perquisites u/s 17(2) of the Income-tax Act, 1961	0.02	1.25	1.27
c.	Profits in lieu of salary u/s 17(3) of the Income-tax Act, 1961	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission	-	-	-
5.	Others, please specify - one time payment	72.56	-	72.56
	<b>Total</b>	<b>155.03</b>	<b>72.86</b>	<b>227.89</b>

#### VII. Penalties / Punishment / Compounding Of Offences:

There were no penalties, punishment or compounding of offences to the Company, directors and other officers of the Company during the year ended March 31, 2017.

# Reliance Communications Limited

## Directors' Report

### Annexure – E

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

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

Sr. No.	Requirement	Disclosure
(i)	The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year.	: Not Applicable. All the Directors of the Company are Non-Executive Directors and received only sitting fees for attending meetings of the Board and its Committees during the Financial Year 2016-17.
(ii)	The percentage increase in remuneration of each Director, CEO, CFO, Company Secretary or Manager if any, in the financial year.	: All the Directors are non executive directors. There was no increase in salary of CFO and 227.60 per cent increase in salary of Company Secretary and Manager in financial year 2016-17.
(iii)	The percentage increase in the median remuneration of employees in the financial year.	: The percentage increase in the median remuneration of employees in the financial year 2016-17 was 4 per cent.
(iv)	Number of permanent employees on the rolls of the Company.	: 6,796 employees
(v)	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.	: The average 3.96 per cent increase has been made in the salaries of employees other than the managerial personnel in financial year 2016-17. There was 37.79 per cent increase in the remuneration of Key Managerial Personnel.
(vi)	Affirmation that the remuneration is as per the remuneration policy of the Company.	: Yes.

### Annexure – F

#### I. Conservation of Energy:

The steps taken or impact on conservation of energy	The Company requires energy for its operations and the Company is making all efforts to conserve energy by monitoring energy costs and periodically reviews of the consumption of energy. It also takes appropriate steps to reduce the consumption through efficiency in usage and timely maintenance / installation / upgradation of energy saving devices.
The steps taken by the Company for utilizing alternate sources of energy	
The capital investment on energy conservation equipments	

#### II. Technology Absorption, Adoption and Innovation:

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

#### III. Total foreign exchange earnings and outgo:

- a. Total Foreign Exchange earnings : ₹ 1,653 crore  
b. Total Foreign Exchange outgo : ₹ 2,222 crore

**Annual Report on Corporate Social Responsibility (CSR) activities for the financial year 2016-17.**

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

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

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

**2. The Composition of the CSR Committee:**

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

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

Prof. J. Ramachandran (Independent Director)

Shri Deepak Shourie (Independent Director)

Shri A. K. Purwar (Independent Director)

Shri R. N. Bhardwaj (Independent Director)

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

Average net loss of ₹ 2,207 crore.

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

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

**5. Details of CSR spent during the financial year:**

a. Total amount spent for the financial year :- NA

b. Amount unspent, if any :- NA

c. Manner in which the amount spent during the financial year is detailed below:

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

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

Not applicable.

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

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

**R. N. Bhardwaj**  
Director

**Manjari Kacker**  
Chairperson, CSR Committee

Date: August 12, 2017

# Reliance Communications Limited

## Management Discussion and Analysis

### Forward looking statements

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

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

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

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

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

### Macroeconomic Overview

#### Indian Economic Environment

As per the Central Statistics Organization (CSO) second advance estimates, the Indian economy grew by 7.1 per cent in 2016-17. After two consecutive years of poor monsoon, 2016-17 was the first year when the country witnessed normal monsoon which provided much needed support to the rural economy. India's macro fundamentals continued to improve in 2016-17 led by strong pace of reforms such as passage of GST Bill, corporate insolvency resolution via Bankruptcy Code, financial inclusion via Aadhaar card and various measures to curb black money. Inflation continued with its downtrend, with CPI averaging 4.5 per cent in 2016-17 versus 4.9 per cent in 2015-16. Central government fiscal deficit too improved from 3.9 per cent of Gross Domestic Product (GDP) in 2015-16 to 3.5 per cent of GDP in 2016-17. The revenue deficit also declined from 2.5 per cent in 2015-16 to 2 per cent in 2016-17. Benign inflationary pressures meant that the RBI was able to deliver another 25 basis points of repo rate cut in 2016-17 after a cumulative 125 basis points rate cut in 2015-16. Further, in order to facilitate transmission of policy rate cuts, the RBI decided to progressively

migrate the banking system liquidity target from a deficit of 1 per cent of NDTL to a position closer to neutrality. Government's policy reforms continued to improve the business environment in the economy with India jumping 16 ranks to settle at the 39<sup>th</sup> spot (out of 138 countries) on the global competitiveness index prepared by the World Economic Forum in 2016. This was the second year in a row that India jumped 16 spots. In the year 2015-16, India was ranked at the 55<sup>th</sup> place.

#### GDP Growth

As per second advance estimates, India's GDP growth slowed down slightly in 2016-17 to 7.1 per cent from 7.9 per cent in 2015-16. This slowdown was primarily due to the impact of demonetisation which led to temporary disruption in cash transactions. On the back of a normal monsoon, the agriculture sector registered a strong growth of 4.4 per cent in 2016-17 versus 0.8 per cent in 2015-16. Mining grew by 1.3 per cent, down from 12 per cent in the previous year while manufacturing grew by 7.7 per cent (down from 10.5 per cent in the previous year) and electricity grew by 6.6 per cent (up from 5.1 per cent in the previous year). The construction sector showed some improvement, growing by 3.1 per cent in 2016-17 versus 2.7 per cent in 2015-16. However, the biggest drag came from the service sector where growth rate fell to 7.9 per cent in 2016-17 from 9.8 per cent in the previous year. The drag was primarily due to the note ban as large sections of the service sector are unorganized and highly dependent on cash transactions. Going forward, a normal monsoon, normalization of short-term disruption caused from demonetisation as well as a pick-up in exports should be supportive of growth in 2017-18.

#### Industrial Production

During April-February 2017, the Index of Industrial Production (IIP) grew by 0.45 per cent compared with a growth of 2.6 per cent in the same period last year. Manufacturing declined by 0.3 per cent, mining rose by 1.6 per cent and electricity rose by 0.4 per cent. The deceleration in manufacturing can be primarily attributed to two main reasons viz. weakness in capital goods index which tends to be volatile and, temporary disruption due to demonetisation. The government has been focused on increasing public capital spending both through the budget and by off-budget means (SOE-led capex). However, the trend in private capex has been subdued and has been a key drag on the overall growth trajectory. On the positive side, FDI has remained quite strong with India receiving US\$35.8 billion of net FDI inflows in 2016-17.

#### Inflation and Interest Rate

The Consumer Price Index (CPI) inflation averaged 4.5 per cent in 2016-17 from 4.9 per cent in 2015-16. Decline in food inflation on the back of a good monsoon helped to ease inflationary pressures in the economy. The Wholesale Price Index (WPI) inflation came out of deflation territory to average 3.7 per cent in 2016-17 versus -2.5 per cent in 2015-16. The year 2016 marked an inflexion point in global commodities with prices of many commodities rebounding due to a combination of Chinese fiscal stimulus, supply cuts as well as some recovery in global growth. However, overall inflationary pressures in the economy continued to remain benign. As a result, the RBI was able to cut its policy rate by another 25 basis points in 2016-17 versus 125 basis points in 2015-16.

## Management Discussion and Analysis

### Current Account Deficit (CAD)

India's current account deficit (CAD) fell to \$11 billion (0.7 per cent of GDP) in April–December, 2016, compared with \$21 billion (1.4 per cent of GDP) a year ago on substantial decline in merchandise trade deficit even as services trade surplus shrank. Healthy foreign direct investments into the financial account were adequate to cover CAD which helped in the accrual of foreign exchange reserves. India's export growth has turned positive since September 2016 after declining between December 2014 and August 2016, making this the longest period of contraction since the global credit crisis. However, with expectation of global growth to accelerate in 2017, the ongoing export recovery should be well supported.

### Global Telecom Trends

There are a few significant trends in the global telecom industry which provide a good perspective for the emerging direction of the Indian telecom industry. (Source: GSMA – The Mobile Economy 2017)

On a global basis, the telecommunications industry is witnessing a fundamental shift from being voice dominant services to innovative data services through accelerated penetration of smartphones. This mobile traffic is driven by –

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

### LTE now reaches 60% of the population as operators continue to invest in network rollouts

As of end-2016, 580 LTE networks had been deployed in 188 countries. The developing world accounted for three quarters of the new network launches in 2016 and now represents just under half of total LTE networks, up from one quarter in 2012. 4G networks reached almost 60% of the world's population in 2016, up from 50% in 2015 and 11% in 2012.

In the developing world, half of the population is covered by 4G; this is expected to increase to almost 70% by 2020. In contrast, 4G coverage levels in the developed world, at 93% of the population, are only expected to improve by two percentage points to 95% by 2020.

### 4G uptake driving surge in mobile broadband adoption; 5G launch closer to reality

The generational shift to mobile broadband networks and smartphones continues to gain momentum. Mobile broadband connections (3G and 4G technologies) accounted for 55% of total connections in 2016 – a figure that will be close to three quarters of the connections base by 2020. The proportion of 4G connections alone is forecasted to almost double from 23% to 41% by the end of the decade.

5G will see a major shift in how cellular networks are designed. 5G capabilities will usher the world into a highly connected environment with Internet of Things ("IoT") connectivity to billions of devices and equipment. 5G networks are forecast to cover around a third of the global population by 2025, with adoption reaching 1.1 billion connections.

### Subscriber growth pivoting to Asia

By the end of 2016, two thirds of the world's population had a mobile subscription – a total of 4.8 billion unique subscribers. There is a clear geographic shift underway, with Asia Pacific set to account for two thirds of the 860 million new subscribers expected globally by the end of the decade. India, already the world's second largest mobile market, will be the primary driver of this growth, with 310 million new unique subscribers. By 2020, almost three quarters of the world's population – or 5.7 billion people – will subscribe to mobile services. Regional penetration rates are forecast to range from 50% in Sub-Saharan Africa to 87% in Europe.

### Smartphone growth led by Asian markets as affordability improves

There were 3.8 billion smartphone connections at the end of 2016. Adoption rates have reached 65% of the connected base in developed markets. As with subscriber growth, developing markets and particularly Asia are driving the current phase of smartphone growth. In developing markets smartphone connections reached 47% of the total base at the end of 2016 and are forecast to reach 62% by 2020.

Overall, Asia Pacific will account for half of the 1.9 billion new smartphone connections forecast globally by 2020. India overtook the US to become the second largest smartphone market in 2016, with 347 million smartphone connections. India will account for just under one fifth of new smartphone connections globally in the four years to 2020 and its smartphone base will double to 686 million over the period. Affordability is becoming less of a barrier to smartphone adoption as incomes rise and there is continued growth in sub-\$100 devices.

### Mobile driving innovation and growth

The shift of consumer engagement to mobile is now manifesting itself in the rapid growth of messaging platforms. WhatsApp was the first messaging platform to reach 1 billion users, subsequently followed by Facebook Messenger.

However, the use of digital platforms now extends beyond mobile messaging to embrace a broad range of consumer sectors where companies are reinventing their business models to offer new and innovative services. The growth of the sharing economy is now seeing a global impact, with prominent successes including Uber and Airbnb. India also has its homegrown versions viz. Ola and Oyo. All of these companies gain enormous power and revenues through network effects i.e. more users the platform attracts, the more is the potential for customers, which in turn attracts a greater number of merchants and partners. High levels of smartphone ownership, have enabled the emergence of scalable, on-demand services that are affordable and accessible anywhere.

Platforms are now spreading further with the growing adoption of cloud computing; a range of industrial companies are putting analytics and automation into cloud-based services. These services and real-time analytics would be key components in realising the potential of the industrial Internet of Things.

The near ubiquity of smartphones, high-speed connectivity and the on-demand accessibility of cloud computing are driving new areas of innovation, particularly in the field of artificial intelligence (AI). The growing utility of AI and in particular natural language



# Reliance Communications Limited

## Management Discussion and Analysis

processing allowing technology to understand humans is opening the door to a paradigm shift in the user interface. One use case for AI has been with virtual agents (such as Apple's Siri) and chatbots. Chatbots can respond to people in their native language, either verbally or in text, and can interact with both humans and other machines. The AI component allows chatbots to respond to more complex situations and continuously 'learn' so as to improve their effectiveness over time.

### Indian Telecom Industry

#### Industry statistics (Source – TRAI)

- The total number of telephone subscribers (Wireless and Wireline) in India increased to 1,195 million at the end of March 2017 as against 1,059 million as at March 2016.
- Wireless subscribers accounted for 98% of the overall telecom subscriber base and crossed the billion subscriber mark in the year. There were 1,170 million wireless subscribers in March 2017 as compared to 1,034 million in March 2016.
- The wireless tele-density improved to 91% in March 2017 against 81% as at March 2016. However, wireless tele-density in rural areas continues to remain low at 56%.
- Private sector players continue to maintain the bulk of the market share and accounted for 91% of the wireless connections as of March 2017.
- The internet subscriber base has shown very strong growth and at the end of March 2017 the total internet subscriber base was at 422 million against 343 million in March 2016. Wireless internet continues to remain the preferred medium of access and accounts for nearly 95% of the subscriber base.

#### Operational and Financial Stress in the Indian Telecom Sector

Indian telecom sector has always been overburdened due to the high cost of spectrum, intensive competition on account of too many telecom players vying for market share in various circles and globally one of the lowest ARPU. India has one of the lowest tariffs in telecom globally but ironically also has very high capex costs leading to sector accumulating very high amount of debt.

With the free offers launched by various operators in Sept 2016, the financial dynamics of the sector has nosedived. Long duration free promotional offers triggered a very stiff competition in the stressed sector whereby the telecom operators significantly reduced the already low tariffs, abolished roaming rates and resorted to various other techniques to protect their subscriber and revenue market share being churned out. Currently, after a few quarters of free/highly discounted offerings in the sector, data prices have plummeted from about ₹ 250-300 per GB to around ₹ 50 per GB or lower, depending on the tariff plans.

The gross revenue of the industry declined by 7% quarter-on-quarter in Q3 2017 and again by another 5% quarter-on-quarter in Q4 2017, marking an annual fall in revenue for the first time in last 20 years. Government revenues from the sector are getting adversely impacted; provisional License fee collections for 4Q FY17 stood at ₹ 2,300 crore, down from ₹ 3,165 crore in the previous quarter and Spectrum usage charge collections fell to ₹ 1,416 crore from ₹ 1,553 crore during the same period.

This hyper competitive situation has further stressed the balance sheets of the telecom players. Annual cash flows of the sector were highly inadequate for servicing of its annual AGR related DoT payments/interest/capex/debt repayments obligations. The sector generated far lower cash flow (EBITDA) than the combined yearly obligation of Spectrum usage charges (SUC), License Fee (LF), interest obligations on the deferred spectrum liabilities, and interest payable on financial borrowings.

Currently the overall liabilities in the telecom sector are estimated to be around ₹ 7.5 lakh crore including the deferred spectrum liabilities. The Reserve Bank of India (RBI), specifically red-flagged the telecom industry and had asked bank boards to review their exposure to the sector by June 30, 2017 and consider making provisions at higher rates. It would impact debt financing of capex and refinancing of existing debt as Indian banks and financial institutions have been limiting exposure to the sector.

Telecom players have put forth these woes to the Telecom Ministry and have requested urgent intervention by the Government to improve the health of the sector. Some of the key recommendations by the industry as well as TRAI to the government include amendments in the methodology for calculation of Adjusted Gross Revenue for levying LF and SUC and reduction in the levels of LF and SUC; increased duration and lower installments for payment of deferred spectrum fees and allowing spectrum as collateral for lenders' security. To address the issues by a remedial policy framework, an inter-ministerial group was set up by the GoI to look into the financial woes of the telecom sector and submit its views and solutions.

#### Industry Trends

##### • Significant consolidation in the industry

For the Indian telecom sector this has been the year of consolidation. RCOM announced the first consolidation in the Indian telecom sector and is now in the final stages of regulatory approval for the acquisition of the Indian wireless business of Sistema Shyam Teleservices Ltd. (SSTL). This was followed by the announcement of the combination of its wireless business with Aircel.

Elsewhere in the industry Airtel bought Videocon and Tikona's unutilised spectrum and is in the process of acquiring Telenor India; while Vodafone and Idea have announced a merger.

All these combinations are expected to drive synergies, reduce cost overlap and strengthen balance-sheets of the telecom operators. This is expected to improve the overall health of the industry.

- The Year of 4G – Cheaper Data, Explosion in Data Consumption, Data Driven Pricing and Unlimited Voice Plans.

This has been the year of 4G rollouts in India. RCOM has also launched 4G services for its customers through its strategic partnership with Reliance Jio.

With a severe competition in the market with pricing strategy, the industry has moved significantly into a data driven pricing model with unlimited voice bundled in. Accordingly, Revenue per Minute (RPM) and Revenue

## Management Discussion and Analysis

per Megabyte (RMB) have lost relevance as performance indicators; Average Revenue per User (ARPU) is now the key measure of performance along with Subscriber Base count.

Data prices have also come down significantly consequent to the disruptive offers- benchmark prices for data has come down drastically from the earlier ₹ 250 per Gigabyte (GB) and is expected to settle down at around ₹ 50 per GB in the medium term. Driven by this new affordability, data consumption – both number of data users and data consumption per data user – have gone up significantly.

The data consumption boom has been driven significantly by personal consumption of video content by consumers. The smartphone ecosystem has also been supportive – all new smartphone launches in India today are 4G-LTE enabled.

- **Falling Revenues Are a Concern**

Unfortunately this explosive growth in mobile data consumption has not contributed to revenue growth. In fact, industry revenue has significantly declined in recent months.

This was primarily due to promotional tariffs of free voice and data services launched in the sector which forced incumbent operators to sharply lower voice and data prices to retain their users.

If we use the impact of license fee paid to the government as a surrogate for impact on industry revenue, the magnitude of the fall for January-March 2017 is 30 percent over the previous quarter October-December 2016 and this was the second successive quarterly decline.

The current prices are unsustainable and unless corrected soon, the investment and debt repayment capacity of the industry will be affected. This could also impact the government's ambitious Digital India initiatives since enhanced telecom connectivity is the platform on which all such digital services will ride on.

- **Regulatory Regime**

In recent times the government and the regulatory authorities have repeatedly indicated that they are sensitive to the pain the industry is currently going through.

There have been assurances extended by the ministry and the regulators of their commitment to improve the "ease of doing business". One such encouraging initiative is the announcement of the "Common Duct Policy" which seeks to provide a time and cost effective model to telecom companies to lay fibres and cables in cities – such communication infrastructure will be shared by telecom service providers, while the owner of infrastructure (local government) will earn revenue.

We are encouraged by the recent statements of the Telecom Regulatory Authority of India (TRAI) which state that "Our overarching principle is to regulate the sector to ensure consumer protection, quality of service, transparency, growth of the sector and a level playing field for stakeholders."

## Outlook

### Increase in internet subscribers to boost data revenue

The number of mobile Internet users in the country at the end of March 2017 was at 401 million (34% of total mobile subscriber base). It is expected to continue increasing at a faster pace with affordable handsets and cheap tariffs. The growth in user base is faster in rural parts of the country as the addition is propelled by falling data charges and smartphones becoming more affordable. Urban users mostly consume communication, social networking and entertainment on mobile Internet; while in rural India, entertainment rules the roost. Going forward ARPU will be the key KPI for telecom companies as bundled offers (voice and data bundled together) would become prevalent.

The younger consumers in urban India are spending a greater proportion of their monthly bill on data usage, while voice component increases steadily with age – the average monthly bill is highest for the age group of 45 years and both mobile data and voice expenditures for this age group are the highest. Thus, while in terms of uptake, the younger generation is driving the growth of telecom services in urban India; senior generations provide higher average revenue per user (ARPU) for telecom companies. While we are seeing a competitive "more for less" offering by all players in the industry, including your Company, we see ARPUs improving in the medium to long term.

### Industry friendly regulation by the government will help the sector to grow faster

Government policy and the telecom regulatory authorities will continue to play a key role in the industry's journey into the future. Industry players expect that policy makers would take requisite steps immediately to infuse financial and operational vigour in the sector.

## Regulatory Developments

### 1. Auction of Spectrum in 700 / 800 / 900 / 1800 / 2100 / 2300 / 2500 MHz bands

- In October, 2016 DoT conducted Auction of Spectrum in 700 / 800 / 900 / 1800 / 2100 / 2300 / 2500 MHz bands. A total of Seven Operators applied for bidding in the Auction.
- Approximately 3790 MHz (unpaired) of spectrum was put for Auction. No bids were put for spectrum in 700 MHz and 900 MHz bands. Approximately 1240 MHz (unpaired) of spectrum was sold in the balance of the spectrum bands.
- RCOM acquired 5 MHz (paired) Spectrum in 1800 MHz band in Jammu & Kashmir service area.

### 2. Spectrum Cap

On September 26, 2016, DoT issued amendment to the UASL / UL license for prescribing guidelines for spectrum caps. Salient aspects of the same are as follows:

- Existing Spectrum Cap of 25% of total spectrum assigned and 50% within a given band in each LSA has been retained.
- Spectrum shall be considered for determining spectrum caps post it being put to auction.



# Reliance Communications Limited

## Management Discussion and Analysis

- c. All spectrum put in auction or surrendered by a TSP or taken back by DoT shall be considered for determining Spectrum caps.
  - d. TSP will not be asked to surrender spectrum if cap is reduced due to any reason.
- 3. Spectrum Sharing**
- RCOM and RTL intimated DoT regarding their sharing of spectrum with Reliance Jio Infocomm Limited in 21 service areas (except J&K) which was taken on record by WPC / DoT.
- 4. Spectrum Trading**
- RCOM intimated DoT regarding trading of its spectrum in 800 MHz band in 13 service areas which was taken on record by the DoT w.e.f. May 17, 2016 (9 LSAs) and July 6, 2016 (4 LSAs).
- 5. Spectrum Liberalization – 900 MHz band**
- On November 5, 2015, DoT issued Guidelines for Liberalization of Administratively allotted Spectrum in 800 MHz and 1800 MHz frequency bands. Subsequently, on September 6, 2016, DoT issued amendment for including 900 MHz band also in these guidelines with similar terms and conditions.
- 6. Levy of Spectrum Usage Charge (SUC)**
- a. On August 12, 2016, DoT issued orders revising Spectrum Usage Charges (SUC) for the spectrum held by the Operators in 700 MHz, 800 MHz, 900 MHz, 1800 MHz, 2100 MHz, 2300 MHz and 2500 MHz bands. Accordingly,
    - i. SUC for Spectrum acquired in auction of October 2016 is to be charged at the rate of 3% of Adjusted Gross Revenue (AGR) excluding the revenue from wire-line services.
    - ii. The weighted average of SUC rates across all spectrum assigned to an operator shall be applied subject to a minimum of 3% of AGR excluding revenues from wire-line services.
  - b. On August 26, 2016, DoT issued amendment for removing the requirement of reporting the revenue from 2300 MHz band independently / separately.
- 7. Wireless Operating License (WOL)**
- On November 2, 2016, DoT and WPC issued amendment to UASL, CMTS and UL (AS) dispensing off with the requirement of obtaining Wireless Operating License (WoL).
- 8. Harmonization of Spectrum**
- a. Post the completion of harmonization exercise, for the 1800 MHz and 800 MHz bands, revised allocation letters were issued to operators in April 2016 and August 2016 prescribing the timelines for shifting to the revised frequencies.
  - b. The exercise was repeated post the auction of 800 MHz, 1800 MHz, 2100 MHz, 2300 MHz and 2500 MHz bands in October 2016.
- 9. Allotment of Residual Spectrum in 1800 MHz band**
- a. On September 30, 2016, DoT / WPC issued an Office Memorandum for allotment of Residual spectrum to the TSPs who had acquired 1.25 MHz, 2.5 MHz and 6.25 MHz in 1800 MHz band in the auction held in November 2012.
  - b. Spectrum ranging from 0.05 MHz to 0.15 MHz will be assigned, to the interested TSPs, prorated for balance validity at the latest auction determined price (SBI PLR to apply for rates beyond 1 yr) available at the time when the TSP wants to acquire this spectrum.
- 10. Allotment of Partially allotted spectrum in 1800 MHz band in balance of Service Area**
- On September 30, 2016, DoT / WPC issued guidelines for allotment of partially allotted administrative frequency spots in 1800 MHz band in remaining LSA at market determined price.
- 11. Introduction of Virtual Network Operator (VNO)**
- a. On May 31, 2016, DoT issued Guidelines for Grant of Unified License (Virtual Network Operators) [UL(VNO)]. UL (VNO) contains authorizations for services & service areas similar to those provided in the existing UL. The duration of UL(VNO) is 10 years from first authorization and a restriction of 10% or more equity cross holding has been made applicable between (a) VNO and another NSO (other than VNO's parent NSO) and (b) VNO and another VNO in the same service area. However, there is no restriction on number of VNOs that can be parented by a NSO as well as the number of VNOs in a LSA. Nor are there any restrictions on number of NSOs parenting the VNOs for all services except access services / services which need numbering & unique identity of the customers. Though VNOs are permitted to set up their own network but they are prohibited from establishing independent interconnections with other networks as well as they cannot hold any spectrum.
  - b. On July 5, 2016, DoT also issued guidelines for obtaining UL (VNO) for Access Services (Category B) authorization, with geographical area upto a District of a State / UT. The existing DID franchisees of TSPs have been asked to migrate to this licensing category. Despite this, on March 20, 2017, TRAI has initiated a consultation process for "Introduction of UL (VNO) for Access Service Authorization for category B license with districts of a state as a service area." The consultation process has been completed and TRAI's recommendations are awaited.
- 12. Indian Telegraph Right-of-Way (RoW) Rules, 2016**
- a. DoT, vide Gazette Notification dated November 16, 2016, issued Indian Telegraph Right of Way (RoW) Rules, 2016 to regulate underground infrastructure (optical fibre) and over-ground infrastructure (mobile towers).
  - b. DoT and the Industry have requested State Governments to align their Telecommunication Infrastructure Policies with these RoW Rules, 2016.

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### 13. Review of National Frequency Allocation Plan

DoT / WPC have initiated the exercise to review NFAP – 2011, which was based on the policies of World Radio Communication Conference (WRC-2007) of the ITU, to align it with the decisions taken in WRC – 2015.

### 14. Interconnection over IP Interface

On April 19, 2016, DoT issued amendment to Clause 26.1 of UASL to facilitate interconnection at IP level.

### 15. M2M Services

- a. In May 2016, DoT formulated the draft guidelines for registration of M2M service providers. The same were discussed with the industry representatives in August 2016.
- b. On October 18, 2016, TRAI too initiated its consultation process on "Spectrum, Roaming and QoS related requirements in Machine-to-Machine (M2M) Communications." The recommendations for the same are awaited.

### 16. e-KYC based Activations of Mobile Subscribers

- a. On August 16, 2016, DoT issued instructions for issuing individual mobile connections using Aadhaar based e-KYC of the consumers. Subsequently, DoT issued guidelines for issuing Outstation mobile connections also using Aadhaar based e-KYC.
- b. Guidelines for Bulk customers and Audit of CAFs of subscribers acquired through e-KYC, are yet to be issued by the DoT.

### 17. e-KYC based Re-verification of existing Postpaid & Prepaid mobile subscribers

On March 23, 2017, pursuant to Hon'ble SC order dated February 6, 2017, DoT has issued instructions for e-KYC based re-verification of all existing postpaid and prepaid mobile subscribers by February 6, 2018.

### 18. Direct Carrier Billing (DCB)

On March 23, 2017, DoT issued clarifications for use of Direct Carrier Billing permitting subscribers to download and make payment for digital contents through their mobile phones from their pre-paid mobile account balance or post-paid bill payment methodology with a maximum value not exceeding ₹ 20,000/- each time.

### 19. Launch of New Products and Services

On September 14, 2016, DoT issued an amendment wherein the licensee is now required to only intimate the Licensor prior to launching any new Service. Requisite approvals such as demonstration of monitoring facilities etc. can be obtained subsequently within 90 days of launch of service. Since the similar provisions were also present in UL license as well, amendment to UL license was also issued by the DoT on August 3, 2016.

### 20. TRAI analytics Portal, TRAI "Mycall" App and "Myspeed" App

TRAI has launched 'TRAI Analytics Portal' ([www.analytics.trai.gov.in](http://www.analytics.trai.gov.in)) and TRAI 'Mycall' App and 'Myspeed' mobile

app. These are to facilitate users to measure their data download and upload speeds and submit the results to this Portal and rate their experience about their voice quality in real-time.

### 21. TRAI's 'DND Services' mobile App for reporting of Unsolicited Commercial Communication (UCC)

To facilitate filing and monitoring of complaints against UCC, TRAI has launched the 'DND Services' mobile App.

### 22. USSD Based Mobile Banking Services

On November 22, 2016, TRAI issued the following amendments for promoting USSD based mobile banking services.

- a. 61st Amendment to its TTO decreasing the ceiling tariff for USSD based mobile banking and payment services from ₹ 1.50 to ₹ 0.50 per USSD session.
- b. 2nd Amendment to its Mobile Banking (QoS) Regulation for subscribers having feature phone.

### 23. Telecom Consumer Protection Regulation (TCPDR)

On August 19, 2016, TRAI issued 10th Amendment to TCPDR permitting longer validity for data packs i.e. STVs with only data benefits to 365 days instead of the existing 90 days.

### 24. TRAI Recommendations

- a. Free Data: On December 19, 2016, TRAI issued its recommendations for "Encouraging Data usage in Rural Areas through Provisioning of Free Data". Decision of the DoT is awaited on these recommendations.
- b. Reporting System on Accounting Separation Regulation (ASR): On June 10, 2016, TRAI notified 'The Reporting System on Accounting Separation Regulations, 2016' whereby, separate reporting for Tower Business service, Dark Fiber service and Cable Landing Station service has been done away and are now captured under other specified telecom services. DoT's guidelines on the same are still awaited.
- c. Proliferation of Broadband through Public Wi-Fi Networks: On March 9, 2017, TRAI submitted its recommendations to DoT on "Proliferation of Broadband through Public Wi-Fi Networks" with the objective of setting up of WiFi hot spots similar to the STD / ISD booths. DoT's guidelines on the same are still awaited.
- d. In-Building Access by Service Providers: On January 20, 2017 TRAI submitted its recommendations on "In-Building Access by Telecom Service Providers" to DoT. TRAI has categorically recommended that the TSPs / IP-ls be mandated to share the in-building infrastructure (IBS, OFC and other cables, ducts etc) with each other in a transparent, fair and non-discriminatory manner. DoT's guidelines on the same are still awaited.
- e. Licensing framework for Audio Conferencing / Audiotex / Voice Mail Services: On December 16, 2016, TRAI recommended addition of a new separate

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authorization for Audio Conferencing / Audiotex / Voice Mail Services in the UL. TRAI also recommended that the licensees with Access service Authorization should also be allowed to provide these services. DoT's guidelines on the same are still awaited.

- f. SUC and Presumptive AGR for ISPs and Commercial VSAT service providers: On March 7, 2017, TRAI submitted its recommendations on "SUC and Presumptive AGR for ISPs and Commercial VSAT service providers" to DoT. DoT's guidelines on the same are still awaited.
- g. Closure of Access Services: On July 31, 2017, TRAI issued its recommendations (suo-motu) on "Issues related to Closure of Access Services". TRAI has recommended that a UAS licensee should be permitted to discontinue any of the services (including when migrating from one technology to another), permitted under the scope of licence without the need to surrender the licence.

### 25. TRAI Directions for Tariff Recharges / payments through Third Party Apps / Websites

On October 14, 2016, TRAI issued directions to the TSPs to ensure that the plans and tariff information available on the third party sites should be synchronized to the latest offerings of the TSPs.

#### Company Related Key Regulatory Developments

- a. Liberalization of Spectrum: RCOM has got approval from DoT on April 7, 2016 (w.e.f. January 20, 2016), for Liberalization of its administratively allocated 800 MHz spectrum in 16 LSAs (applied for 20 LSAs) applied in July, 2015, where auction determined price was available. These circles include; Andhra Pradesh, Bihar, Delhi, Gujarat, Haryana, Himachal Pradesh, Jammu and Kashmir, Kolkata, Madhya Pradesh, Maharashtra, Mumbai, Odisha, Punjab, Uttar Pradesh-East, Uttar Pradesh-West and West Bengal. For the remaining 4 circles viz. Karnataka, Kerala, Tamilnadu and Rajasthan, the approval from DoT was received on May 31, 2016 (w.e.f. June 1, 2016).
- b. Spectrum Sharing: On the basis of RCOMs' intimation to DoT regarding Sharing of Spectrum in 800 Mhz band in 19 Service areas with Reliance Jio Infocomm Limited, approval from DoT was received on April 21, 2016 (7 LSAs), June 30, 2016 (9 LSAs) and August 4, 2016 (4 LSAs). Approval to RTL for Sharing of 800 MHz spectrum with Reliance Jio Infocomm Limited in North East and Assam service areas was also given on April 21, 2016.
- c. Spectrum Trading: RCOM's trading of part of its spectrum in 800 MHz band in 13 service areas was taken on record by the DoT w.e.f. May 17, 2016 (9 LSAs) and July 6, 2016 (4 LSAs) and was communicated to RCOM vide DoT's letters dated May 20, 2016 and June 28, 2016 respectively.
- d. Spectrum Allocation: RCOM has been allocated 5 MHz (Paired) spectrum, in 1800 MHz band, acquired through the Auction held in October, 2016 in J&K Service Area.
- e. CDMA to LTE Migration: Pursuant to liberalization of 800 MHz spectrum in 20 Service areas, RCOM has upgraded its network from CDMA to LTE and accordingly also upgraded its CDMA customer to LTE based 4G services.
- f. Harmonization of Spectrum: Pursuant to Harmonization of spectrum in 1800 MHz and 800 MHz band, RCOM has successfully migrated to the revised frequency carriers, allocated to it by the DoT, without causing any service disruption to the customers.
- g. Unified License in Gujarat Service Area: On September 20, 2016, RCOM had applied for extension of its UASL license in Gujarat service area since it would be expiring on September 29, 2017. However DoT had advised RCOM to apply for UL License with access authorization for Gujarat. RCOM's application for UL has been accepted by DoT and UL license agreement has been signed with Access authorization for Gujarat Service area on July 31, 2017 which will be effective from September 30, 2017.
- h. Acquisition of Telecommunication Business of Sistema Shyam Teleservices Limited (SSTL): Pursuant to obtaining approvals from High Courts of Rajasthan and Mumbai, RCOM and SSTL submitted joint applications to DoT on November 4, 2016 seeking its final approval of the Scheme regarding Acquisition of Telecommunication business of SSTL. Other necessary Clearances from Stock Exchange, BSE, NSE and CCI have also been obtained.
- i. Merger of Five (5) Service Areas of RTL into RCOM: In order to meet compliance to the Unified License, it was decided to demerge RTL's license / authorization in 5 LSAs namely Bihar, Himachal Pradesh, Madhya Pradesh, Orissa and West Bengal and merge the same into RCOM's respective UAS Licenses. All necessary clearances, viz, from the Stock Exchange, BSE, NSE and CCI have been obtained. Final approval from DoT is awaited.
- j. Demerger and Transfer of Wireless Business Undertakings of RCOM and RTL into Aircel & Dishnet: Post granting of approvals from Stock Exchanges, BSE, NSE and CCI, a joint application, by RCOM and Aircel, has been submitted to DoT on April 5, 2017 intimating their proposed demerger, transfer process and filing of the Scheme of Arrangement. The Scheme has also been filed with National Company Law Tribunal (NCLT) Mumbai Bench and same has been admitted for final hearing.

#### Company Overview

##### Business Areas

Reliance Communications Limited is India's foremost integrated communications service provider in the private sector with nearly 95 million individual, enterprise, and carrier customers.

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

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internet services and submarine cable network infrastructure globally.

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

### India Operations

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

### Mobility / Wireless services

During the year, the voice and non-voice business includes CDMA and GSM based wireless services to consumers on a nationwide basis. Subsequently, during early financial year 2016-17, RCOM decided to upgrade all its CDMA customers to 4G services. RCOM now provides 2G, 3G and 4G LTE services under its wireless portfolio.

RCOM is one of the largest holders of spectrum in 800/850 spectrum band. 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.

The Company offers Gold Standard 4G services Pan India on its technologically superior 850MHz spectrum band that is best suited for indoor experience where most of the data is consumed. We also 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 84 million as of March 31, 2017.

### 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 ~ 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.

Reliance SIP Trunk is India's first Enterprise SIP Trunking service to be powered by the IP Multimedia System (IMS). It is a highly scalable IP Voice service designed for enterprise use for internal as well as external communications. Unlike traditional telephony that works on "lines", SIP (Session Initiation Protocol) trunking operates on IP "sessions". Reliance is the only operator in India to have designed a nationwide Voice network purely to serve the IP voice requirements of enterprises. This architecture enables flexibility and virtually limitless capability to deliver any number of sessions that the customer needs.

### Internet Data Center

We are one of the leading IDC service providers in India with nine operational data centres in Navi Mumbai, Bengaluru, Chennai and Hyderabad. Our IDCs have a total built-up area of ~6.5 lac square feet. 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 294 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 36,000 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.

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### Reliance Infratel Limited (Telecom Infrastructure Business)

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

### Global Operations

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

In our Carrier Voice, we offer ILD carriage and termination, on an inter-segment basis, to our other business units and other operators. We 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 most of the 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.

### B. Business Strategy

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

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

#### b. Focus on Data based Services

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

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

#### c. Continue to Focus on Offering New Products and Services

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

#### d. Focus on Reduction of Operating Costs

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

#### e. Manage our Assets Effectively

We aim to continue optimal utilization of our portfolio of assets, including the passive infrastructure that we build and use, and also make available on a shared basis to other wireless and communications service providers. Our aim is to pursue expansion at a reduced cost to achieve increased shareholder returns, improved



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cash flows, higher operational efficiency and increased network coverage with better quality. We are also exploring monetisation of our assets to reduce our debt levels and increase profitability, thereby achieving greater returns and value for our shareholders.

### C. New Initiatives and corporate partnerships

#### Products and services related

##### a. Reliance launched a truly unlimited offer for pre-paid customers – 149 Truly Unlimited

Reliance launched the '149 Unlimited' Calling Plan, offering customers unlimited calling talk-time to any phone on any telecom network across the country, including STD calls, at just ₹ 149 per month. This plan was targeted at incentivizing 2G, 3G and 4G handset-owners across India to move to the RCOM network. There are still hundreds of millions of older 2G handset-owners in India, and RCOM is positioning the unique plan to migrate these customers to its network, along with 300 MB of data usage.

##### b. Reliance launched attractive tiered post paid plans – JALSA plan

Reliance launched a post-paid plan named the JALSA plan targeted to acquire high value Voice & 4G Data customers. All the plans offered unlimited calling on any network. Higher the rental of the plan higher was the Data quantum offered. Rentals started at ₹ 299 that offered 1GB 2G/3G data or 3GB 4G data. This plan was targeted towards mass market customers hooked on to the social media like facebook, Whatsapp, e-mails, etc, while ₹ 499 rental was targeted towards a customer whose usage extended beyond social media / e-mails, etc to downloading of music/videos and finally ₹ 699 plan offered 10GB data targeting the large corporate who would like to use the phone as a Hotspot as well.

##### c. 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.

##### d. Launched the NightOut Data Pack for Night Data Users

NightOut Pack was targeted towards users using data at night, those who mainly browse during night hours. With NightOut pack the customer can enjoy mobile internet data for the immediate night from 12 midnight to 6 am. We launched 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 viewing offline YouTube videos.

##### e. RCOM and GCX together delivered first "Make in India" content delivery network

RCOM and GCX announced the deployment of Fast Edge, the country's first "Make in India" Content Delivery Network (CDN), which comprises a CDN 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.

##### f. RCOM and GCX launched Global Software-Defined Wide Area Network (SD WAN) solution for enterprises

RCOM and 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.

##### g. GCX deployed Cumulus Network

GCX announced the deployment of Cumulus Network to boost connectivity in the seven Indian Capital cities across the Indian subcontinent while providing connectivity between international gateways in Chennai and Mumbai –both powerhouse cities and gateways for the major tech and financial institutions doing business across the Indian subcontinent. The new Cumulus Network, based on 100G technology, will complement GCX's digital backbone as it completes deployment of Cloud infrastructure across India.

#### Customer service related

##### a. Launched an innovative location based safety service, Reliance Spotttr

Reliance launched Spotttr an innovative location based service to empower customers to ascertain safety and security of near and dear ones while they are mobile. With this service, an RCOM customer can find location of upto five RCOM mobile numbers anywhere in India after securing consent from them. There are multiple utility scenarios for the service, like parents knowing location of kids returning from school, friends returning from a party, travel location of elderly parents, or SMEs tracking field-force. The service is available on USSD as well as on WAP for the entire gamut of customers having feature-phones or smart-phones. Subscription to this service was made available at a very nominal subscription fee.

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### b. Launched Reliance Games arcade with a collection of more than 300 premium games

Reliance Games Arcade, an own branded games store powered by Opera, has collection of more than 300 premium games from International and Indian developers. Reliance's subscribers, prepaid and postpaid, can access this store. All games' apps which are available for download from the store are full versions, include in-app purchases and allow users to enjoy an ad-free gaming experience. Customer can preview the games at the store, free of cost, before subscription.

### Strategic corporate partnerships

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

Reliance Jio Infocomm Limited (Reliance Jio) and RCOM signed agreements for a comprehensive nationwide spectrum sharing and trading arrangement in the 800/850MHz band. Access to enhanced spectrum footprint in this band will complement Reliance Jio's best-in-class LTE services rollout, providing increased network coverage and superior service quality. RCOM's customers will benefit from access to Reliance Jio's world class nationwide 4G LTE network under the reciprocal sharing and ICR agreements.

#### b. GCX expanded cloud ecosystem with Microsoft Azure ExpressRoute

GCX in collaboration with Microsoft added Microsoft Azure ExpressRoute via GCX's CLOUD X Fusion with the ability to establish additional interconnections across multiple locations and offer enterprise customers secure and seamless access to the rapidly growing public cloud ecosystem. Through the interconnection of CLOUD X Fusion and Microsoft Azure ExpressRoute, customers will benefit from the added flexibility and global reach to be more competitive as GCX also looks at new opportunities from the 'Digital India' initiatives.

#### c. GCX signed a strategic partnership with PLDT

GCX signed a strategic partnership with PLDT, the leading telecom services provider in the Philippines, to support its global expansion plans through delivery of service requirements in Asia, Middle East and Europe.

#### d. GCX enhanced Telecom Italia Sparkle partnership with new international routes

Sparkle is acquiring significant Spectrum capacity across GCX's Flag Atlantic (FA-1) system. In addition, Sparkle and GCX will close a strategic capacity deal on the new Europe-to-Asia system, SEAMEWE-5. GCX will continue to explore additional areas of cooperation into markets across South America, the Middle East and Asia Pacific.

#### e. GCX partnered with Cornell University's electrical and computer engineering department for deploying and testing the new traffic control solutions

GCX partnered 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.

#### f. GCX and BMC UK partnered to deliver 2018 FIFA World Cup qualifying match to Fans in Europe

GCX and Broadcast Media Communications (BMC UK) together delivered an end-to-end connectivity solution for the Slovenia vs England 2018 FIFA World Cup qualifying match on October 11, 2016, from Slovenia's Stožice Stadium, Ljubljana to ITV London studios. The broadcast from Slovenia to ITV London studios included an end-to-end network solution with fast, dedicated and reliable connectivity, as well as active monitoring of the transmission over GCX's Global Network to ensure consistent broadcast quality for European audiences.

### D. Strategic corporate transactions and execution plans

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

RCOM signed the definitive documents for demerger of Sistema's Indian wireless business, carried on by Sistema Shyam Teleservices Ltd. (SSSL) under the MTS brand, into RCOM. RCOM will acquire the customers and the annual revenues by virtue of this transaction. In addition, RCOM will acquire SSSL's 800 / 850 MHz band spectrum, ideally suited for 4G services, to complement its own unique nationwide footprint of 800 / 850 MHz spectrum. This will extend RCOM's spectrum validity in 8 important circles to 2033. All approvals except DoT's final approval have been received. As soon as DoT's approval is received we will integrate SSSL's business into RCOM.

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

RCOM has been in exclusive discussions with Maxis Communications Berhad and Sindya Securities and Investments Private Limited, the shareholders of Aircel Limited, and Definitive Agreement was signed in September, 2016 for combination of the Indian wireless business of RCOM and Aircel to mutually derive the expected substantial benefits of in-country consolidation, including opex and capex synergies and revenue enhancement. Stock Exchanges and Competition Commission of India has given its approval. We have filed the Scheme of Arrangement with National Company Law Tribunal (NCLT) post its approval, we will approach DoT for the final approvals.

#### c. RCOM entered into a definitive agreement with Canada's Brookfield Infrastructure to sell its tower business

RCOM has signed Definitive Agreements with Brookfield in relation to the proposed sale of RCOM's nationwide tower assets and related infrastructure creating the



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second largest independent and operator-neutral Towers company in India. RCOM will continue as an anchor tenant on the tower assets, under a long term MSA, for its integrated telecommunications business.

RCOM will receive an upfront cash payment of ~ ₹ 11,000 crore from the proposed transaction. RCOM will also receive Class B non-voting shares in the new Tower company, providing 49% future economic upside in the Towers business, based on certain conditions.

The transaction will represent the largest ever investment by any overseas financial investor in the telecom infrastructure sector in India, and is a strong reflection of the confidence of the international investment community in the long term growth potential of the sector and Indian economy.

RCOM intends to utilize the proceeds of the proposed transaction solely to reduce its debt. We have received CCI approval, and have also filed the Scheme Petition in NCLT.

### d. Debt Structuring Plans under Joint Lenders' Forum (JLF)

RCOM had submitted an overall debt resolution plan to lenders at the Joint Lenders' Forum (JLF) and lenders have taken note of the advanced stage of implementation of RCOM's strategic transformation programme. JLF has invoked Strategic Debt Restructuring (SDR) w.e.f.: June 2, 2017 and agreed for a Standstill on the Company's debt servicing obligations for 7 months till end December, 2017. This arrangement would alleviate liquidity pressures of the Company and would be helpful in achieving sustainable debt position and a stronger balance sheet through completion of the strategic transactions.

## E. Awards and Recognitions

- GCX awarded Best Managed Services Provider by Telecom Asia. The Telecom Asia awards are region's longest running and one of most prestigious industry awards.
- GCX won the "Excellence in Connectivity for Data Centers" award for its "most robust and highly-resilient network to support the dynamic Data Center and Cloud ecosystems."
- CEO Bill Barney was honored with "Data Center Industry Achievement" award in recognition of significant contributions to the Data Center Industry.
- GCX won two prestigious awards - 'Excellence in Connectivity for Data Centers' and 'Excellence in Cloud Services' - at the Datacloud Awards during Datacloud Europe 2017 conference in Monaco.
- RCOM's Enterprise Business was honoured with the Frost & Sullivan India Digital Transformation Award 2017 for its pioneering SIP Trunking service in the new product and service category.

## F. Strengths, Challenges, Opportunity, Risks Analysis (SCOR Analysis)

	Strengths & Opportunities	Challenges & Risks
<b>Industry wide</b>	<p><b>Telecom sector has good growth potential</b></p> <ul style="list-style-type: none"> <li>Low rural penetration</li> <li>Low broadband users</li> <li>Data usage per user picking up</li> <li>Adoption of 4G increasing faster than 3G</li> <li>Devices becoming affordable</li> </ul> <p><b>Rapid growth in data services</b></p> <ul style="list-style-type: none"> <li>Consumer demand for internet services such as online videos and social media</li> <li>Proliferation of affordable data services</li> <li>New business models driven by startups which depend on good connectivity and cloud services</li> </ul> <p><b>Improving regulatory profile</b></p> <ul style="list-style-type: none"> <li>Stability and clarity in telecom policies allow for long term planning and efficient capital deployment</li> </ul> <p><b>Digital India initiatives</b></p> <ul style="list-style-type: none"> <li>Government initiatives to improve broadband connectivity across the country</li> <li>Incentives to manufacture smart phones and telecom equipment in India under the "Make in India" initiative</li> </ul>	<p><b>Pressure on tariffs</b></p> <ul style="list-style-type: none"> <li>Voice and data tariffs declining but being compensated by improving volumes</li> </ul> <p><b>Increase in input costs - spectrum</b></p> <ul style="list-style-type: none"> <li>Cost of Spectrum in India is one of the highest globally due to the scarcity of supply in auctions</li> </ul> <p><b>High churn in customer base</b></p> <ul style="list-style-type: none"> <li>Indian customers have been accustomed to high level of promotional tariffs and actively switch operators</li> </ul> <p><b>Increased commoditization of services</b></p> <ul style="list-style-type: none"> <li>Offering across operators need to be differentiated</li> <li>Conversion of "dumb data" to "smarter data" through enhanced content offering</li> <li>TSPs are tying up with content providers to offer such smarter services</li> </ul> <p><b>Rapid technology changes</b></p> <ul style="list-style-type: none"> <li>5G expected to become mainstream by 2020, will require additional investments in spectrum and capex</li> </ul>
<b>Reliance Communications' Specific</b>	<p><b>Comprehensive domestic and international digital network</b></p> <ul style="list-style-type: none"> <li>Pan India coverage</li> <li>Subsea and terrestrial connectivity to major telecommunications hubs</li> </ul> <p><b>Ample, long validity spectrum portfolio</b></p> <ul style="list-style-type: none"> <li>Sub 1 GHz spectrum portfolio allows for better 4G services</li> <li>Limited spectrum portfolio coming up for renewal in the short term - lower regulatory future cash outflow</li> </ul> <p><b>Extensive Distribution and Service Network</b></p> <ul style="list-style-type: none"> <li>Online and offline channels across the country effectively covering rural and urban India</li> <li>Efficient billing and distribution channels in place</li> </ul> <p><b>Strong industry partnerships in place</b></p> <ul style="list-style-type: none"> <li>Helps to consolidate dominant data position across businesses - Rjio for infrastructure, IBM/Hitachi/Panasonic for cloud</li> </ul>	<p><b>Financial leverage</b></p> <ul style="list-style-type: none"> <li>Increased financial leverage constrains capital spending for growth - focused plans for Deleveraging and Asset monetisation in place</li> </ul> <p><b>Dependence on partners and other telecom operators</b></p> <ul style="list-style-type: none"> <li>By entering into sharing and trading agreements with Rjio, parts of RCOM's services will be dependent on Rjio's network. Strong SLA in place to mitigate risks.</li> </ul> <p><b>Delay in proposed strategic transactions</b></p> <ul style="list-style-type: none"> <li>Any delay in the proposed strategic transactions might negatively affect companies business plans.</li> </ul>

## G Financial Performance - Overview

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

### Revenues and operating expenses

On a consolidated basis, the Company earned total revenues of ₹ 19,949 crore (US\$3,076 million). The net loss after tax recorded by the Company was ₹ 1,283 crore (US\$198

# Reliance Communications Limited

## Management Discussion and Analysis

million). Our total operating expenditure stood at ₹ 14,557 crore (US\$2,245 million).

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

The Company earned EBITDA of ₹ 5,392 crore (US\$832 million). The EBITDA margin for the year was 27.03 per cent.

### **Depreciation and amortization**

The Depreciation and amortisation charges were ₹ 4,221 crore (US\$651 million).

### **Loss before / after tax**

The Loss before tax was ₹ 2,387 crore (US\$ 368 million). Tax credit was to the tune of ₹ 1,104 crore (US\$ 170 million). The Loss after tax was ₹ 1,283 crore (US\$ 198 million).

### **Balance Sheet**

As at March 31, 2017, the Company had total assets of ₹ 99,731 crore (US\$15,379 million). Stakeholders equity was ₹ 28,569 crore (US\$4,405 million), while net debt (excluding cash and cash equivalents) was ₹ 44,345 crore (US\$6,838 million), giving a net debt to equity ratio of 1.55 times.

### **Segment wise Review**

#### **1. India Operations**

##### **Overview**

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

##### **Revenues and Profit**

The revenues for the financial year ended March 31, 2017 were ₹ 17,364 crore (US\$2,678 million). The EBITDA during the same period was ₹ 4,517 crore (US\$697 million), while the EBIT (Earnings before Interest and Tax) was ₹ 988 crore (US\$152 million).

#### **2. Global Operations**

##### **Overview**

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

### **Revenues and Profit**

The Revenues for the financial year ended March 31, 2017 in this segment were ₹ 4,394 crore (US\$678 million). While the EBITDA was ₹ 875 crore (US\$135 million), the EBIT was ₹ 183 crore (US\$28 million).

### **Strategic Business Units**

#### **1. Reliance Communications Infrastructure Limited (RCIL)**

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

##### **Revenues and Operating Expenses**

RCIL earned total revenues of ₹ 1,918 crore (US\$296 million) during the year as compared to ₹ 2,962 crore (US\$447 million) for the previous year. RCIL incurred total operating expenses of ₹ 1,059 crore (US\$163 million) as compared to ₹ 1,132 crore (US\$171 million) in the previous year.

##### **Net Profit / (Loss)**

The net Profit after tax recorded by RCIL was ₹ 236 crore (US\$36 million) as compared to loss of ₹ 286 crore (US\$43 million) in the previous year.

##### **Balance Sheet**

As on March 31, 2017, RCIL had total assets (net) of ₹ 4,537 crore (US\$700 million) and shareholders' fund amounting to ₹ 1,621 crore (US\$ 250 million).

#### **2. Reliance Telecom Limited (RTL)**

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

##### **Charge Sheet filed by CBI in 2G matter**

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

##### **Revenues and Operating Expenses**

RTL earned total revenues of ₹ 1,789 crore (US\$276 million) during the year as compared to ₹ 2,772 crore (US\$418 million) in the previous year. RTL incurred total operating expenses of ₹ 1,862 crore (US\$287 million) compared to ₹ 2,343 crore (US\$354 million) in the previous year.

##### **Net Profit / (Loss)**

The net loss after tax recorded by RTL was ₹ 991 crore (US\$153 million) as compared to net loss of ₹ 191 crore (US\$29 million) in the previous year.

## Management Discussion and Analysis

### Balance Sheet

As on March 31, 2017, RTL had total assets of ₹ 7,983 crore (US\$1,231 million) and shareholders' fund amounting to ₹ (1,984) crore (US\$(306) million).

### 3. Reliance Infratel Limited (RITL)

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

#### Revenues and Operating Expenses

RITL earned total revenues of ₹ 6,091 crore (US\$939 million) during the year as compared to ₹ 4,599 crore (US\$694 million) in the previous year. The Company incurred total operating expenses of ₹ 2,849 crore (US\$439 million) as compared to ₹ 2,665 crore (US\$402 million) in the previous year.

#### Net Profit / (Loss)

The net loss after tax recorded by RITL was ₹ 553 crore (US\$85 million) as compared to profit of ₹ 228 crore (US\$34 million) in the previous year.

### Balance Sheet

As at March 31, 2017, RITL had total assets of ₹ 18,922 crore (US\$2,918 million). Shareholders' fund was ₹ 2,068 crore (US\$319 million).

### 4. Global Cloud Xchange (GCX)

#### Revenues and Operating Expenses

GCX earned total revenues of ₹ 2,775 crore (US\$428 million) during the year. The Company incurred total operating expenses of ₹ 1,937 crore (US\$299 million).

#### Net Profit

The net profit after tax recorded by GCX was ₹ 95 crore (US\$15 million).

### Balance Sheet

As at March 31, 2016, GCX had total assets of ₹ 9,112 crore (US\$1,405 million). Shareholders' fund was ₹ 1,336 crore (US\$206 million).

#### Adequacy of Internal Control and Systems

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

### Risk Management Framework

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

### Corporate Governance

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

### H. Human Resource and Employees Relations

The key focus areas for the Company are:

- Driving employee engagement and Wellbeing
- Creating performance driven organization
- Attracting and retaining talent
- Building leadership bandwidth
- Optimizing Staffing Pyramid
- Strategic Connect & Organization realignment

We worked on the action plan of the concluded Employee Engagement Survey in FY 16, wherein we witnessed an increase in scores in many such areas of employee communication and engagement initiatives. This confirms the effectiveness of the programs organized through involvement of the employees and their families to create an 'Engaged People Organization'.

Various structured training programs like Engage and Development Centers for identified critical roles were organized during the year to develop managers' capabilities, which has helped in driving the culture of performance review and feedback and instilling a performance oriented culture.

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

During the year, the Company has successfully met the manpower skill requirements emerging from our expanding businesses.

### I. Corporate Social Responsibility

At RCOM, CSR is inculcated well within the culture of the Company and continuous efforts are being taken to strengthen its social initiatives each year to make the programmes more sustainable and support the community at large. The Company promotes programmes which focus on education, employability, economic empowerment,

## Management Discussion and Analysis

environment, and technology based initiative to foster inclusive growth of the community around the areas of operations PAN India. The Company also encourages active employee volunteering wherein the enthusiastic volunteers contribute their time in sustaining the CSR interventions being taken in the country.

In FY 2016-2017, RCOM has undertaken the following CSR programmes:

**a. Swachh Bharat Abhiyan**

Swachh Bharat Abhiyan (SBA) has become a massive mass movement ever since its initiation by Hon. Prime Minister which focuses on Clean India by 2019. To support this mission further, RCOM considers SBA as an integral part of CSR. In 2016-2017, several activities were undertaken, such as taking mass pledge, organizing cleanliness drives at various public places including streets, schools, railway stations, creating awareness on sanitation and hygiene by way of rallies, street plays, distribution of IEC materials etc. These activities were undertaken at regular intervals near all RCOM locations all over India, in association with the local administrative authorities, academic institutions, NGOs etc.

**b. 'SPARSH'- Learning through the sense of touch**

Project SPARSH, is an educational program for creating environmental awareness and knowledge base amongst the visually challenged individuals. It is in partnership with TERI (The Energy and Resources Institute). The project aims at harnessing the employee volunteering potential for developing and disseminating interactive resource material for visually challenged and deaf and blind individuals. In 2016-2017, the book has been completed on the theme "Flowing with Rivers". The project will reach to 350 blind schools spread all across India.

**c. Volunteering Initiative for Developing Young Aptitude (VIDYA)**

Project VIDYA, is an educational program initiated by RCOM with a mission to create a platform to support effective learning and improve the literacy levels in the community. Focused on establishing a learning environment for developing reading skills and literacy skills in primary and secondary school children. In 2016-2017, with the support of employee volunteers the project has focused on mentoring and tutoring of the municipal school children in the state of Maharashtra. In addition, several sessions on art, craft and culture were taken to focus on the holistic development of the students.

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

PRAYAG is an initiative extending employment based employability skills to unemployed or under employed youth from semi-urban and urban slum in India. This is a platform designed to empower school and college dropout youths in the areas adjoining the Company's operations. In 2016-2017, Project PRAYAG continued in Bihar and since its inception reached out to 6,258 beneficiaries Pan India.

**e. Project Reliance ASHA**

Reliance ASHA is an economic empowerment initiative undertaken by RCOM, to create comprehensive rehabilitation opportunities for individuals with disabilities, with an agenda to facilitate their integration into the mainstream of the society. Based out of Northern India, the project has been enabling employability skills and promoting livelihood platforms for differently-abled youth in partnership with ASHA and Army Wives Welfare Association (AWWA) a social arm of ARMY.

**f. Women Empowerment**

Empowering Woman is one of the key focus areas of CSR at RCOM. To support this cause, RCOM organizes several programmes woven around the International Women's Day which is celebrated on 8th March. 2016-2017, being third year in a row, RCOM hosted a symposium to felicitate Woman achievers wherein ten woman achievers from the State of Jharkhand in the field of sports, athletics and academics were felicitated and more than 100 women participated in the symposium. Further, Run for Women Empowerment (RfWE) was hosted on International Women's Day at Ranchi, Jharkhand. In its fourth year the RfWE saw more than 1000 women participated to champion the cause.

**g. Blood Donation Campaign**

Reliance being a responsible corporate has been organizing blood donation campaigns across the country for past many years. The focus is on encouraging employees for voluntary blood donation and by creating a voluntary donor base to support the community. The camps are on a biannual basis organized in partnership with the government hospitals to reach out to the people from underserved communities. In the year 2016-2017, RCOM organized blood donation campaign at 23 locations across RCOM collecting more than 2600 units of blood.

**h. Social Awareness Campaign**

RCOM has been initiating awareness drives on social issues across our customer base in India. The focus has been on Health, Girl Child, Women Empowerment, and Environment etc. in partnerships with UN, Ministry of Health and Family Welfare and other government bodies. In 2016-2017, in order to spread social awareness, messages were relayed to 43.9 million RCOM.

**i. Employee Volunteering Day**

"Employee Volunteering Day" was observed in February 2017, all across RCOM to acknowledge and honour the contributions by the employees towards the CSR initiatives undertaken by the organization. For the financial year 2016-2017, around 255 volunteers participated in the CSR activities contributing 2058 man hours.

RCOM is dedicated towards scaling up the social programmes being undertaken and make them more sustainable to support the underprivileged communities.

## Corporate Governance Report

### Corporate governance philosophy

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

### Governance Practices and Policies

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

#### A. Values and commitments

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

#### B. Code of ethics

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

#### C. Business policies

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

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

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

#### E. Prohibition of insider trading policy

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

#### F. Policy on prevention of sexual harassment

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

#### G. Whistle blower policy/vigil mechanism

Our Whistle Blower policy encourages disclosure in good faith of any wrongful conduct on a matter of general

concern and protects the whistle blower from any adverse personnel action.

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

#### H. Environment and Corporate Social Responsibility

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

#### I. Risk management

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

#### J. Boardroom practices

##### a. Chairman

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

##### b. Board charter

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

##### c. Board committees

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

##### d. Selection of independent directors

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

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

##### e. Tenure of independent directors

Tenure of Independent Directors on the Board of the Company shall not exceed the time period as per



# Reliance Communications Limited

## Corporate Governance Report

provisions of the Companies Act, 2013 and Listing Regulations amended from time to time.

### f. Independent Director's interaction with stakeholders

Member(s) of Stakeholders Relationship Committee interact with the stakeholders on their suggestions and queries, if any, which are forwarded to the Company Secretary.

### g. Familiarisation of Board Members

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

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

### h. Meeting of Independent Directors with operating team

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

### i. Commitment of directors

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

### K. Role of the Company Secretary in Governance Process

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

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

### L. Independent Statutory Auditors

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

1. M/s. Pathak H. D. & Associates, Chartered Accountants.
2. M/s. B S R & Co. LLP, Chartered Accountants.

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

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

### N. Compliance with the Listing Regulations

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

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

### I. Board of Directors

#### 1. Board composition – Board strength and representation

As on March 31, 2017, the Board consisted of six Directors. The composition and category of directors on the Board of the Company were as under:

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

#### Notes:

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

All the independent directors of the Company has furnished a declaration at the time of their

## Corporate Governance Report

appointment and also confirm annually that they qualify the conditions of their being independent as provided under the law. All such declarations were placed before the Board.

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

### 2. Conduct of Board proceedings

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

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

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

General Meeting held on September 27, 2016 and the details of directorships (calculated as per provisions of Section 165 of the Act), Committee Chairmanships and the Committee memberships held by the directors as on March 31, 2017 were as under:

Name of the Director	Number of Board meetings attended out of Eight meetings held	Attendance at the last AGM held on September 27, 2016	Number of directorship (including RCOM)	Committee(s) membership (including RCOM)	
				Membership	Chairmanship
Shri Anil D. Ambani	8	Present	13	1	-
Prof. J. Ramachandran	5	Present	8	4	3
Shri Deepak Shourie	5	Present	1	2	-
Shri A. K. Purwar	8	Present	11	2	2
Shri R. N. Bhardwaj	8	Present	12	6	3
Smt. Manjari Kacker	7	Absent	4	2	-

#### Notes:

- None of the directors hold directorships in more than 20 companies of which directorship in public companies

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

### 3. Board meetings

The Board held eight meetings during financial year 2016-17 on May 10, 2016, May 30, 2016, June 24, 2016, September 14, 2016, October 14, 2016, November 14, 2016, December 21, 2016 and February 11, 2017. The maximum time gap between any two meetings was 81 days and the minimum gap was 19 days. The meetings are normally held at Mumbai.

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

### 4. Secretarial Standards issued by ICSI

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

### 5. Attendance of directors

Attendance of directors at the Board meetings held during financial year 2016-17 and the last Annual



# Reliance Communications Limited

## Corporate Governance Report

does not exceed 10 in line with the provisions of Section 165 of the Act.

- b. None of the directors hold membership of more than 10 committees of board, nor, is a chairman of more than 5 committees of board.
- c. None of the Independent Director holds the position of the Independent Director in more than seven listed companies as required under Listing Regulations.
- d. The information provided above pertains to the following committees in accordance with the provisions of Listing Regulations: (i) Audit Committee, and (ii) Stakeholders Relationship Committee.
- e. The Committee membership and chairmanship above excludes membership and chairmanship in private companies, foreign companies and Section 8 companies.
- f. Membership of Committees include chairmanship, if any.

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

### 6. Details of directors

The abbreviated resumes of all Directors are furnished hereunder:

**Shri Anil D. Ambani**, 58 years, B.Sc. Hons. and MBA from the Wharton School of the University of Pennsylvania, is the Chairman of our Company, Reliance Capital Limited, Reliance Infrastructure Limited, Reliance Power Limited and Reliance Defence and Engineering Limited.

As on March 31, 2017, Shri Anil D. Ambani held 18,59,171 equity shares in the Company.

**Prof. J. Ramachandran**, 60 years, is a Professor of Corporate Strategy and Policy at the Indian Institute of Management, Bengaluru. He is a Chartered Accountant and Cost Accountant and is a fellow of the Indian Institute of Management, Ahmedabad. He is also a Director of Reliance Infratel Limited, Sasken Technologies Limited, Redington (India) Limited, All Cargo Logistics Limited and Polaris Consulting and Services Limited.

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

He does not hold any shares in the Company as on March 31, 2017.

**Shri Deepak Shourie**, 68 years, holds a bachelor's degree in Economics and has more than four decades of experience in general management with an emphasis on media, consumer goods and corporate affairs. He was an Executive Vice President and Managing Director of Discovery Communications of India and director in South Asia for BBC Worldwide Media Private Limited.

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

He does not hold any shares in the Company as on March 31, 2017.

**Shri A. K. Purwar**, 71 years, was the former Chairman of the State Bank of India ("SBI") and also the former Managing Director of the State Bank of Patiala. He holds a master's degree in Commerce and a diploma in Business Administration. He is also a Director of Jindal Steel and Power Limited, Apollo Tyres Limited, IIFL Holdings Limited, ONGC Tripura Power Company Limited, IL&FS Renewable Energy Limited, Saurya Urja Company of Rajasthan Limited, Balaji Telefilms Limited and Alkem Laboratories Limited.

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

He does not hold any shares in the Company as on March 31, 2017.

**Shri R. N. Bhardwaj**, 72 years, holds a master's degree in Economics from the Delhi School of Economics and a diploma in Industrial Relations and Personnel Management from the Punjabi University, Patiala. He has over 39 years of experience in various sectors such as economics, finance, investment and portfolio management. He was the Managing Director and Chairman of Life Insurance Corporation of India. Shri R. N. Bhardwaj has also served as a member of the Securities Appellate Tribunal.

Shri Bhardwaj is also a Director of Reliance Infratel Limited, Jaiprakash Associates Limited, Jaiprakash Power Ventures Limited, Sastasundar Ventures Limited, Milestone Capital Advisors Limited and SBI Life Insurance Company Limited. Shri Bhardwaj is a Chairman of the Audit Committee and Nomination

## Corporate Governance Report

and Remuneration Committee and a member of Stakeholders Relationship Committee, CSR Committee, Risk Management Committee and ESOS Compensation Committee of our Company. He is a Chairman of the Audit Committee of Jaiprakash Associates Limited. He is a member of the Audit Committee and Chairman of Stakeholders Relationship Committee of Sastasundar Ventures Limited. He is a member of Audit Committee of Reliance Infratel Limited, Jaiprakash Power Ventures Limited, Milestone Capital Advisors Limited and SBI Life Insurance Company Limited.

He does not hold any shares in the Company as on March 31, 2017.

**Smt. Manjari Kacker**, 64 years, holds a master's degree in Chemistry and a diploma in Business Administration. She has more than 39 years of experience in taxation, finance, administration and vigilance. She was in the Indian Revenue Service batch of 1974. She held various assignments during her tenure in the tax department and was also a member of the Central Board of Direct Taxes. She has also served as the Functional Director (Vigilance and Security) in Air India and has also represented India in international conferences.

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

She does not hold any shares in the Company as on March 31, 2017.

### 7. Insurance coverage

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

## II. Audit Committee

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

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

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

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommendation for appointment, remuneration and terms of appointment of auditors of the company;
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. Reviewing, with the management, the annual financial statement and auditor's report thereon before submission to the board for approval, with particular reference to:
  - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013.
  - b. Changes, if any, in accounting policies and practices and reasons for the same.
  - c. Major accounting entries involving estimates based on the exercise of judgment by management.
  - d. Significant adjustments made in the financial statement arising out of audit findings.
  - e. Compliance with listing and other legal requirements relating to financial statement.
  - f. Disclosure of any related party transactions.
  - g. Modified opinion in the draft audit report.
5. Reviewing, with the management, the quarterly financial statement before submission to the board for approval;
6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
7. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
8. Approval or any subsequent modification of transactions of the company with related parties including omnibus approval;
9. Scrutiny of inter-corporate loans and investments;
10. Valuation of undertakings or assets of the company, wherever it is necessary;
11. Evaluation of internal financial controls and risk management systems;

# Reliance Communications Limited

## Corporate Governance Report

12. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
14. Discussion with internal auditors of any significant findings and follow up there on;
15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
18. To review the functioning of the Whistle Blower Mechanism;
19. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
20. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

The Audit Committee is also authorised to:

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

### Attendance at the meetings of the Audit Committee held during 2016-17.

The Audit Committee held its meetings on May 30, 2016, June 24, 2016, September 14, 2016, November 14, 2016 and February 11, 2017. The maximum time gap between any two meetings was 88 days and the minimum gap was 24 days.

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

The Chairman of the Audit Committee was present at the last Annual General Meeting of the Company.

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

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

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

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

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

### III. Nomination and Remuneration Committee

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

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

- i. process for selection and appointment of new directors and succession plans.

## Corporate Governance Report

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

Two meetings of the Nomination and Remuneration Committee was held on May 30, 2016 and November 14, 2016 during the financial year 2016-17.

Name of the Members	Number of Meeting	
	held during the tenure	attended
Shri R. N. Bhardwaj	2	2
Shri Anil D. Ambani	2	2
Prof. J. Ramachandran	2	1
Shri Deepak Shourie	2	2
Shri A. K. Purwar	2	2
Smt. Manjari Kacker	2	1

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

### Criteria for making payments to non executive directors

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

Details of Sitting fees paid to the Directors during the Financial Year ended March 31, 2017.

Name of the Directors	Designation	Sitting Fee paid (₹ in Lac)
Shri Anil D. Ambani	Chairman	5.60
Prof. J. Ramachandran	Director	5.60
Shri Deepak Shourie	Director	6.40
Shri A. K. Purwar	Director	8.00
Shri R. N. Bhardwaj	Director	8.00
Smt. Manjari Kacker	Director	6.00

### Notes:

- a. There were no other pecuniary relationships or transactions of non executive directors vis-à-vis the Company.
- b. Pursuant to the limits approved by the Board, all directors being non executive, were paid sitting fees of ₹ 40,000 (excluding service tax) for attending each meeting of the Board and its committees.
- c. No remuneration by way of Commission to the non executive directors are proposed for the financial year 2016-17.

## IV. Stakeholders Relationship Committee

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

During the year, the Stakeholder's Relationship Committee held its meetings on May 30, 2016, September 14, 2016, September 27, 2016, November 14, 2016 and February 11, 2017. The maximum time gap between any two meetings was 106 days and the minimum gap was 12 days.

Attendance at the meetings of Stakeholders Relationship Committee held during 2016-17 is as under :

Name of the Members	Number of Meetings	
	held during the tenure	attended
Shri A. K. Purwar	5	5
Shri Deepak Shourie	5	5
Shri Anil D. Ambani	5	4
Prof. J. Ramachandran	5	4
Shri R. N. Bhardwaj	5	5
Smt. Manjari Kacker	5	3

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

## V. Compliance Officer

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

## VI. Employees Stock Option Scheme (ESOS) Compensation Committee

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

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

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

## VII. Employees Stock Option Scheme

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

# Reliance Communications Limited

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

### VIII. Corporate Social Responsibility (CSR) Committee

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

The Committee's prime responsibility is to assist the Board in discharging its social responsibilities by way of formulating and monitoring implementation of the framework of 'Corporate Social Responsibility Policy'.

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

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

### IX. Risk Management Committee

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

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

### X. General Body Meetings

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

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

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

### XI. Postal Ballot

The Company had not conducted any business through Postal Ballot during the financial year 2016-17.

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

### XII. Means of Communication

- a. **Quarterly Results:** Quarterly Results are published in Financial Express, English newspaper circulating in substantially the whole of India and in Navshakti, Marathi vernacular newspaper and are also posted on the Company's website [www.rcom.co.in](http://www.rcom.co.in).
- b. **Media Releases and Presentations:** Official media releases are sent to the Stock Exchanges before their release to the media for wider dissemination. Presentations made to media, analysts, institutional investors, etc. are posted on Company's website.
- c. **Website:** The Company's website contains a separate dedicated section 'Investor Relations'. It contains comprehensive database of information of interest



## Corporate Governance Report

to our investors including the financial results and Annual Report of the Company, information on dividend declared by the Company, any price sensitive information disclosed to the regulatory authorities from time to time, business activities and the services rendered / facilities extended by the Company to our investors, in a user friendly manner. The basic information about the Company as called for in terms of Listing Regulations is provided on Company's website and the same is updated regularly.

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

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

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

## XIII. Management Discussion and Analysis

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

## XIV. Subsidiaries

Reliance Infratel Limited (RITL) is a material non listed Indian subsidiary company in terms of Regulation 24 of the Listing Regulation. Accordingly, Shri R. N. Bhardwaj and Prof. J. Ramachandran, Independent Directors of the Company have been appointed on the Board of RITL.

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

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

## XV. Disclosures

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

### b. Related party transactions

During the financial year 2016-17, no transactions of material nature had been entered into by the Company that may have a potential conflict with interest of the Company. The details of related party transactions are disclosed in Notes to Accounts.

### c. Accounting treatment

In preparation of financial statements, the Company has followed the Accounting Standards as prescribed under the Companies (Indian Accounting Standards) Rules, 2015, as applicable. The Accounting Policies followed by the Company to the extent relevant, are set out elsewhere in this Annual Report.

### d. Code of conduct

The Company has adopted the code of conduct and ethics for directors and senior management. The code has been circulated to all the members of the Board and senior management and the same has been posted on Company's website www.rcom.co.in. The Board members and senior management have affirmed their

# Reliance Communications Limited

## Corporate Governance Report

compliance with the code and a declaration signed by the Manager and Chief Executive Officer of the Company appointed in terms of the Companies Act, 2013 is given below:

"It is hereby declared that the Company has obtained from all the members of the Board and senior management personnel of the Company affirmation that they have complied with the Code of Conduct for directors and senior management for the year 2016-17".

**Prakash Shenoy**  
Manager and Chief Executive Officer

### e. CEO and CFO certification

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

### f. Review of Directors' Responsibility Statement

The Board in its report have confirmed that the annual accounts for the year ended March 31, 2017 have been prepared as per applicable accounting standards and policies and that sufficient care has been taken for maintaining adequate accounting records.

## XVI. Policy on prohibition of insider trading

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

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

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

Particulars	No. of Shareholders	No. of Shares
a. Aggregate number of shareholders and the outstanding shares lying in suspense account as on April 1, 2016	108306	3987691
b. Add : Number of undelivered folios and shares were transferred to Unclaimed suspense account during the quarter 01-04-2016 to 31-03-2017	0	0
c. Number of shareholders who approached issuer for transfer of shares from suspense account during the year	166	14148
d. Less : Number of shareholders to whom shares were transferred from suspense account during the year.	166	14148
e. Aggregate number of shareholders and the outstanding shares lying in suspense account as on March 31, 2017	108140	3973543

The voting rights on the shares outstanding in the suspense account as on March 31, 2017 shall remain frozen till the rightful owner of such shares claims the shares.

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

## XVIII. Compliance with discretionary requirements

### 1. The Board

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

### 2. Modified Opinion(s) in Audit Report

There were no modified opinion on the financial statement of the Company for the financial year 2016-17.

### 3. Separate posts of Chairman and CEO

The Company has appointed Shri Bill Barney and Shri Gurdeep Singh as Co-CEO. Thus Company maintains separate posts of Chairman and CEO.



## Corporate Governance Report

### 4. Reporting of Internal Auditor

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

### XIX. General shareholder information

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

### Auditor's certificate on corporate governance

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

### Review of governance practices

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

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

## Independent Auditor's Certificate on Corporate Governance

To,  
The Members of  
Reliance Communications Limited

We have examined the compliance of conditions of Corporate Governance by Reliance Communications Limited ('the Company'), for the year ended March 31, 2017, as per Regulation 17 to 27, Clause (b) to (i) of Regulation 46(2) and Paragraph C, D, and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations').

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

We conducted our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) issued by the Institute of Chartered Accountants of India ('ICAI'). The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

In our opinion and to the best of our information and according to explanations given to us and based on the representations made by the Directors and Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Regulation 17 to 27, Clause (b) to (i) of Regulation 46(2) and Paragraph C, D, and E of Schedule V of the Listing Regulations, as applicable.

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

### Restrictions on use

This certificate is issued solely for the purpose of complying with the aforesaid Regulations and may not be suitable for any other purpose.

For **Pathak H.D. & Associates**  
Chartered Accountants  
Firm Reg. No.: 107783W

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

**Parimal Kumar Jha**  
Partner  
Membership No: 124262

**Vijay Bhatt**  
Partner  
Membership No: 036647

Mumbai  
August 12, 2017

# Reliance Communications Limited

## Investor Information

### IMPORTANT POINTS

#### Hold Securities in Dematerialised Form

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

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

#### Hold Securities in Consolidated form

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

#### Register for SMS alert Facility

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

#### Submit Nomination Form and avoid transmission hassle

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

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

#### Deal only with SEBI Registered Intermediaries

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

#### Corporate Benefits in Electronic Form

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

#### Register e-mail address

Investors should register their e-mail address with the Company / Depository Participants. This will help them in receiving all

communication from the Company electronically at their e-mail address. This also avoids delay in receiving communications from the Company. Prescribed form for registration may please be downloaded from the Company's website.

#### Facility for a Basic Services Demat Account (BSDA)

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

#### Book closure dates for the purpose of AGM

Register of Members and Share Transfer Books of the Company will remain closed from Saturday, September 16, 2017 to Tuesday, September 26, 2017 (both days inclusive) for the purpose of Annual General Meeting.

#### Annual General Meeting

The 13th Annual General Meeting (AGM) will be held on Tuesday, September 26, 2017 at 4.00 p.m. or soon after conclusion of the annual general meeting of Reliance Power Limited convened on the same day, whichever is later, at Birla Matushri Sabhagar, 19, New Marine Lines, Mumbai 400 020.

#### E-voting

The Members can cast their vote online from 10.00 A.M. on September 22, 2017 to 5.00 P.M. on September 25, 2017.

#### Financial year of the Company

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

#### Website

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

#### Dedicated e-mail id for investors

For the convenience of our investors, the Company has designated an e-mail id i.e. [Rcom.Investors@relianceada.com](mailto:Rcom.Investors@relianceada.com) for investors.

#### Registrar and Transfer Agent (RTA)

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

## Investor Information

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

### Transfer of unclaimed dividend and equity shares to Investor Education and Protection Fund of Central Government

The provisions of Sections 124 and 125 on unclaimed dividend and Investor Education and Protection Fund (IEPF) under the Act and the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, (IEPF Rules) have come into force with effect from September 7, 2016.

The dividends for the years upto 2008-09 remaining unclaimed for seven years from the date of declaration have been transferred to IEPF. The dividend and respective equity shares and other benefits, if any for the following years remaining unclaimed for seven years from the date of declaration are required to be transferred by the Company to IEPF and the various dates for transfer of such amount are as under:

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

The Company has uploaded the details of unpaid and unclaimed amounts of dividend lying with the Company as on September 27, 2016 (date of last Annual General Meeting) on the website of the Company ([www.rcom.co.in](http://www.rcom.co.in)), as also on the website of the Ministry of Corporate Affairs.

Pursuant to provisions of the IEPF Rules, the Company would be transferring the equity shares on which dividend has not been claimed or encashed for last seven consecutive years or more to the IEPF Authority.

The Company has individually communicated to the concerned equity Shareholders whose equity shares are liable to be transferred to the IEPF, to enable them to take appropriate action for claiming the unclaimed dividends and equity shares, if any, by due date as may be notified by the IEPF Authority, failing which the Company would transfer the aforesaid equity shares to the IEPF as per the procedure set out in the Rules. The details of such equity shareholders and equity shares due for transfer are uploaded on the website of the Company ([www.rcom.co.in](http://www.rcom.co.in)).

Members who have so far not encashed dividend warrants for the aforesaid years are requested to approach the Company's Registrar and Transfer Agents, Karvy Computershare Private Limited immediately. Members are requested to note that the Company has uploaded the details of unpaid and unclaimed dividend and equity shares due to be transferred on the website of the Company [www.rcom.co.in](http://www.rcom.co.in).

Members are requested to note that no claims shall lie against the Company in respect of their shares or the amounts so transferred to IEPF and no payment shall be made in respect of any such claim. Any shareholder whose equity shares and unclaimed dividends has been transferred to the Fund, may claim the equity shares or apply for claiming the dividend transferred to IEPF by making an application in Form IEPF 5 available on the website [www.iepf.gov.in](http://www.iepf.gov.in) along with the applicable fee.

### Share transfer system

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

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

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

## Shareholding Pattern

Category of Shareholders	As on 31.03.2017		As on 31.03.2016	
	Number of Shares	%	Number of Shares	%
(A) Shareholding of Promoter and Promoter Group				
(i) Indian	1464696844	58.85	1464696844	58.85
(ii) Foreign	0	0	-	-
<b>Total shareholding of Promoter and Promoter Group</b>	<b>1464696844</b>	<b>58.85</b>	1464696844	58.85
(B) Public Shareholding				
(i) Institutions	618024496	24.84	716162904	28.78
(ii) Non-Institutions	375159563	15.07	276049144	11.09
<b>Total Public Shareholding</b>	<b>993184059</b>	<b>39.91</b>	992212048	39.87
(C) Shares held by Custodians and against which Depository Receipts have been issued	9819842	0.39	10791853	0.43
(D) ESOS Trust*	21279000	0.85	21279000	0.85
<b>GRAND TOTAL (A)+(B)+(C)+(D)</b>	<b>2488979745</b>	<b>100.00</b>	2488979745	100.00

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

## Reliance Communications Limited

### Investor Information

#### Distribution of shareholding

Number of Shares	Number of Shareholders as on 31.03.2017		Total equity Shares as on 31.03.2017		Number of Shareholders as on 31.03.2016		Total equity Shares as on 31.03.2016	
	Number	%	Number	%	Number	%	Number	%
Up to 500	1536660	94.47	116197697	4.67	1556896	95.72	113425216	4.56
501 to 5000	83986	5.16	108686845	4.37	65962	4.06	78916314	3.17
5001 to 100000	5702	0.35	83578859	3.36	3 327	0.20	50801563	2.04
Above 100000	316	0.02	2180516344	87.60	370	0.02	2245836652	90.23
<b>Total</b>	<b>1626664</b>	<b>100.00</b>	<b>2488979745</b>	<b>100.00</b>	<b>1626555</b>	<b>100.00</b>	<b>2488979745</b>	<b>100.00</b>

#### Dematerialisation of Shares and Liquidity

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

#### Status of dematerialisation of shares

As on March 31, 2017, 98.54 per cent of the Company's equity shares are held in dematerialised form.

#### Investors' Grievances Attended

Received from	Received during		Redressed during		Pending as on	
	2016-17	2015-16	2016-17	2015-16	31.3.2017	31.3.2016
SEBI	17	19	17	19	Nil	Nil
Stock Exchanges	13	7	13	7	Nil	Nil
NSDL / CDSL	0	0	0	0	Nil	Nil
Direct from investors	0	1	0	1	Nil	Nil
<b>Total</b>	<b>30</b>	<b>27</b>	<b>30</b>	<b>27</b>	<b>Nil</b>	<b>Nil</b>

#### Analysis of Grievances

Nature of Grievances	2016-17		2015-16	
	Numbers	%	Numbers	%
Non-receipt of Annual Report	11	36.67	14	51.85
Non-receipt of dividend	19	63.33	13	48.15
<b>Total</b>	<b>30</b>	<b>100.00</b>	<b>27</b>	<b>100.00</b>

Investors' queries / grievances are normally attended within a period of three working days from the date of receipt thereof, except in cases involving external agencies or compliance with longer procedural requirements specified by the authorities concerned. There was no complaint pending as on March 31, 2017.

#### Shareholder Base

The shareholder base was 16,26,664 as of March 31, 2017 and 16,26,555 as of March 31, 2016.

#### Legal proceedings

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

#### Commodity Price Risk or Foreign Exchange Risk and Hedging Activities

The Company does not have any material exposure to the commodity price risks. The Company has revenues in foreign currency which acts as a 'natural hedge' to a certain extent.

## Reliance Communications Limited

### Investor Information

#### Equity History

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

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

#### Stock price and volume

2016-17	BSE Limited			National Stock Exchange of India Limited		
	High ₹	Low ₹	Volume Nos.	High ₹	Low ₹	Volume Nos.
April, 2016	60.45	48.75	3,81,46,631	60.45	48.65	27,11,20,160
May, 2016	58.00	45.90	4,00,77,672	58.15	45.80	36,37,48,861
June, 2016	51.50	45.55	7,47,65,235	51.60	45.25	53,59,40,428
July, 2016	53.45	48.65	4,90,55,071	53.45	48.60	34,87,60,824
August, 2016	55.40	47.25	5,31,98,440	55.35	47.25	40,96,93,953
September, 2016	55.10	42.10	6,79,44,454	55.00	42.10	48,92,31,765
October, 2016	48.45	45.80	2,72,39,729	48.55	45.75	24,52,62,438
November, 2016	47.30	34.35	3,40,94,919	47.35	34.30	24,87,04,967
December, 2016	38.50	32.60	3,11,26,809	38.50	32.55	25,36,98,012
January, 2017	35.90	30.65	4,16,97,861	35.80	30.60	30,64,45,346
February, 2017	40.00	32.35	7,50,46,422	40.40	32.25	47,72,25,978
March, 2017	40.05	33.80	5,87,86,894	40.10	33.75	42,06,38,960

#### Stock Exchange listings

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

#### BSE Limited

Phiroze Jeejeebhoy Towers,  
Dalal Street, Mumbai 400 001  
Website : [www.bseindia.com](http://www.bseindia.com)

#### National Stock Exchange of India Limited

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

#### Stock Codes and ISIN details :

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

#### An Index Scrip:

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

#### Global Depository Receipts (GDRs)

##### Luxembourg Stock Exchange

Societe De La Bourse, De Luxembourg,  
35A Boulevard Joseph II, Luxembourg  
Website : [www.bourse.lu](http://www.bourse.lu)

##### Depository bank for GDR holders

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

#### Security codes of RCOM GDRs

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

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

# Reliance Communications Limited

## Investor Information

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

Outstanding GDRs as on March 31, 2017 represent 1,07,91,853 equity shares constituting 0.43 per cent of the paid-up equity share capital of the Company. Each GDR represent one underlying equity share in the Company.

### Debt Securities

- The following Debt Securities of the Company are listed on the Wholesale Debt Market (WDM) Segment of BSE and NSE.
  - 11.20 per cent Secured Redeemable Non-Convertible Debentures (ISIN INE330H07015)
  - 11.25 per cent Secured Redeemable Non-Convertible Debentures, Series - 1 (ISIN INE330H07064)
  - Debenture Trustee**  
Axis Trustee Services Limited  
Ground Floor, Axis House  
Bombay Dyeing Mills Compound  
Pandurang Budhkar Marg  
Worli, Mumbai 400 025  
Website: www.axistrustee.com

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

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

#### Senior Secured Notes Trustee

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

### Payment of Listing Fees

An annual listing fee for the year 2017-18 has been paid by the Company to the stock exchanges.

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

	RCOM	Sensex BSE	Nifty NSE
FY 2016-17	-23.40 percent	16.88 percent	18.55 percent
2 years	-35.36 percent	5.95 percent	8.04 percent
3 years	-70.29 percent	32.32 percent	36.84 percent

### Key financial reporting dates for the financial year 2017-18

Unaudited results for the first quarter ended June 30, 2017	: On or before August 14, 2017
Unaudited results for the second quarter and half year ended September 30, 2017	: On or before November 14, 2017
Unaudited results for the third quarter ended December 31, 2017	: On or before February 14, 2018
Audited results for the financial year 2017-18	: On or before May 30, 2018

### Depository services

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

### Communication to members

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

### Reconciliation of Share Capital audit

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

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

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

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

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

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

### Plant Locations

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



## Business Responsibility Report

### Section A: General Information about the Company

1. **Corporate Identity : L45309MH2004PLC147531 Number (CIN) of the Company**
2. **Name of the Company** : Reliance Communications Limited
3. **Registered address** : H Block, 1st Floor, Dhirubhai Ambani Knowledge City, Navi Mumbai 400 710, India
4. **Website** : www.rcom.co.in
5. **E-mail id** : Rcom.investors@relianceada.com
6. **Financial Year reported** : 2016 - 17
7. **Sector(s) that the Company is engaged in (industrial activity code-wise)**

The Company is engaged in the business of providing Telecommunications services. The Company together with its subsidiaries operates across the full spectrum of Wireless, Wireline, Voice, Data, Video, Internet and IT Infrastructure services and has an extensive international presence through the provision of long distance voice, data, internet services and submarine cable network infrastructure.

#### Industrial Group Description

Group 611	Wired telecommunications activities
Group 612	Wireless telecommunications activities
Group 619	Other telecommunications activities

(As per National Industrial Classification – Ministry of Statistics and Programme Implementation)

8. **List three key products/ services that the Company manufactures/ provides (as in balance sheet)**  
Telecommunications Service Provider through GSM, 3G and 4G technologies. Our Company also provides Internet Data Centre, Direct-To-Home Television services and Telecom Infrastructure services through subsidiary companies.
9. **Total number of locations where business activity is undertaken by the Company**
  - i. Number of International Locations (Provide details of major 5):- Major five locations are at USA, UK, France, Ireland and Bermuda.
  - ii. Number of National Locations: – All the states in India.
10. **Markets served by the Company** – The Company offers services in 156 countries for Managed Services apart from serving on Pan India basis during the year ended March 31, 2017.

### Section B: Financial Details of the Company

1. Paid up Capital (INR) : ₹ 1244.49 crore
2. Total Turnover (INR) : ₹ 9,154 crore
3. Total profit/ (Loss) after taxes : (₹ 1,796 crore) (INR)
4. Total Spending on Corporate Social Responsibility as percentage of profit after tax :

The Company and subsidiary companies continue to do CSR activities.

### 5. List of activities in which expenditure in 4 above has been incurred:-

Following is the list of CSR focus areas under which expenditure has been incurred:

- a) Extending Support to Swachh Bharat Abhiyan
- b) Education: Bridging the Literacy Gap
- c) Education: Extending educational support to differently abled.
- d) Initiatives for development of community.
- e) Extending Employability skills to Youth aspiring growth.
- f) Livelihood promotion by creating employment opportunities for women and Differently-able youth with a focus to mainstream them.
- g) Environmental Conservation
- h) Healthcare initiatives
- i) Volunteering for Social Change

### Section C: Other Details

1. **Does the Company have any Subsidiary Company/ Companies?**  
The Company has 89 subsidiary companies as on March 31, 2017.
2. **Do the Subsidiary Company/ Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)**  
Yes, CSR activities are done at group level in which subsidiary companies are part of it.
3. **Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with; participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]**  
No, the entities e.g. suppliers, distributors etc. of the Company are not participating in the BR initiatives of the Company.

### Section D: BR Information

1. **Details of Director/ Directors responsible for BR**
  - a) **Details of the Director/ Director responsible for implementation of the BR policy/policies**

DIN	Name	Designation
00004593	Prof. J. Ramachandran	Independent Director

#### b) Details of the BR head

S. No.	Particulars	Details
1.	DIN Number (If applicable)	N. A.
2.	Name	Mr. Prakash Shenoy
3.	Designation	Company Secretary, Manager and Compliance Officer
4.	Telephone Number	(022) 303 86286
5.	e-mail id	Rcom.investors@relianceada.com



## Reliance Communications Limited

### Business Responsibility Report

#### 2. Principle-wise (as per NVGs) BR Policy/policies (Reply in Y/N)

- Principle 1 Businesses should conduct and govern themselves with Ethics, Transparency and Accountability
- Principle 2 Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle
- Principle 3 Businesses should promote the well being of all employees
- Principle 4 Businesses should respect the interests of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized
- Principle 5 Businesses should respect and promote human rights
- Principle 6 Businesses should respect, protect and make efforts to restore the environment
- Principle 7 Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner
- Principle 8 Businesses should support inclusive growth and equitable development
- Principle 9 Businesses should engage with and provide value to their customers and consumers in a responsible manner

Sl. No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1.	Do you have a policy/ policies for	Y	Y	Y	Y	Y	Y	Y	Y	Y
2.	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3.	Does the policy conform to any national /international standards? If yes, specify?	Y	Y	Y	Y	Y	Y	Y	Y	Y
4.	Has the policy being approved by the Board? Is yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
5.	Does the company have a specified committee of the Board/Director/Official to oversee the implementation of the policy?	Yes, Our Human Resources Department oversees the implementation of the policies.								
6.	Indicate the link for the policy to be viewed online?	Code of conduct is available on our website – www.rcom.co.in								
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Yes, Policies have been communicated to concern.								
8.	Does the company have in-house structure to implement the policy/policies?	Yes, all the policies of the Company are implemented through Human Resources Department.								
9.	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	We have mechanism to redress the grievance of the stakeholder related to policy. They can approach the Chairman of the Audit Committee.								
10.	Has the company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	Our Management Audit Team independently evaluates the working of these policies.								

#### 2 a. If answer to S.No. 1 against any principle, is 'No', please explain why: (Tick up to 2 options)

Sl. No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1.	The company has not understood the Principles									
2.	The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles									
3.	The company does not have financial or manpower resources available for the task									
4.	It is planned to be done within next 6 months									
5.	It is planned to be done within the next 1 year									
6.	Any other reason (please specify)									

#### 3. Governance related to BR

Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year.

The Chief Executive Officer/ Manager of the Company review the BR performance of the Company on annual basis.

Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

Yes, BRR is part of our Annual Report.

**Business Responsibility Report**

**Section E: Principle-wise performance**

**Principle 1 Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.**

- 1. Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No. Does it extend to the Group/ Joint Ventures/ Suppliers/Contractors/NGOs / Others?**

The Company considers Corporate Governance as an integral part of good management. The Company's policy relating to Ethics, Bribery and Corruption is covered under Reliance Group Companies Code of Ethics and Business Policies, which are applicable to all personnel of the Company as well as to the (i) Consultants, (ii) Representatives, (iii) Suppliers, (iv) Contractors and (v) Agents dealing with the Company.

- 2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.**

Stakeholders Complaints			
Complaints	No. of complaints received	No. of complaints resolved	% of complaints resolved
Shareholders Complaints	30	30	100%
Customers Complaints	2686002	2662997	99%

**Principle 2 Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.**

- 1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.**

Our Company provides Telecommunications Service through 2G, 3G and 4G technologies. Our Company also provides Internet Data Centre, Direct-To-Home services and Telecom Infrastructure through subsidiary companies.

The electronic components used in Set-Top-Box (STB) are compliant of Restriction of Hazardous Substances (RoHS). This eliminates harmful impact to the environment.

Another major challenge is to optimize the electricity use at the Data center. Normally, Data center operation itself involves enormous amount of electricity consumption measured by power usage effectiveness (PUE). The huge electricity consumption has a negative impact on the environment and corporate operating costs. We have been identifying and implementing the technologies, mechanisms at all the data centers to improve the PUE.

Electromagnetic radiation from BTS antenna and noise pollution from usage of Diesel Generator may be considered as an environment concerns. Radiation and noise pollution are within the permissible limit, but still we are closely monitoring the same and take preventive steps to reduce radiation and noise pollution.

- 2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):**

The Company's services do not have any broad based impact on energy. Our Internet Data Center (IDC), normally, has a connected load of 5 MW which is being taken from the local grids. We have implemented the Energy Management System (ISO 50001\_EnMS) at our largest data center in Mumbai and in process of implementing this across all data centers in India. IDC has also implemented Occupational Health and Safety system (OHSAS 18001) for it's Mumbai and Hyderabad facilities.

Spectrum is used for Electromagnetic radiation and Diesel is used in Diesel Generator as a resource. Electromagnetic radiation is measured in unit of RF power transmitted in watt per square meter and Noise pollution emitted from Diesel Generator is measured in terms of dB level.

- 3. Does the company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.**

Yes, our policy aims to have long term relationship with various vendors. We have detail procedures for finalisation of prospective vendors, which includes techno commercial analysis, vendor's financial strength, market share, past track record etc. All vendors providing goods/ services have to comply with the local laws. While selecting a product, efforts are put on environment friendliness, low power consumption, EMF radiation monitoring / testing etc.

- 4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?**

We support and encourage local vendors for ensuing positive impact of sourcing resources. The local vendors were used for small civil related jobs, fiber related services, sign boards, local supply of materials, material handling, housekeeping, etc. We have appointed local service providers whose job is to give after sales service to the customers. These service providers are given regular training so as to optimise their capacity and capabilities.

- 5. Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.**

Yes, the Company has well established process for disposal of Products Waste, e.g. Telecom End of Life Batteries though Battery OEMs and Electronics waste are being disposed off through scrap vendors after proper disposal certificates are being taken from the vendors.

We also re-use the STBs by refurbishing them. At present, around 20% of new Installations are from the refurbished lot.

# Reliance Communications Limited

## Business Responsibility Report

### Principle 3 Businesses should promote the well being of all employees.

**1. Please indicate the Total number of employees.**

The total numbers of permanent employees were 6,796 on rolls as on March 31, 2017.

**2. Please indicate the Total number of employees hired on temporary/contractual/casual basis.**

There are total 1,518 employees.

**3. Please indicate the Number of permanent women employees.**

There are 751 women employees on the rolls of the Company.

**4. Please indicate the Number of permanent employees with disabilities**

There are 7 employees with disabilities.

**5. Do you have an employee association that is recognized by management?**

No

**6. What percentage of your permanent employees is members of this recognized employee association?**

Not Applicable

**7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.**

S l . No.	Category	No. of complaints filed during the financial year	No. of complaints pending as on end of the financial year
1.	Child labour/ forced labour/ involuntary labour	The Company does not hire Child labour, forced labour or involuntary labour. No Complaint.	Not Applicable
2.	Sexual harassment	NIL	NIL
3.	Discriminatory employment	There is no discrimination in the recruitment process of the Company.	Not Applicable

**8. Safety and skill up-gradation training provided to following percentage of under mentioned employees in the last year?**

- Permanent Employees - 25%
- Permanent Women Employees - 15%
- Casual/Temporary/Contractual Employees - Nil
- Employees with Disabilities - Nil

environment, and technology based initiative to foster inclusive growth of the community around the areas of operations PAN India. The company also encourages active employee volunteering wherein the enthusiastic volunteers contribute their time in sustaining the CSR interventions being taken in the country. The several CSR initiatives like projects SPARSH, VIDYA, Reliance ASHA, PRAYAG etc are planned, designed and implemented with a focus to support the vulnerable communities including children, underprivileged youth, women, visually challenged and differently abled people to support transforming their lives.

**Principle 4 Businesses should respect the interests of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.**

**1. Has the company mapped its internal and external stakeholders? Yes/ No**

Yes

**2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders.**

Yes, the Company has identified the disadvantaged, vulnerable and marginalised stakeholders.

**3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders? If so, provide details thereof, in about 50 words or so.**

The Company promotes programmes which focus on education, employability, economic empowerment,

**Principle 5 Businesses should respect and promote human rights**

**1. Does the policy of the company on human rights cover only the company or extend to the Group/ Joint Ventures/ Suppliers/Contractors/NGOs/ Others?**

Most of the aspects of human policy are covered in our Reliance Group Companies Code of Ethics and Business Policies. We respect human rights. All the labor related laws are based on human rights principle, which we follow consistently. We provide equal opportunity to all the sections of the society without any discrimination.

**2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?**

Please refer our response to Principle No.1.

## Business Responsibility Report

**Principle 6 Businesses should respect, protect and make efforts to restore the environment.**

**1. Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others.**

Our companies in the group are committed to achieve the global standards of health, safety and environment. We believe in sharing process and product innovations within the group and extending its benefits to the Industry. We believe in safeguarding environment for long term. Reliance Group Companies Code of Ethics and Business Policies is applicable to all personnel of the Company as well as to the Consultants, Representatives, Suppliers, Contractors and Agents dealing with the Company.

**2. Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.**

Yes, the Company has taken the initiatives on Green telecom such as :- (i) Usage of renewable energy with solar panels, (ii) Usage of newly developed batteries to reduce fuel consumption at telecom sites and thereby reducing CO2 emission etc. Hyperlink is not available.

We have also taken following new initiatives to address environmental issues in IDCs

- Our upcoming IDC building (IDC-5) in Navi Mumbai is pre-certified for LEED GOLD rating from Indian Green Building Council (IGBC).
- As part of efficient energy management in Data centers, we have obtained ISO 50001 certification for IDC4 Mumbai to improve energy performance.

**3. Does the company identify and assess potential environmental risks? Y/ N**

Yes. Reduction of Carbon Emission is being implemented by the Company by deploying High Efficient Batteries and Energy Conservation measures such as Sourcing Power through Green resource e.g. Solar and RESCO Model.

We have also identified and assess potential environmental risks as follows:

- Electro-Magnetic Radiation: We comply with EMF norms released by DoT.
- Tower Structure safety: Towers are deployed on the basis of Wind Zone compliance.
- Lighting arrester and earthing are also used for tower safety.
- Towers are complied with fire safety norms and practices.
- Surplus electronics equipments not in use are sold and we follow the e-waste process to dispose of these equipments.

IDC as such do not pollute environment, but we comply with all environmental norms while building IDCs and their equipment selection:

- We comply with local SEB norms through CEIG approval process for all IDCs across India.

- We follow fire safety norms and use automatic gas suppression system (FM200) in all our server halls of IDC to immediate extinguish the fire. FM200 gas is zero ozone-depleting potential and low global warming potential and short atmospheric life.

- Similarly we use HFC based refrigerant in Chiller system zero ozone-depleting potential and low global warming potential.

**4. Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?**

The Company has undertaken the following projects related to Clean Development Mechanism -

- Initiatives on Green telecom with focus on (i) Renewable energy like solar, (ii) Newly developed batteries to reduce fuel consumption on telecom sites and thereby, reducing CO2 emission.
- Guidelines on TRAI for CO2 reduction have been released and compliance report was submitted.
- BTS runs on minimal power consumption mode based on actual traffic.

IDCs do not generate any emission and hence do not pose any risk to environment.

**5. Has the company undertaken any other initiatives on - clean technology, energy efficiency, renewable energy, etc. Y/ N. If yes, please give hyperlink for web page etc.**

Yes. Company has deployed high efficient Batteries and Energy Conservation measures such as Sourcing Power through Green resource e.g. Solar and RESCO Model. The Company has also taken up measures in reducing / removing use of Air-conditioners for Telecom BTS Sites by converting Sites to Outdoor category. Initiatives on Green telecom such as (i) renewable energy with solar panels, (ii) usage of high efficient batteries and (iii) DC power are supplied to reduce fuel consumption on telecom sites (iv) reduction of CO2 emission is being planned for 5000 sites.

- We have taken following initiatives for Green IDC and to achieve high Energy efficiency in operations.
- Our upcoming IDC building (IDC-5) in Navi Mumbai is pre-certified for LEED GOLD rating from Indian Green Building Council (IGBC).
- As part of efficient energy management in Data centers, we have obtained ISO 50001 certification for IDC 4 Mumbai to improve energy performance.
- We are continuously putting efforts to improve PUE (Power Usage effectiveness) on year on year. We have taken several effective steps to improve PUE by optimizing our air-conditioning and lighting systems, e.g. Hot/ Cold Aisle arrangement, restricting airflow, blanking plates and cold aisle Containment etc.

**6. Are the Emissions/ Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?**

CPCB/ SPCB are not applicable for Telecommunication Network. We comply with the regulatory requirement as

# Reliance Communications Limited

## Business Responsibility Report

released by DOT from time to time. We are continuously reducing the carbon foot printing of IDC by reducing the CO2 emissions year by year.

We are effectively doing e-waste management through CPCB/SCPB approved vendors.

### 7. Number of show cause/ legal notices received from CPCB/ SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.

Two.

### Principle 7 Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.

#### 1. Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:

Yes, we, alongwith subsidiary company, are the members of some prestigious trade association. The major associations are as follows:

- Association of Unified Telecom Service Providers of India (AUSPI)
- Tower and Infrastructure Providers Association (TAIPA)
- Associated Chambers of Commerce & Industry of India ( ASSOCHAM)

#### 2. Have you advocated/ lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)

The industry associations take up the issues faced by the industry to the policy makers to enable us to provide quality telecom services to the subscribers.

### Principle 8 Businesses should support inclusive growth and equitable development

#### 1. Does the company have specified programmes/ initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.

At RCOM, CSR is inculcated well within the culture of the company and continuous efforts are being taken to strengthen its social initiatives each year to make the programmes more sustainable and support the community at large.

In FY 2016-17, RCOM has undertaken the below CSR programmes-

##### a) Swachh Bharat Abhiyan

Swachh Bharat Abhiyan (SBA) has become a massive mass movement ever since its initiation by Hon. Prime Minister which focuses on Clean India by 2019. To support this mission further, RCOM considers SBA as an integral part of CSR. In 2016-17, several activities were undertaken, such as taking mass pledge, organizing cleanliness drives at various public

places including streets, schools, railway stations, creating awareness on sanitation and hygiene by way of rallies, street plays, distribution of IEC materials etc. These activities were undertaken at regular intervals near all RCOM locations all over India, in association with the local administrative authorities, academic institutions, NGOs etc.

##### b) 'SPARSH'- Learning through the sense of touch.

Project SPARSH, is an educational program for creating environmental awareness and knowledge base amongst the visually challenged individuals. It is in partnership with TERI (The Energy and Resources Institute). The project aims at harnessing the employee volunteering potential for developing and disseminating interactive resource material for visually challenged and deaf and blind individuals. In 2016-17, the book has been completed on the theme "Flowing with Rivers". The project will reach to 350 blind schools spread all across India.

##### c) Volunteering Initiative for Developing Young Aptitude (VIDYA)

Project VIDYA, is an educational program initiated by RCOM with a mission to create a platform to support effective learning and improve the literacy levels in the community. Focused on establishing a learning environment for developing reading skills and literacy skills in primary and secondary school children. In 2016-17, with the support of employee volunteers the project has focused on mentoring and tutoring of the municipal school children in the state of Maharashtra. In addition, several sessions on art, craft and culture were taken to focus on the holistic development of the students.

##### d) Providing Grassroots Advancement to Youth Aspiring Growth (PRAYAG):

PRAYAG is an initiative extending employment based employability skills to unemployed or under employed youth from semi-urban and urban slum in India. This is a platform designed to empower school and college dropout youths in the areas adjoining the company's operations. In 2016-17, Project PRAYAG continued in Bihar and since its inception reached out to 6,258 beneficiaries Pan India.

##### e) Project Reliance ASHA

Reliance ASHA is an economic empowerment initiative undertaken by the Company, to create comprehensive rehabilitation opportunities for individuals with disabilities, with an agenda to facilitate their integration into the mainstream of the society. Based out of Northern India, the project has been enabling employability skills and promoting livelihood platforms for differently-abled youth in partnership with ASHA and Army Wives Welfare Association (AWWA) a social arm of ARMY.



**Business Responsibility Report**

**f) Women Empowerment**

Empowering Woman is one of the key focus areas of CSR at RCOM. To support this cause, RCOM organizes several programmes woven around the International Women's Day which is celebrated on 8<sup>th</sup> March. 2016-2017, being third year in a row, RCOM hosted a symposium to felicitate Woman achievers wherein ten woman achievers from the State of Jharkhand in the field of sports, athletics and academics were felicitated and more than 100 women participated in the symposium. Further, Run for Women Empowerment (RfWE) was hosted on International Women's Day at Ranchi, Jharkhand. In its fourth year the RfWE saw more than 1000 women participated to champion the cause.

**g) Blood Donation Campaign**

Reliance being a responsible corporate has been organizing blood donation campaigns across the country for past many years. The focus is on encouraging employees for voluntary blood donation and by creating a voluntary donor base to support the community. The camps are on a biannual basis organized in partnership with the government hospitals to reach out to the people from underserved communities. In the year 2016-17, RCOM organized blood donation campaign at 23 locations across RCOM collecting more than 2600 units of blood.

**h) Social Awareness campaign**

RCOM has been initiating awareness drives on social issues across our customer base in India. The focus has been on Health, Girl Child, Women Empowerment, and Environment etc. in partnerships with UN, Ministry of Health and Family Welfare and other government bodies. In 2016-17, in order to spread social awareness, messages were relayed to 43.9 million by the Company.

**i) Employee Volunteering Day**

"Employee Volunteering Day" was observed in February 2017, all across RCOM to acknowledge and honour the contributions by the employees towards the CSR initiatives undertaken by the organization. For the financial year 2016-17, around 255 volunteers participated in the CSR activities contributing 2058 man hours.

**2. What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken.**

The Company and subsidiary companies continue to do CSR activities.

**3. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.**

Our approach towards CSR is to interweave social responsibility into company's mainstream business functions through translating commitments into policies, which not only drive all employees but influence and

mobilize stakeholders, especially partners and suppliers, to embrace responsible business practices in their respective spheres of action. In order to make the initiatives sustainable, the projects are designed, which are mostly long term projects in collaboration with different NGO's wherein employee volunteering plays a key role and the projects are aligned in line with the business processes and products. We as a company can become the facilitators and do the handholding for the community based on the duration of the project, however, in association with the project partners and other concerned authorities try to create a structured plan to ensure capacity building of the community to enable them to sustain the project and get benefitted after the completion of the project.

**Principle 9 Businesses should engage with and provide value to their customers and consumers in a responsible manner.**

**1. What percentage of customer complaints/ consumer cases are pending as on the end of financial year.**

As on March 31, 2017, there were about 1% complaints of customers are pending.

**2. Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A. /Remarks (additional information)**

Beyond mandatory details such as name of the company, address etc., we also display brand name / product specifications / visuals etc. on product packaging.

**3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.**

NIL

**4. Did your company carry out any consumer survey/ consumer satisfaction trends?**

Yes, the customer satisfaction is measured with the help of robust SMS based surveys conducted on a daily basis and analyzed on a weekly and monthly basis. The decision to participate in the survey lies solely with the customers. There is a set of SMS's sent to customers post their consent for participation in the survey. Customers who respond 'No' in the 'Overall Experience' parameter are out-called on a sample basis within 48 hours (subject to contractibility). The VoC based on this out-calling is analyzed for opportunity identification and reduction of dissatisfaction. The customer response helps to understand their expectations and requirements. We conducted Brand Track survey to measure consumer perception of various legs of our business namely brand, service, Network.



# Reliance Communications Limited

## Independent Auditor's Report on Financial Statement

### To The Members of Reliance Communications Limited

#### Report on the Standalone Ind AS Financial Statements

We have audited the accompanying Standalone Ind AS financial statements of Reliance Communications Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2017, the Statement of Profit and Loss (including other comprehensive income), the Statement of Cash Flows and the Statement of changes in Equity for the year then ended and a summary of significant accounting policies and other explanatory information (hereinafter referred to as 'standalone Ind AS financial statements').

#### Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in sub-section 5 of Section 134 of the Companies Act, 2013 ('the Act') with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act read with relevant rules issued thereunder. This responsibility also includes the 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 judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS 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 Ind AS 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 of the standalone Ind AS financial statements 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 standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone Ind AS 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 standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances.

An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS 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 Ind AS financial statements.

#### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS 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 including the Ind AS, of the financial position of the Company as at 31 March 2017 and its loss (financial performance) including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

#### Emphasis of Matters

- a. We draw attention to Note 2.36.1 (vi) of the standalone Ind AS financial statements regarding the Scheme of Arrangement ('the Scheme') sanctioned on 03 July 2009 by the Hon'ble High Court of Judicature at Mumbai, the Company is permitted to adjust additional depreciation/amortisation, expenses and/or losses, which have been or are required to be debited to the Statement of Profit and Loss by a corresponding withdrawal or credit from/to General Reserve, as determined by the Board of Directors. During the year, the Company has withdrawn ₹ 1,205 crore (previous year ₹1,190 crore) to offset additional depreciation/amortisation on account of fair valuation of certain assets which may be considered to override the relevant provisions of Schedule II of the Act and Ind AS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'. Our opinion is not qualified in respect of this matter.
- b. We further draw attention to Note 2.44 of the standalone Ind AS financial statements regarding the Scheme of Arrangement ('the Scheme') sanctioned by the Hon'ble High Court of Judicature at Mumbai. The Scheme permits the Company to adjust expenses and/or losses identified by the Board of Directors, which are required to be debited to the Statement of Profit and Loss, by a corresponding withdrawal from General Reserve, which is considered to be an override to the relevant provisions of Ind AS 8. The Company has identified net foreign exchange variations of ₹ 8 crore (previous year ₹ 3 crore), amortization of Foreign Currency Monetary Items Translation Difference Account (FCMITDA) of ₹ 238 crore (previous year ₹ 274 crore) and depreciation on exchange losses capitalised of ₹ 433 crore (previous year ₹ 467 crore), as in the opinion of the Board, such exchange losses and depreciation are considered to be of an exceptional nature and accordingly, these expenses have been met by corresponding withdrawal from General Reserve. Our opinion is not qualified in respect of this matter.

## Independent Auditor's Report on Financial Statement

Had the effect of paragraphs (a) and (b) above, not been met from General Reserve, the Company would have reflected a loss after tax for the year of ₹ 3,680 crore (previous year ₹ 2,313 crore).

- c. As stated in Note 2.18.4 of the standalone Ind AS financial statements, pending formal confirmation, the borrowings are continued to be classified as non-current liabilities. Our opinion is not qualified in respect of this matter.

### Other Matters

- a. The comparative financial information of the Company for the year ended 31 March, 2016 and the transition date opening Balance Sheet as at 1 April, 2015 included in these standalone Ind AS financial statements, are based on the statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 and other accounting principles generally accepted in India audited by BSR & Co. LLP, Chartered Accountants (one of the joint auditors) and Chaturvedi & Shah, Chartered Accountants (predecessor joint auditor), whose report for the year ended 31 March 2016 and 31 March 2015 dated 30 May 2016 and 29 May 2015 respectively expressed an unmodified opinion on those standalone financial statements, as adjusted for the differences in the accounting principles adopted by the Company on transition to the Ind AS, which have been audited by us.

### Report on Other Legal and Regulatory Requirements

- As required by the Companies (Auditor's Report) Order, 2016 ('the Order'), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we enclose in 'Annexure A', a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
- As required by sub-section 3 of Section 143 of the Act, we report that:
  - 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;
  - 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;
  - the Balance Sheet, the Statement of Profit and Loss, the Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
  - in our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act read with relevant rule issued thereunder; read with Emphasis of Matter paragraph above, regarding exercise of option available as per the Court Order which overrides the requirement of Ind AS 8;

- (e) on the basis of the written representations received from the directors as on 31 March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 from being appointed as a director in terms of sub-section 2 of Section 164 of the Act;

- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and

- (g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 as amended by notification no. G.S.R. 307 (E) issued by MCA dated 30 March 2017, in our opinion and to the best of our information and according to the explanations given to us:

- The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements – Refer Note 2.39 to the standalone Ind AS financial statements;
- The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
- There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company; and
- The Company has provided requisite disclosures in the standalone Ind AS financial statements as regards its holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the 8 November, 2016 of the Ministry of Finance, during the period from 8 November, 2016 to 30 December, 2016. Based on audit procedures performed and the representations provided to us by the management, we report that the disclosures are in accordance with the books of account maintained by the Company and as produced to us by the Management. Refer Note 2.52 to the standalone Ind AS financial statements.

For **Pathak H.D. & Associates**  
Chartered Accountants  
Firm's Reg. No: 107783W

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

**Parimal Kumar Jha**  
Partner  
Membership No: 124262  
Mumbai  
May 27, 2017

**Vijay Bhatt**  
Partner  
Membership No: 036647  
Mumbai  
May 27, 2017

# Reliance Communications Limited

## Annexure A' to the Independent Auditor's Report - 31 March 2017

With reference to Annexure A referred to in the Independent Auditors' Report to the Members of Reliance Communications Limited ('the Company') on the standalone Ind AS financial statements for the year ended 31 March 2017, we report the following:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) We are informed that the Company physically verifies its assets over a three year period, except for base trans-receiver stations. We are informed that these assets are under continuous operational surveillance at National Network Operating Centre and are therefore not separately physically verified. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this policy, the Company has physically verified certain fixed assets during the year and no material discrepancies were identified on such physical verification.
- (c) According to the information and explanations given to us, the title deeds of immovable properties, as disclosed in Note 2.01 to the standalone Ind AS financial statements, are held in the name of the Company, except for the following where the Company is in the process of transferring the title deeds in its name as these were acquired through various schemes of arrangement entered in the earlier years:
- | Particulars                                  | Freehold land | Leasehold land | Building |
|----------------------------------------------|---------------|----------------|----------|
| No of cases                                  | 394           | 16             | 413      |
| Gross block as at 31 March 2017 (₹ in crore) | 196           | 13             | 295      |
| Net block as at 31 March 2017 (₹ in crore)   | 196           | 11             | 201      |
- (ii) The inventory has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been dealt with in books of account.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, paragraph (iii) of the Order is not applicable to the Company.
- (iv) The Company has not granted any loans or provided any guarantees or security to the parties covered under Section 185 of the Act. The Company has complied with the applicable provisions of Section 186 of the Act.
- (v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public in accordance with relevant provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Accordingly, paragraph (v) of the Order is not applicable to the Company.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under sub-section 1 of Section 148 of the Act, in respect of telecommunication activities and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Income Tax, Service Tax, Duty of Customs, Sales Tax, Value Added Tax (VAT), Entry Tax, Employees' State Insurance, cess and other material statutory dues have been generally regularly deposited during the year by the Company with the appropriate authorities though there has been slight delay in few cases. As explained to us, the Company did not have any dues on account of duty of excise.
- According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Income Tax, Service Tax, Duty of Customs, Sales Tax, Value Added Tax, Entry Tax, Employees' State Insurance, cess and other material statutory dues were in arrears as at 31 March 2017 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 cess which have not been deposited on account of any dispute. The dues of Income Tax, Duty of Customs, Service Tax, Sales Tax, Value Added Tax and Entry Tax as disclosed below have not been deposited by the Company on account of disputes.

Annexure A' to the Independent Auditor's Report - 31 March 2017

Name of the Statute	Nature of dues	Amount* (₹ in crore)	Period	Forum where the dispute is pending
Central Sales Tax, Uttar Pradesh	Central Sales Tax	0.07 0.08 0.50	2006-07 2010-11 2013-14	High Court Additional Commissioner (Appeals) Dy. Commissioner of Commercial Taxes
Central Sales Tax, Maharashtra	Central Sales Tax	0.27	2011-12	Dy. Commissioner of Sales Taxes
Central Sales Tax, Bihar	Central Sales Tax	0.04 0.43 0.09	2005-06 2011-12 2013-14	Appellate Tribunal Asst. Commissioner of Commercial Taxes Dy. Commissioner of Commercial Taxes
Central Sales Tax, Madhya Pradesh	Central Sales Tax	0.03	2011-12 to 2013-14	Dy. Commissioner (Appeals)
Central Sales Tax, Uttarakhand	Central Sales Tax	0.12 0.14	2009-10 to 2010-11 2012-13	Dy. Commissioner of Commercial Taxes Jt. Commissioner of Commercial Taxes (Appeals)
Central Sales Tax, Orissa	Central Sales Tax	0.02 0.01	Oct-06 to March-09 2009-10	Sales Tax Appellate Tribunal Addl. Commissioner (Appeals)
Central Sales Tax, Chhattisgarh	Central Sales Tax	0.01	2011-12	Dy. Commissioner (Appeals)
Central Sales Tax, West Bengal	Central Sales Tax	0.34	2007-08	Tax revision Board
Entry Tax, Madhya Pradesh	Entry Tax	0.48 1.58 0.21	2002-03 to 2003-04 2005-06 to 2008-09 and 2010-11 2011-12	Asst. Commissioner of Commercial Taxes MP Taxation Board Dy. Commissioner (Appeals)
Entry Tax, Rajasthan	Entry Tax	14.73 1.70	2005-06, 2007-08 to 2012-13 2013-14 to 2014-15	Supreme Court Appellate Authority
Entry Tax, Orissa	Entry Tax	0.05 0.08	Oct 06 - Mar 09 2009-10	Sales Tax Appellate Tribunal Addl. Commissioner (Appeals)
Entry Tax, Uttar Pradesh	Entry Tax	0.13 0.02	2003-04 2013-14	Commercial Tax Tribunal* Dy. Commissioner of Commercial Taxes
Entry Tax, Chhattisgarh	Entry Tax	0.63 0.25	2006-07 to 2007-08 2010-11 to 2011-12	Dy. Commissioner (Appeals) Dy. Commissioner (Appeals)

# Reliance Communications Limited

## Annexure A' to the Independent Auditor's Report - 31 March 2017

Name of the Statute	Nature of dues	Amount* (₹ in crore)	Period	Forum where the dispute is pending
Entry Tax, Himachal Pradesh	Entry Tax	1.01	2010-11 to 2013-14	High Court <sup>#</sup>
Entry Tax, Bihar	Entry Tax	0.38	2007-08 to 2008-09	Commercial Tax Tribunal
		0.25	2011-12	Asst. Commissioner of Commercial Taxes
VAT, Bihar	VAT	0.24	2005-06	Commercial Tax Tribunal
		8.33	2011-12	High Court
VAT/Sales Tax, Uttar Pradesh	VAT/Sales Tax	0.24	2003-04	UP Trade Tax Tribunal <sup>#</sup>
		0.93	2004-05	High Court <sup>#</sup>
		0.52	2005-06, Jan '08 to March '08	Dy. Commissioner of Commercial Taxes
		0.20	2010-11	Addl. Commissioner (Appeals)
		2.38	2013-14	Dy. Commissioner of Commercial Taxes
VAT, Uttarakhand	VAT	0.03	2007-08	Jt. Commissioner (Appeals)
		0.78	2009-10 to 2010-11	Dy. Commissioner of Commercial Taxes
		0.41	2012-13	Jt. Commissioner of Commercial Taxes (Appeals)
VAT, West Bengal	VAT	4.17	2005-06, 2007-08 to 2008-09	Tax Revision Board
		0.03	2012-13	Jt. Commissioner of Commercial Taxes (Appeals)
VAT, Kerala	VAT	0.01	2006-07	Deputy Commissioner (Appeals) <sup>#</sup>
		2.79	2010-11	High Court <sup>#</sup>
		0.02	2011-12	Deputy Commissioner (Appeals)
		0.32	2012-13	High Court <sup>#</sup>
VAT, Punjab	VAT	0.05	2010-11	Deputy Commissioner (Appeals)
VAT Haryana	VAT	1.15	2011-12	Commercial Tax Tribunal
VAT Chhattisgarh	VAT	0.02	2011-12	Dy. Commissioner (Appeals)
Finance Act, 1994	CENVAT Credit	1.32	2014-15	CESTAT
The Customs Act, 1962	Customs duty	0.23	2006-07	CESTAT <sup>#</sup>
Income Tax Act, 1961	Income Tax	216.20	2009-10	Income Tax Appellate Tribunal
Income Tax Act, 1961	Income Tax	83.23	2010-11	Income Tax Appellate Tribunal
Income Tax Act, 1961	Income Tax	89.97	2002-06	Bombay High Court

\*Net of amounts paid under protest

<sup>#</sup>Stay has been granted by the authorities

**Annexure A' to the Independent Auditor's Report - 31 March 2017**

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to financial institutions, banks and Government and in payment of dues to the debenture holders except for the following instances of delay/ default in repayment of principal amount and interest:

<b>Lenders' Name</b>	<b>As on March 31, 2017 (₹ in crore)</b>	<b>Period of delay</b>
Axis Bank	63	Less than 90 days
Bank of Baroda	91	Less than 90 days
Bank of India	72	Less than 90 days
Canara Bank	59	Less than 90 days
Central Bank of India	28	Less than 90 days
Corporation Bank	30	Less than 90 days
Credit Agricole Corporate and Investment Bank	193	Less than 90 days
China Development Bank	593	Less than 90 days
DBS Bank Limited	116	Less than 90 days
Deutsche Bank	54	Less than 90 days
IDBI Bank	87	Less than 90 days
India Infrastructure Finance Company Limited	5	Less than 90 days
Indian Overseas Bank	13	Less than 90 days
IndusInd Bank Limited	1,526	Less than 90 days
Industrial Finance Corporation Of India Limited	27	Less than 90 days
Industrial and Commercial Bank of China	220	Less than 90 days
Oriental Bank of Commerce	20	Less than 90 days
Punjab National Bank	86	Less than 90 days
Standard Chartered Bank India	249	Less than 90 days
State Bank of India	160	Less than 90 days
Syndicate Bank	61	Less than 90 days
The Export Import Bank of China	313	Less than 90 days
UCO Bank	76	Less than 90 days
United Bank of India	34	Less than 90 days
Union Bank of India	11	Less than 90 days
Life Insurance Corporation of India	410	Less than 90 days
<b>Total</b>	<b>4,597</b>	

Further, during the year, the Company has delayed in repayment of Loans amounting ₹ 2,619 crore which were made good before the Balance Sheet date.



# Reliance Communications Limited

## Annexure A' to the Independent Auditor's Report - 31 March 2017

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

For **Pathak H.D. & Associates**  
Chartered Accountants  
Firm's Reg. No: 107783W

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

**Parimal Kumar Jha**  
Partner  
Membership No: 124262  
Mumbai  
May 27, 2017

**Vijay Bhatt**  
Partner  
Membership No: 036647  
Mumbai  
May 27, 2017

## Annexure B' to the Independent Auditor's Report - 31 March 2017

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

We have audited the internal financial controls over financial reporting of Reliance Communications Limited ("the Company") as of 31 March 2017 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

### Management's Responsibility for Internal Financial Controls

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

### Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing issued by the 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 standalone Ind AS 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 31 March, 2017, 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 **Pathak H.D. & Associates**  
Chartered Accountants  
Firm's Reg. No: 107783W

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

**Parimal Kumar Jha**  
Partner  
Membership No: 124262  
  
Mumbai  
May 27, 2017

**Vijay Bhatt**  
Partner  
Membership No: 036647  
  
Mumbai  
May 27, 2017

# Reliance Communications Limited

## Balance Sheet as at March 31, 2017

	Notes	As at March 31, 2017	As at March 31, 2016	(₹ in crore) As at April 01, 2015
<b>ASSETS</b>				
<b>Non Current Assets</b>				
(a) Property, Plant and Equipment	2.01	14,751	14,759	13,890
(b) Capital Work in Progress	2.01	1,130	709	585
(c) Intangible Assets	2.02	13,797	11,443	13,153
(d) Intangible assets under development	2.02	66	7,261	-
(e) Investment in Subsidiaries and Associates	2.03	17,090	17,090	17,090
(f) Financial Assets				
(i) Loans	2.04	-	2,719	2,719
(ii) Other Financial Assets	2.05	72	47	17
(g) Income Tax Assets (net)		227	249	299
(h) Deferred Tax Assets (net)	2.06	3,558	1,498	249
(i) Other Non Current Assets	2.07	5,167	5,522	601
		<b>55,858</b>	<b>55,222</b>	<b>61,297</b>
(a) Inventories	2.08	108	119	201
(b) Financial Assets				
(i) Investments	2.09	4,599	4,712	5,332
(ii) Trade Receivables	2.10	1,636	1,177	948
(iii) Cash and Cash Equivalents	2.11	455	131	519
(iv) Bank balances other than (iii) above	2.12	188	661	53
(v) Loans	2.13	6,215	1,201	6,975
(vi) Other Financial Assets	2.14	385	719	1,733
(c) Other Current Assets	2.15	4,445	4,043	4,883
		<b>18,031</b>	<b>12,763</b>	<b>20,644</b>
<b>TOTAL ASSETS</b>		<b>73,889</b>	<b>74,060</b>	<b>69,247</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
(a) Equity Share Capital	2.16	1,244	1,244	1,244
(b) Other Equity	2.17	22,840	26,206	28,534
		<b>24,084</b>	<b>27,450</b>	<b>29,778</b>
<b>Liabilities</b>				
<b>Non Current Liabilities</b>				
(a) Financial Liabilities				
(i) Borrowings	2.18	18,629	24,334	25,807
(ii) Deferred Payment Liabilities		1,407	1,374	-
(iii) Other Financial Liabilities	2.19	269	156	43
(b) Other Non Current Liabilities	2.20	87	2,958	110
(c) Provisions	2.21	31	23	43
		<b>20,423</b>	<b>28,845</b>	<b>26,003</b>
<b>Current Liabilities</b>				
(a) Financial Liabilities				
(i) Borrowings	2.22	7,928	3,656	1,187
(ii) Trade Payables	2.23	2,435	3,877	4,385
(iii) Other Financial Liabilities	2.24	17,131	8,177	5,804
(b) Other Current Liabilities	2.25	666	833	854
(c) Provisions	2.26	1,222	1,222	1,236
		<b>29,382</b>	<b>17,765</b>	<b>13,466</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>73,889</b>	<b>74,060</b>	<b>69,247</b>

### 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 Reg. No.: 107783W

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

**Parimal Kumar Jha**  
Partner  
Membership No: 124262  
Mumbai  
May 27, 2017

**Vijay Bhatt**  
Partner  
Membership No: 036647  
Chief Financial Officer **Manikantan V.**

For and on behalf of the Board

Chairman

**Anil D. Ambani**

Directors

**J. Ramachandran**  
**Manjari Kacker**  
**A. K. Purwar**  
**R. N. Bhardwaj**

Company Secretary and Manager

**Prakash Shenoy**

## Statement of Profit and Loss for the year ended March 31, 2017

	Notes	For the year ended March 31, 2017	For the year ended March 31, 2016
(₹ in crore)			
<b>1 INCOME</b>			
(a) Revenue from Operations	2.27	8,823	9,993
(b) Other Income	2.28	<u>331</u>	<u>321</u>
(c) <b>Total Income ((a) + (b))</b>		<u><u>9,154</u></u>	<u><u>10,314</u></u>
<b>2 EXPENSES</b>			
(a) Access Charges, License Fees and Network Expenses	2.29	7,506	6,965
(b) Employee Benefits Expenses	2.30	187	190
(c) Finance Costs	2.31	2,409	2,049
(d) Depreciation, Amortisation and Provision for Impairment	2.01 & 02	3,177	3,204
Depreciation/ Amortisation adjusted by withdrawal from General Reserve III (Refer Note 2.36.1 (vi))		(1,205)	(1,190)
(e) Sales and General Administration Expenses	2.32	<u>935</u>	<u>723</u>
(f) <b>Total Expenses ((a) to (e))</b>		<u><u>13,009</u></u>	<u><u>11,941</u></u>
<b>3 Profit/ (Loss) before Exceptional items and Tax (1(c) - 2(f))</b>		<b>(3,855)</b>	<b>(1,627)</b>
<b>4 Exceptional Items</b>			
Depreciation on account of change in exchange rate		433	467
Equivalent amount withdrawn from General Reserve III		(433)	(467)
Foreign Currency Exchange Fluctuation Loss (net)		246	277
Equivalent amount withdrawn from General Reserve III		<u>(246)</u>	<u>(277)</u>
<b>5 Profit/ (Loss) before Tax (3-4)</b>		<b>(3,855)</b>	<b>(1,627)</b>
<b>6 Tax Expenses:</b>			
(a) - Current Tax		-	-
(b) - Deferred Tax Charge/(Credit)	2.06	<u>(2,059)</u>	<u>(1,248)</u>
<b>Total Tax Expenses</b>		<u><u>(2,059)</u></u>	<u><u>(1,248)</u></u>
<b>7 Profit/ (Loss) after Tax (5-6)</b>		<b>(1,796)</b>	<b>(379)</b>
<b>8 Other Comprehensive Income/ (Loss)</b>			
Remeasurement Gain/(Loss) of defined benefit plans (net of tax)		<u>(1)</u>	<u>(1)</u>
<b>9 Total Comprehensive Income (7+8)</b>		<u><u>(1,797)</u></u>	<u><u>(380)</u></u>
<b>10 Earnings per Share of ₹ 5 each fully paid up (before and after Exceptional items)</b>	2.43		
- Basic (₹)		<b>(7.28)</b>	(1.54)
- Diluted (₹)		<b>(7.28)</b>	(1.54)

**Significant Accounting Policies** 1

**Notes on Accounts** 2

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

As per our report of even date

For **Pathak H.D. & Associates**  
Chartered Accountants  
Firm Reg. No.: 107783W

**Parimal Kumar Jha**  
Partner  
Membership No: 124262  
Mumbai  
May 27, 2017

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

**Vijay Bhatt**  
Partner  
Membership No: 036647

Chief Financial Officer **Manikantan V.**

For and on behalf of the Board

Chairman

Directors

Company Secretary and Manager

**Anil D. Ambani**

**J. Ramachandran**  
**Manjari Kacker**  
**A. K. Purwar**  
**R. N. Bhardwaj**

**Prakash Shenoy**

Statement of Changes in Equity for the year ended March 31, 2017

Statement of Changes in Equity for the year ended March 31, 2017

	For the year ended March 31, 2017	For the year ended March 31, 2016
<b>(a) Equity Share Capital</b> (Refer Note 2.1.16)		
<b>Balance at the beginning of the year</b>	1,244	1,244
Change in equity share capital during the year	-	-
<b>Balance at the end of the year</b>	<b>1,244</b>	<b>1,244</b>

Particulars	Attributable to the equity holders					FCMITDA**	Treasury Equity	Retained Earnings	Debt Redemption Reserve	Reserve for Business Restructuring	General Reserve **	Other						
	Reserves and Surplus											Remeasurement of defined benefit plans	Total					
	Capital Reserve*	Securities Premium Reserve	Surplus/ Profit and Loss	Surplus/ Profit and Loss	Surplus/ Profit and Loss									Surplus/ Profit and Loss	Surplus/ Profit and Loss	Surplus/ Profit and Loss	Surplus/ Profit and Loss	Surplus/ Profit and Loss
<b>Balance as at April 1, 2015</b>	-	13,894	18,904	1,287	590	(4,986)	(391)	(764)	-	-	28,534	-	<b>28,534</b>					
Surplus/ (Deficit) of Statement of Profit and Loss	-	-	-	-	-	(379)	-	-	-	-	(379)	-	<b>(379)</b>					
Other Comprehensive Income	-	-	-	-	-	-	-	-	-	-	(1)	-	<b>(1)</b>					
Transfer to Statement of Profit and Loss	-	-	(1,934)	-	-	-	-	-	-	-	-	-	<b>(1,934)</b>					
Movement in FCMITDA	-	-	-	-	-	-	(14)	(778)	-	-	(14)	-	<b>(14)</b>					
<b>Balance as at March 31, 2016</b>	-	13,894	16,970	1,287	590	(5,365)	(391)	(778)	590	(1,796)	26,206	(1)	<b>26,206</b>					
Surplus/ (Deficit) of Statement of Profit and Loss	-	-	-	-	-	(1,796)	-	-	-	-	(1,796)	-	<b>(1,796)</b>					
Other Comprehensive Income	-	-	-	-	-	-	-	-	-	-	(1)	-	<b>(1)</b>					
Transfer to Statement of Profit and Loss	-	-	(1,884)	-	-	-	-	-	-	-	-	-	<b>(1,884)</b>					
Movement in FCMITDA	-	-	-	-	-	-	315	(463)	-	-	315	-	<b>315</b>					
<b>Balance as at March 31, 2017</b>	-	<b>13,894</b>	<b>15,086</b>	<b>1,287</b>	<b>590</b>	<b>(7,161)</b>	<b>(391)</b>	<b>(463)</b>	<b>590</b>	<b>(1,796)</b>	<b>22,840</b>	<b>(2)</b>	<b>22,840</b>					

\* Capital Reserve is ₹ 5,00,000

\*\* General Reserve includes General Reserve-I, II and III

\*\*\*FCMITDA: Foreign Currency Monetary Items Translation Difference Account

As per our report of even date

For **Pathak H.D. & Associates**  
Chartered Accountants  
Firm Reg. No.: 107783W

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

For and on behalf of the Board

Chairman

**Anil D. Ambani**  
**J. Ramachandran**  
**Manjari Kacker**  
**A. K. Purwar**  
**R. N. Bhardwaj**

**Vijay Bhatt**

Partner  
Membership No: 036647

**Parimal Kumar Jha**

Partner  
Membership No: 124262  
Mumbai  
May 27, 2017

Chief Financial Officer

**Manikantan V.**

Company Secretary and Manager

**Prakash Shenoy**

## Statement of Cash Flow for the year ended March 31, 2017

	For the year ended March 31, 2017	For the year ended March 31, 2016
(₹ in crore)		
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Net Profit/ (Loss) before tax as per Statement of Profit and Loss</b>	<b>(3,855)</b>	(1,627)
Adjusted for:		
Provision for Doubtful Debts	73	101
Depreciation, Amortisation and provision for Impairment	1,972	2,014
Effect of change in Foreign Exchange Rate (net)	4	(24)
Loss on Sale of Property, Plant and Equipments and Capital Work in Progress (net)	107	12
Net gain on Sale of Investments	-	(2)
Finance Costs (net)	2,409	2,049
Interest Income	(271)	(311)
	<b>4,294</b>	3,839
<b>Operating Profit before Working Capital changes</b>	<b>439</b>	2,212
Adjusted for:		
Receivables and Other Advances	(1,172)	397
Inventories	11	82
Trade Payables and Other Liabilities	459	2,423
	<b>(702)</b>	2,902
<b>Cash Generated from Operations</b>	<b>(263)</b>	5,114
Income Tax Refund	161	137
Income Tax Paid	(139)	(87)
	<b>(241)</b>	5,164
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
Additions of Property, Plant and Equipments, Intangible Assets and Capital Work in Progress/ Intangible Assets under Developments (including realised loss capitalised)	<b>(3,003)</b>	(13,345)
Proceeds from Sale of Property, Plant and Equipments	4,006	-
Purchase of Investments	(1)	(2,680)
Sale of Investments	114	3,320
Refund of Loans given to Subsidiaries	22,576	28,771
Loans given to Subsidiaries	(24,877)	(22,984)
Investment in Bank deposits (having original maturity for more than 3 months)	450	(636)
Interest Income	1,051	2,264
	<b>316</b>	(5,290)
<b>Net Cash from/ (used in) Investing Activities</b>		
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Realised Foreign Exchange variations	(154)	(118)
Net Proceeds from/ (Repayment) of Borrowings - Current	4,281	2,483
Proceeds from Borrowings - Non Current	3,112	4,801
Repayment of Borrowings - Non Current	(4,247)	(4,334)
Dividend Paid	(2)	(2)
Finance Costs including interest capitalisation	(2,741)	(3,017)
	<b>249</b>	(187)
<b>Net Cash generated from/ (used in) Financing Activities</b>		
<b>Net Increase/ (decrease) in Cash and Cash Equivalents</b>	<b>324</b>	(313)
<b>Opening Balance of Cash and Cash Equivalents</b>	<b>(69)</b>	244
Effect of Exchange Gain on Cash and Cash Equivalents (₹19,646) (Previous year ₹ 125,434)	-	-
Closing Balance of Cash and Cash Equivalents	<b>255</b>	(69)

### Notes

- (a) Figures in brackets indicate cash outgo.  
 (b) Cash and Cash Equivalents includes cash and cheques on hand, remittances-in-transit and bank balances including Fixed Deposits with Banks.  
 (c) Statement of Cash Flow has been prepared under the Indirect Method as set out in the Indian Accounting Standard (Ind AS) 7 "Statement of Cash Flows".

	As at March, 2017	As at March, 2016	As at April 01, 2015
(d) Break up of Cash and Cash Equivalents			
(i) Cash and Cash Equivalents (Refer Note 2.11)	455	131	519
(ii) Less: Bank overdraft	200	200	275
(iii) Cash and Cash Equivalents (net) as per Ind AS 7	<b>255</b>	(69)	244

As per our report of even date

For **Pathak H.D. & Associates**  
Chartered Accountants  
Firm Reg. No.: 107783W

**Parimal Kumar Jha**  
Partner  
Membership No: 124262  
Mumbai  
May 27, 2017

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

**Vijay Bhatt**  
Partner  
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Chief Financial Officer **Manikantan V.**

For and on behalf of the Board

Chairman

Directors

Company Secretary and Manager

**Anil D. Ambani**

**J. Ramachandran**  
**Manjari Kacker**  
**A. K. Purwar**  
**R. N. Bhardwaj**

**Prakash Shenoy**



## Notes on Accounts to Financial Statements

### Note 1 General Information and Significant Accounting Policies

#### 1.1 General Information

Reliance Communications Limited ("RCOM" or "the Company"), founded by the late Shri Dhirubhai H. Ambani, is the flagship company of the Reliance Group. The Company is registered under the Companies Act, 1956 having Registered Office at H Block, 1st Floor, Dhirubhai Ambani Knowledge City, Navi Mumbai 400710 and its securities listed on the BSE Limited and the National Stock Exchange of India Limited.

RCOM is India's foremost and truly integrated telecommunications service provider in the private sector. RCOM has established a pan-India, next generation, integrated (wireless and wireline), convergent (long distance, voice, data, video and internet) digital network that is capable of supporting best-of-class services spanning the entire communications value chain. RCOM owns and operates the next generation IP enabled connectivity infrastructure, comprising of fibre optic cable systems in India and globally.

#### 1.01 a. Basis of Preparation of Financial Statements

The Financial Statements are prepared under historical cost convention/ fair valuation, under the scheme approved by the Hon'ble High Court, in accordance with the generally accepted accounting principles (GAAP) in India and in compliance with the Indian Accounting Standards (Ind AS) specified under Section 133 of the Companies Act, 2013 ("the Act") read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015, the Companies (Indian Accounting Standards) Amendment Rules, 2016 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 (the ICAI).

These financial statements for the year ended March 31, 2017 are the first financial statement that the Company has prepared under Ind AS. For all periods upto and including the year ended March 31, 2016, the Company prepared its financial statements in accordance with the accounting standards notified under Section 133 of the Act, read together with Rule 7 of the Companies (Accounts) Rules, 2014 (hereinafter referred to as 'the Previous GAAP') used for its statutory reporting requirements in India immediately before adopting Ind AS.

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

#### b. Recent Accounting Developments

##### Standards issued but not yet effective:

In March 2017, the Ministry of Corporate Affairs (the MCA), Government of India (GoI) issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7 'Statement of Cash Flows' and Ind AS 102 'Share-based payment.'

The amendments are applicable to the Company with effect from April 1, 2017.

##### Amendment to Ind AS 7: Statement of Cash Flows

The amendment to Ind AS 7 requires the entities to provide disclosures that enable the users of the financial statements to evaluate changes in liabilities arising from the financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from the financing activities, to meet the disclosure requirement.

##### Amendment to Ind AS 102: Share based payments

The amendment to Ind AS 102 provides specific guidance as to the measurement of cash-settled awards, modification of cash-settled awards and awards that include a net settlement feature in respect of withholding taxes. It clarifies that the fair value of cash-settled awards is determined on the basis consistent with that used for equity settled awards. Market-based performance conditions and non-vesting conditions are reflected in the 'fair values', but non-market performance conditions and service vesting conditions are reflected in the estimate of the number of awards expected to vest. Also, the amendment clarifies that if the terms and conditions of the cash-settled share-based payment transaction are modified with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as such from the date of the modification.

Further, the amendment requires the award that includes the net settlement feature in respect of withholding taxes to be treated as the equity-settled in its entirety. The cash payment to the tax authority is treated as if it was part of an equity settlement.

Notes on Accounts to Financial Statements

**1.02 Functional Currency and Presentation Currency**

These financial statements are presented in Indian Rupees ("Rupees" or "₹") which is functional currency of the Company. All amounts are rounded off to the nearest crore, unless stated otherwise.

**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. Estimates and underlying assets are reviewed on periodical basis. Revisions to accounting estimates are recognised prospectively.

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. The management also needs to exercise judgement in applying the accounting policies.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

**Critical estimates and judgements**

The Company has based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

The areas involving critical estimates or judgements pertaining to useful life of property, plant and equipment including intangible asset (Note 2.01 and Note 2.02), current tax expense and tax payable, recognition of deferred tax assets for carried forward tax losses (Note 2.06), fair value of unlisted securities (Note 2.09), impairment of trade receivables and other financial assets (Note 2.10) and measurement of defined benefit obligation (Note 2.47). Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

- (i) Useful life of Property, Plant and Equipment including intangible asset: Residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.
- (ii) Taxes: The Company provides for tax considering the applicable tax regulations and based on probable estimates. Management periodically evaluates positions taken in the tax returns giving due considerations to tax laws and establishes provisions in the event if required as a result of differing interpretation or due to retrospective amendments, if any. The recognition of deferred tax assets is based on availability of sufficient taxable profits in the Company against which such assets can be utilized.
- (iii) Fair value measurement and valuation process: The Company measured financial assets and liabilities, if any, at fair value for financial reporting purposes.
- (iv) Trade receivables and Other Financial Assets: The Company follows a 'simplified approach' (i.e. based on lifetime Expected Credit Loss ("ECL")) for recognition of impairment loss allowance on Trade receivables. For the purpose of measuring lifetime ECL allowance for trade receivables, the Company estimates irrecoverable amounts based on the ageing of the receivable balances and historical experience. Further, a large number of minor receivables are grouped into homogeneous groups and assessed for impairment collectively. Individual trade receivables are written off when management deems them not to be collectable.
- (v) Defined benefit plans (gratuity benefits): The Company's obligation on account of gratuity and compensated absences is determined based on actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, these liabilities are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter subject to frequent changes is the discount rate. In determining the appropriate discount rate, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

The mortality rate is based on publicly available mortality tables in India. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates.

# Reliance Communications Limited

## Notes on Accounts to Financial Statements

- (vi) Non-financial assets are reviewed for impairment, whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.
- (vii) Provisions and contingent liabilities are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

### 1.04 Property, Plant and Equipment

- (i) Property, plant and equipment (PPE) are stated at cost net of Modvat/ Cenvat less accumulated depreciation, amortisation and impairment loss, if any. Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.
- (ii) Cost of an item of PPE comprises of its purchase price including import duties and non refundable purchase taxes after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and present value of estimated costs of dismantling and removing the item and restoring the site on which it is located.
- (iii) As per Para 46A of Accounting Standard 11, 'The Effects of Changes in Foreign Exchange Rates', related to acquisition of depreciable assets pursuant to the notifications dated December 29, 2011 and August 9, 2012 issued by Ministry of Corporate Affairs (MCA), under the Companies (Accounting Standard) (Second Amendment) Rules 2011, the cost of depreciable capital assets includes foreign exchange differences arising on translation of long term foreign currency monetary items as at the balance sheet date in so far as they relate to the acquisition of such assets is capitalised and subsequently on adoption of Indian Accounting Standard also the same is allowed for the transactions recorded upto March 31, 2016.
- (iv) On transition to Ind AS, the Company has elected the option of fair value as deemed cost for certain Land and Buildings and Plant and Machinery, as on the date of transition. Other Tangible Assets are restated retrospectively.
- (v) In accordance with Ind AS, the Company has fair valued certain Properties, Plant and Equipment as on April 1, 2015 using the following approach: Real Estate Assets of the Company have been fair valued adopting a combination of all the three approaches viz market, income and cost approach. Land is valued using replacement cost approach, certain buildings are valued using income approach and other buildings and improvements are fair valued using cost approach. CDMA Electronics have been fair valued using replacement cost approach.
- (vi) Depreciation is provided on Straight Line Method based on the useful life prescribed in Schedule II to the Act except in case of the following assets where useful life is different than those that are prescribed in Schedule II, based on technical evaluation.
  - (1) Telecom Electronic Equipments - 20 years
  - (2) Optic Fibre Cable - 35 years
  - (3) Batteries - 9 years
  - (4) Customer Premises Equipments (CPE) - 3 years
  - (5) Vehicles - 5 years
- (vii) Leasehold Land is depreciated over the period of the lease term.
- (viii) Any gain or loss on disposal of an item of property, plant and equipment is recognised in statement of profit and loss.
- (ix) Depreciation methods, useful lives and residual values are reviewed periodically at each reporting date and adjusted prospectively if appropriate.
- (x) Depreciation on all the assets capitalised pursuant to para 46A of AS 11 is provided over the remaining useful life of the depreciable capital asset.
- (xi) Depreciation on additions is calculated pro rata from the following month of addition.
- (xii) Expenses incurred relating to project, prior to commencement of commercial operations, are considered as project development expenditure and shown under Capital Work in Progress.

### 1.05 Intangible Assets

- (i) Intangible assets acquired are measured on initial recognition at cost. Cost includes all direct costs relating to acquisition of Intangible assets and borrowing cost relating to qualifying assets.
- (ii) Telecom Licenses are stated at cost as applicable less accumulated amortisation less impairment, if any.
- (iii) Indefeasible Rights of Connectivity (IRC) are stated at cost less accumulated amortisation.

## Notes on Accounts to Financial Statements

- (iv) Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.
- (v) Intangible assets, namely Entry Fees/ fees for Telecom Licenses and Brand License are amortised on the basis of Straight Line Method, over the balance period of Licenses. IRC and Software are amortised from the date of acquisition or commencement of commercial services, whichever is later.
- (vi) There are no intangible assets assessed with indefinite useful life. The life of amortisation of the intangible assets is as follows.
  - (1) Telecom Licenses - 12.5 to 20 years
  - (2) Brand License - 10 years
  - (3) Indefeasible Right of Connectivity - 15 / 20 years
  - (4) Software - 5 years
- (vii) Amortization methods useful life and residual values are reviewed periodically at each reporting period.
- (viii) Any gain or loss on disposal of an item of Intangible Assets is recognised in statement of profit and loss.
- (ix) On transition to Ind AS, the Company has elected the option of fair value as deemed cost for certain Telecom Licenses. Telecom Licenses have been fair value using market approach. Other Intangible Assets are restated retrospectively

### 1.06 Lease

- (i) In respect of Operating Leases, lease rent is expensed on Straight Line basis with reference to the term of lease unless the payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases and except for lease rent pertaining to the period upto the date of commencement of commercial operations, which is capitalised.

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

- (ii) In respect of Finance Leases, the lower of the fair value of the assets and present value of the minimum lease rentals is capitalised as PPE with corresponding amount shown as the liabilities for the leased assets. The principal component in lease rental in respect of the above is adjusted against the liabilities for the leased assets and interest component is recognised as an expense in the year in which the same is incurred except in case of the assets used for capital projects where it is capitalised.

### 1.07 Impairment of Non Financial Assets

Intangible assets that have an indefinite useful life are tested annually for impairment or more frequently if events or changes in circumstances indicate that they may be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired. The impairment loss recognised in prior accounting period is increased/ reversed where there has been change in the estimate of recoverable value. The recoverable value is the higher of the assets' net selling price and value in use.

### 1.08 Inventories of Stores and Spares

Inventories of stores and spares are accounted for at cost and all other costs incurred in bringing the inventory to their present location and condition, determined on weighted average basis or net realizable value, whichever is less. Net realizable value is the estimated selling price in the ordinary course of business less estimated costs necessary to make the sale.

### 1.09 Employee Benefits

#### Short term employee benefits

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

## Notes on Accounts to Financial Statements

### 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 as per statutory rates to the members. The Company's contribution towards Employees' Provident Fund is recognised as an expense during the period in which it accrues.

##### 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 services in the current and prior periods; that benefit is discounted to determine its present value, mortality rate and the fair value of plan assets is deducted. Mortality rate is based on publicly available mortality table in India.

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

Obligation is measured at present value of the estimated future cash flows. Discount rates used for determining present value of obligation under the defined benefit plan, are based on market yield of Government Securities as at the balance sheet date that have terms approximating to the terms of the related obligation.

Remeasurement which comprise of actuarial gain and losses, the return of plan assets (excluding interest) and the effect of asset ceiling ( if any, excluding interest) are recognised in OCI.

Plan Assets of Defined Benefit Plans have been measured at fair value.

#### (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. Discount rates used for determining the present value of the obligation under the defined benefit plan, are based on the market yields of Government Securities as at the Balance Sheet date. Remeasurement gain and losses is recognised in the Statement of Profit and Loss in the period in which they arise.

### 1.10 Borrowing Cost

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

### 1.11 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 the year end rates.
- (iii) Non Monetary foreign currency items are carried at cost (i.e. translated using the exchange rates at the time of initial transactions).
- (iv) Exchange difference on monetary items is recognised in the Statement of Profit and Loss in the period in which they arises except for:
  - (a) Exchange difference on foreign currency borrowings relating to depreciable capital asset is included in cost of assets.

## Notes on Accounts to Financial Statements

- (b) Exchange difference on foreign currency transactions, on which receipt and/ or payments is not planned, initially recognised in OCI and reclassified from equity to profit and loss on repayment of the monetary items.
- (v) All long term foreign currency monetary items consisting of loans taken before March 31, 2016 and which relate to the acquisition of depreciable capital assets at the end of the period/ year are restated at the rate prevailing at the balance sheet date. Exchange difference including attributable to the interest arising as a result is added to or deducted from the cost of the assets as per notification dated December 29, 2011 and August 9, 2012 issued by the Ministry of Company Affairs (MCA), Government of India and depreciated over the balance life of the capital asset. Exchange difference on other long term foreign currency loans is accumulated in "Foreign Currency Monetary Item Translation Difference Account (FCMITDA)" which will be amortized over the balance period of monetary assets or liabilities.

### 1.12 Revenue Recognition

- (i) Revenue is recognised to the extent it is probable that the economic benefits will flow to the Company and revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable.
- (ii) Revenue is recognised as and when the services are provided on the basis of actual usage of the Company's network. Revenue on upfront charges for services with lifetime validity and fixed validity periods are recognised over the estimated useful life of the subscribers and specified fixed validity period, as appropriate. The estimated useful life is consistent with estimated churn of the subscribers.
- (iii) The Company sells rights of use (ROUs) that provide to the customers with network capacity, typically over a period of 5 to 20 years without transferring legal title or giving an option to purchase network capacity. Capacity services revenues are accounted as operating lease and recognised in the Company's income statement over the life of the contract. Bills raised on the customers/ payments received from the customers for long term contracts and for which revenue is not recognised are included in deferred revenue. Revenue on non cancellable ROUs are recognised as licensing income over the period of the contract
- (iv) Interest income on investment is recognised on time proportion basis. Interest income is accounted using the applicable Effective Interest Rate (EIR), which is the rate that exactly discounts estimated future cash receipts over the expected life of the financial assets to that asset's net carrying amount on initial recognition. Dividend is considered when right to receive is established. The Company recognises income from the units in the Fixed Income Schemes of Mutual Funds where income accrued is held till declaration or payment thereof for the benefit of the unit holders.

### 1.13 Taxes on Income and Deferred Tax

Income Tax comprises of current and deferred tax. It is recognised in the Statement of Profit and Loss except to the extent that it relates to a business combination or to an item recognised directly in equity or OCI.

Provision for income tax is made on the basis of taxable income for the year at the current rates. Tax expense comprises of current tax and deferred tax at the applicable enacted or substantively enacted rates. Current tax represents amount of Income Tax payable/ recoverable in respect of taxable income/ loss for the reporting period. Deferred tax represents the effect of temporary difference between carrying amount of assets and liabilities in the financial statement and the corresponding tax base used in the computation of taxable income. Deferred tax liabilities are generally accounted for all taxable temporary differences. Deferred tax asset is recognised for all deductible temporary differences, carried forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which such deductible temporary differences can be utilised.

MAT (Minimum Alternate Tax) is recognized as an asset only when and to the extent it is probable evidence that the Company will pay normal income tax and will be able to utilize such credit during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset, the said asset is created by way of a credit to the Statement of Profit and loss and is included in Deferred Tax Assets. The Company reviews the same at each balance sheet date and if required, writes down the carrying amount of MAT credit entitlement to the extent there is no longer probable that Company will be able to absorb such credit during the specified period.

### 1.14 Government Grants

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

### 1.15 Provisions including Asset Retirement Obligation (ARO) and Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Provisions are determined by



## Notes on Accounts to Financial Statements

discounting expected future cashflows at the pre tax rate that reflects current market assumptions of time value of money and risk specific to the liability. 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. Asset Retirement Obligation (ARO) relates to removal of electronics equipments when they will be retired from its active use. Provision is recognised based on the best estimate, of the management, of the eventual costs (net of recovery), using discounted cash flow, that relates to such obligation and is adjusted to the cost of such assets. Estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset. Contingent Assets are neither recognised nor disclosed in the financial statements of the Company.

### 1.16 Earnings per Share

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

### 1.17 Employee Stock Option Scheme

In respect of stock options granted pursuant to the Company's Employee Stock Option Scheme, fair value of the options is treated as discount and accounted as employee compensation cost over the vesting period. Employee compensation cost recognised earlier on grant of options is reversed in the period when the options are surrendered by any employee or lapsed as per the terms of the scheme.

### 1.18 Treasury Equity

The Company has created an Employee Stock Option Scheme Trust (ESOS Trust) for providing share-based payment to its employees. The Company uses ESOS Trust as a vehicle for distributing shares to employees under the employee remuneration schemes. The ESOS Trust buys shares of the Company from the market, for giving shares to employees. The Company treats ESOS Trust as its extension and shares held by ESOS Trust are treated as Treasury Equity.

Own equity instruments that are reacquired (Treasury Equity) are recognised at cost and deducted from equity. No gain or loss is recognised in Statement of Profit or Loss, on purchase, sale, issue or cancellation of the Company's own equity instruments. Any difference between carrying amount and consideration, if reissued, is recognised in equity.

### 1.19 Measurement of Fair value of financial instruments

The Company's accounting policies and disclosures require measurement of fair values for the financial instruments. The Company has an established control framework with respect to measurement of fair values. The management regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the management assesses evidence obtained from third parties to support the conclusion that such valuations meet the requirements of Ind AS, including level in the fair value hierarchy in which such valuations should be classified.

When measuring the fair value of a financial asset or a financial liability, the Company uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If inputs used to measure fair value of an asset or a liability fall into different levels of fair value hierarchy, then fair value measurement is categorised in its entirety in the same level of fair value hierarchy as the lowest level input that is significant to the entire measurement. The Company recognises transfers between levels of fair value hierarchy at the end of the reporting period during which the change has occurred. (Refer to note 2.42.1) for information on detailed disclosures pertaining to the measurement of fair values."

### 1.20 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments also include derivative contracts such as foreign exchange forward contracts.

Notes on Accounts to Financial Statements

**Financial Assets**

**(i) Initial recognition and measurement**

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through Statement of Profit and Loss, transaction costs that are attributable to the acquisition of the financial asset.

**(ii) Subsequent measurement**

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

**Financial Assets measured at amortised cost**

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- a) Asset is held within a business model whose objective is to hold assets for collecting contractual cash flows.
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. EIR amortisation is included in finance income in the Statement of Profit and Loss. Losses arising from impairment are recognised in the Statement of Profit and Loss. This category generally applies to trade and other receivables.

**Financial Assets measured at fair value through other comprehensive income (FVTOCI)**

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

- a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets.
- b) The contractual cash flows of the assets represent SPPI: Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the Statement of Profit and Loss. On derecognition of the asset, cumulative gain or loss previously recognised in Other Comprehensive Income is reclassified from the equity to Statement of Profit and Loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

**Financial Assets measured at fair value through profit or loss (FVTPL)**

Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL. In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch')

**Equity investments**

All equity investments in scope of Ind-AS 109, "Financial Instruments" are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the company decides to classify the same either as at FVOCI or FVTPL. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition which is irrevocable. If the company decides to classify an equity instrument as at FVOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the Other Comprehensive Income. There is no recycling of the amounts from Other Comprehensive Income to profit and loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity. Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

Also, Company has elected to apply the exemption available under Ind AS 101 to continue the carrying value for its investments in subsidiaries and associates as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP as at the date of transition"

**Derecognition of Financial Assets**

A financial asset is primarily derecognised when: a) Rights to receive cash flows from the asset have expired, or b) The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either(a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

### Impairment of Financial Assets

The Company assesses on a forward looking basis the Expected Credit Losses (ECL) associated with its assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in the credit risk. In case of significant increase in credit risk, life time ECL is used; otherwise twelve month ECL is used. As a practical expedient, the Company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables, as permitted by Ind AS 109. Provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

### Financial Liabilities

#### i Initial recognition and measurement

All financial liabilities are recognised initially at fair value, in the case of loans, borrowings and payables, net of directly attributable transaction costs. Financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments.

#### ii Subsequent measurement

The measurement of financial liabilities depends on their classification, as described herein:

**Financial liabilities at fair value through Profit or Loss:** Financial liabilities at fair value through Profit or Loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Gains or losses on liabilities held for trading are recognised in the Statement of Profit and Loss.

**Financial Liabilities measured at amortised cost:** After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in Statement of Profit and Loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

#### Derecognition of Financial Liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

Notes on Accounts to Financial Statements

Particulars	Note: 2.01 Property, Plant and Equipment (PPE)							Total	Capital Work in Progress
	Leasehold Land	Freehold Land	Buildings	Plant and Machinery	Office Equipments and Fixtures	Vehicles	Total		
<b>Gross carrying value</b>									
As at April 1, 2015	246	490	402	21,239	23	40	45	22,485	585
Additions	-	-	-	2,638	-	-	-	2,638	1,957
Deductions/Adjustments	-	-	-	(17)	-	-	-	(17)	(1,833)
As at March 31, 2016	246	490	402	23,860	23	40	45	25,106	709
Additions	-	-	-	1,402	-	-	-	1,402	2,019
Deductions/Adjustments	-	-	(51)	(29)	-	-	-	(80)	(1,598)
<b>As at March 31, 2017</b>	<b>246</b>	<b>490</b>	<b>351</b>	<b>25,233</b>	<b>23</b>	<b>40</b>	<b>45</b>	<b>26,428</b>	<b>1,130</b>
<b>Accumulated Depreciation</b>									
As at April 1, 2015	3	-	94	8,395	22	39	42	8,595	
Depreciation for the year	1	-	24	1,731	-	-	1	1,757	
Deductions/Adjustments	-	-	-	(5)	-	-	-	(5)	
As at March 31, 2016	4	-	118	10,121	22	39	43	10,347	
Depreciation for the year	-	-	12	1,350	-	-	-	1,362	
Deductions/Adjustments	-	-	(21)	(11)	-	-	-	(32)	
<b>As at March 31, 2017</b>	<b>4</b>	<b>-</b>	<b>109</b>	<b>11,460</b>	<b>22</b>	<b>39</b>	<b>43</b>	<b>11,677</b>	
<b>Net carrying value</b>									
As at April 1, 2015	243	490	308	12,844	1	1	3	13,890	
As at March 31, 2016	242	490	284	13,739	1	1	2	14,759	
<b>As at March 31, 2017</b>	<b>242</b>	<b>490</b>	<b>242</b>	<b>13,773</b>	<b>1</b>	<b>1</b>	<b>2</b>	<b>14,751</b>	

Notes:

2.01.1 Capital Work-in-Progress includes:

(a) ₹ 145 crore (March 31, 2016 ₹ 191 crore, April 1, 2015 ₹ 176 crore) on account of materials at site.

(b) ₹ 669 crore (March 31, 2016 ₹ 155 crore, April 1, 2015 ₹ Nil) on account of borrowing cost capitalised.

2.01.2 Transfer of title of certain Land and Buildings received from Reliance Industries Limited pursuant to the Scheme of Arrangement and Reliance Communications Infrastructure Limited pursuant to the Scheme of Demerger of the Network Division are under process.

2.01.3 Refer Note 2.18 and 2.22 for Security in favour of the Lenders. Foreign Currency Loans of ₹ 1,615 crore (March 31, 2016 ₹ 2,319 crore; April 1, 2015 ₹ 2,188 crore) availed by RTL and Foreign Currency Loans of ₹ 1,453 crore (March 31, 2016 ₹ 1,608 crore; April 1, 2015 ₹ 1,682 crore) and Rupee Term Loans of ₹ Nil (March 31, 2016 ₹ Nil; April 1, 2015 ₹ 10 crore) availed by RTL are secured by first pari passu charge on the movable fixed assets of the Borrower Group. Apart from this, Rupee Loans of ₹ 1,499 crore (Previous year ₹ 1,125 crore) availed by RTL have been secured by second pari passu charge and Rupee Loans of ₹ 620 crore (Previous year ₹ 675 crore) availed by RTL have been secured by first pari passu charge on the movable Fixed Assets of the Borrower Group.

2.01.4 During the year,

(a) Foreign Exchange variance of ₹ 194 crore (Previous year capitalised ₹ 780 crore) has been decapitalised in Plant and Machinery. Depreciation, on exchange variation capitalised, of ₹ 424 crore (Previous year ₹ 458 crore) has been charged to Statement of Profit and Loss.

(b) The Company has capitalised Borrowing cost of ₹ 622 crore (Previous year ₹ 155 crore) and reflected as part of Capital Work-in-Progress.

(c) Project Development expenditure of ₹ 2 crore (Previous year ₹ 4 crore) has been capitalized in Plant and Machinery.

2.01.5 The Company has elected the option of fair value as deemed cost for certain Land and Buildings and Plant and Machinery, as on the date of transition to Ind AS. Other Tangible Assets are restated retrospectively. This has resulted in net increase in the value of Land and Buildings by ₹ 329 crore and net decrease in Plant and Machinery ₹ 3,227 crore with corresponding decrease in the Retained Earnings.

# Reliance Communications Limited

## Notes on Accounts to Financial Statements

Note: 2.02

(₹ in crore)

### Intangible Assets

Particulars	Telecom Licenses	Indefeasible Right of Connectivity	Software	Brand License	Total	Intangible Assets Under Development
<b>Gross carrying value</b>						
As at April 1, 2015	18,420	252	374	169	19,215	-
Additions	181	-	23	-	204	7,466
Deductions/Adjustments	-	-	-	-	-	(205)
As at March 31, 2016	18,601	252	397	169	19,419	7,261
Additions	8,629	-	38	-	8,667	1,471
Deductions/Adjustments	(5,231)	-	-	-	(5,231)	(8,666)
<b>As at March 31, 2017</b>	<b>21,999</b>	<b>252</b>	<b>435</b>	<b>169</b>	<b>22,855</b>	<b>66</b>
<b>Accumulated Amortisation</b>						
As at April 1, 2015	5,495	138	313	116	6,062	
Amortisation for the year	1,865	14	26	9	1,914	
Deductions/Adjustments	-	-	-	-	-	
As at March 31, 2016	7,360	152	339	125	7,976	
Amortisation for the year	2,177	14	48	9	2,248	
Deductions/Adjustments	(1,166)	-	-	-	(1,166)	
<b>As at March 31, 2017</b>	<b>8,371</b>	<b>166</b>	<b>387</b>	<b>134</b>	<b>9,058</b>	
<b>Net carrying value</b>						
As at April 1, 2015	12,925	114	61	53	13,153	
As at March 31, 2016	11,241	100	58	44	11,443	
<b>As at March 31, 2017</b>	<b>13,628</b>	<b>86</b>	<b>48</b>	<b>35</b>	<b>13,797</b>	

2.02.1 Intangible Assets under development includes:

- ₹ 1 crore (March 31, 2016 ₹ 145 crore, April 1, 2015 ₹ Nil) on account of borrowing cost capitalised
- ₹ Nil (March 31, 2016 ₹ 28 crore, April 1, 2015 ₹ Nil) on account of exchange variation capitalised.
- ₹ Nil (March 31, 2016 ₹ 5,384 crore, April 1, 2015 ₹ Nil) on account of liberalisation cost.
- ₹ 65 crore (March 31, 2016 ₹ 1,704 crore, April 1, 2015 ₹ Nil) on account of fees for additional spectrum. The fees for the additional spectrum as on March 31, 2017, pending for requisite regulatory approvals and is yet to be put to use.

2.02.2 During the earlier years, the Company had successfully Bid under auction conducted for spectrum by the Department of Telecommunications (DoT), Government of India (GoI) and won spectrum in 11 service areas at a total cost of ₹ 1,869 crore. The Company has made upfront payment of ₹ 495 crore under deferred payment option. Balance ₹ 1,374 crore being in the nature of long term liability, has been disclosed separately as Deferred Payment Liabilities. Balance payment of ₹ 2,706 crore alongwith interest @ 10% per annum of ₹ 1,332 crore is payable in 10 annual installments starting from FY 2017-18.

During the year, the Company acquired spectrum in one circle at a cost of ₹ 65 crore by making upfront payment of ₹ 32 crore under deferred payment option and the balance ₹ 33 crore has been disclosed separately as Deferred Payment Liabilities.

2.02.3 Balance useful life as at March 31, 2017 is of 6 years for Indefeasible Right of Connectivity (IRC), 4 years for 2G Telecom Licenses, 14 years for 3G Telecom Licenses and 18 years for addition in Telecom Licenses.

2.02.4 During the year,

- Foreign exchange variance has been capitalised in Telecom Licenses ₹ 13 crore (Previous year ₹ Nil) and Intangible Assets under Development ₹ Nil (Previous year ₹ 28 crore). Depreciation, on exchange variation capitalised, of ₹ 9 crore (Previous year ₹ 9 crore) has been charged to Statement of Profit and Loss.
- The Company has capitalised borrowing cost of ₹ 112 crore (Previous year ₹ Nil) in Telecom Licenses and Intangible Assets under Development ₹ 1 crore (Previous year ₹ 163 crore).

2.02.5 The Company has elected the option of fair value as deemed cost for certain Telecom Licenses, as on the date of transition to Ind AS. Other Intangible Assets are restated retrospectively. This has resulted in net decrease by ₹ 2,404 crore in the value of Telecom Licenses (CDMA spectrum) with corresponding decrease in the Retained Earnings.

2.02.6 Refer Note 2.18 and 2.22 for Security in favour of the Lenders.

Notes on Accounts to Financial Statements

		As at		(₹ in crore)	
		March 31, 2017	March 31, 2016	As at April 01, 2015	As at April 01, 2015
<b>Note: 2.03</b>					
<b>Investments in Subsidiaries and Associates</b> (valued at cost unless stated otherwise)					
<b>In Equity Shares of Wholly Owned Subsidiary Companies</b>					
<b>Unquoted, fully paid up</b>					
9,38,00,00,000	Reliance Communications Infrastructure Limited of ₹ 1 each (March 31, 2016 and April 1, 2015: 9,38,00,00,000)	8,734	8,734	8,734	
50,00,000	Reliance Infocomm Infrastructure Limited of ₹ 10 each (March 31, 2016 and April 1, 2015: 50,00,000)	1,036	1,036	1,036	
6,87,066	Reliance Wimax Limited of ₹ 10 each (March 31, 2016 and April 1, 2015: 6,87,066)	8	8	8	
50,000	Reliance Webstore Limited of ₹ 10 each (March 31, 2016 and April 1, 2015: 50,000)	-	-	-	
	₹ 5,00,000 (March 31, 2016 and April 1, 2015: ₹ 5,00,000)				
1,00,00,00,000	Reliance Big TV Limited of ₹ 10 each (March 31, 2016 and April 1, 2015: 1,00,00,00,000)	10	10	10	
35,63,601	Campion Properties Limited of ₹ 10 each (March 31, 2016 and April 1, 2015: 35,63,601)	9	9	9	
1,000	Aircom Holdco BV of Euro 1 each (March 31, 2016 and April 1, 2015: Nil)	-	-	-	
	₹ 72,860 (March 31, 2016 and April 1, 2015: ₹ Nil)				
50,000	Reliance Tech Services Limited of ₹ 10 each (March 31, 2016 and April 1, 2015: 50,000)	-	-	-	
	₹ 5,00,000 (March 31, 2016 and April 1, 2015: ₹ 5,00,000)				
20,00,000	Reliance Mobile Commerce Limited of ₹ 10 each (March 31, 2016 and April 1, 2015: 20,00,000)	<u>2</u>	<u>9,799</u>	<u>2</u>	<u>9,799</u>
<b>In Equity Shares of Subsidiary Companies</b>					
<b>Unquoted, fully paid up</b>					
6,69,80,100	Reliance Telecom Limited of ₹ 10 each (March 31, 2016 and April 1, 2015: 6,69,80,100)	521	521	521	
14,516	Reliance Globalcom BV of Euro 100 each (March 31, 2016 and April 1, 2015: 14,516)	6,515	6,515	6,515	
12,00,000	Reliance Globalcom Limited, Bermuda Class A Common Shares of USD 0.01 each (March 31, 2016 and April 1, 2015: 12,00,000)	233	233	233	
9,500	Towercom Infrastructure Private Limited of ₹ 10 each (March 31, 2016 and April 1, 2015: Nil)	-	-	-	
	₹ 95,000 (March 31, 2016 and April 1, 2015: ₹ Nil)				
1,00,000	Gateway Net Trading Pte. Limited of USD 1 each (March 31, 2016 and April 1, 2015: 1,00,000)	<u>-</u>	<u>7,269</u>	<u>-</u>	<u>7,269</u>
	₹ 46,78,250 (March 31, 2016 and April 1, 2015: ₹ 46,78,250)				
<b>In Equity Shares of Companies</b>					
<b>Unquoted, fully paid up</b>					
6,50,25,000	Warf Telecom International Private Limited of MRf 1 each (March 31, 2016 and April 1, 2015: 6,50,25,000)	22	22	22	
13,000	Mumbai Metro Transport Private Limited of ₹ 10 each (March 31, 2016 and April 1, 2015: 13,000)	-	-	-	
	₹ 1,30,000 (March 31, 2016 and April 1, 2015: ₹ 1,30,000)				
400	Nationwide Communication Private Limited of ₹ 10 each (March 31, 2016 and April 1, 2015: Nil)	<u>-</u>	<u>22</u>	<u>-</u>	<u>22</u>
	₹ 4,000 (March 31, 2016 and April 1, 2015: ₹ Nil)				
		<u><u>17,090</u></u>	<u><u>17,090</u></u>	<u><u>17,090</u></u>	



# Reliance Communications Limited

## Notes on Accounts to Financial Statements

	As at March 31, 2017	As at March 31, 2016	(₹ in crore) As at April 01, 2015
<b>Aggregate Book value of Investments</b>			
Unquoted	17,090	17,090	17,090
Quoted	-	-	-
Aggregate value of impairment	Nil	Nil	Nil

	As at March 31, 2017	As at March 31, 2016	(₹ in crore) As at April 01, 2015
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### Note: 2.04

#### Loans (Non Current Financial Assets)

(Unsecured, Considered good unless stated otherwise)

Loans to Related Parties (Refer Note 2.49)	-	2,719	2,719
	<u>-</u>	<u>2,719</u>	<u>2,719</u>

### Note: 2.05

**Other Financial Assets** (Unsecured, Considered good/ unless stated otherwise)

Deposits	21	19	17
Bank Deposits with Maturity for more than 12 months	51	28	-
	<u>72</u>	<u>47</u>	<u>17</u>

## 2.06 Deferred Tax Assets (Net)

(a) Amount recognised in Financial Statement	As at			For the year ended	
	March 31, 2017	March 31, 2016	April 1, 2015	March 31, 2017	March 31, 2016
<b>(i) Deferred Tax Assets</b>					
Related to carried forward loss and unabsorbed depreciation	4,470	2,398	1,725	(2,072)	(673)
Disallowances, under the Income Tax Act, 1961	43	84	103	41	19
Related to provisions for expenses	1,034	1,036	995	2	(41)
Others	29	70	73	42	4
<b>Sub Total (i)</b>	<u>5,576</u>	<u>3,588</u>	<u>2,896</u>	<u>(1,987)</u>	<u>(691)</u>
<b>(ii) Deferred Tax Liability</b>					
Related to temporary difference on depreciation/ amortisation	(1,908)	(1,978)	(2,534)	(70)	(556)
Related to temporary difference on Indexed Cost of immovable properties	(110)	(112)	(113)	(2)	(1)
<b>Sub Total (ii)</b>	<u>(2,018)</u>	<u>(2,090)</u>	<u>(2,647)</u>	<u>(72)</u>	<u>(557)</u>
<b>Net Deferred Tax Assets / Deferred Tax (credit) (i)-(ii)</b>	<u>3,558</u>	<u>1,498</u>	<u>249</u>	<u>(2,059)</u>	<u>(1,248)</u>

**Notes on Accounts to Financial Statements**

The Company has unabsorbed business losses/depreciation and long term capital losses which according to the management will be used to setoff taxable profit arising, in next few years from, operation and/or sale of asset of the Company.

Significant management judgement has been considered in determining the provision for income tax, deferred tax assets and liabilities and recoverability of deferred tax assets. The recoverability of deferred tax assets is based on estimate of the taxable income for the period over which deferred tax assets will be recovered.

Deferred Tax Assets have not been recognised in respect of long term capital losses as at March 31, 2017 is as under:

Sr.	Year of Expiry Financial year	Amount of Loss (₹ in crore)
(i)	Expiring withing 1 year	Nil
(ii)	Expiring withing 1 to 5 years	923
(iii)	Expiring withing 5 to 7 years	67

**(b) Amounts recognised in Statement of Profit and Loss**

	For the year ended March 31, 2017	For the year ended March 31, 2016
(i) Current income tax	-	-
(ii) Deferred income tax liability / (asset), (net)	<b>(2,059)</b>	<b>(1,248)</b>
<b>Tax expense/(credit) for the year</b>	<b><u>(2,059)</u></b>	<b><u>(1,248)</u></b>

**(c) Amounts recognised in other comprehensive income (₹ 39,06,479)**

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**(d) Reconciliation of Tax Expenses**

	For the year ended March 31, 2017	For the year ended March 31, 2016
Profit/ (Loss) before Tax	<b>(3,855)</b>	(1,627)
Applicable Tax Rate	<b>34.608%</b>	34.608%
<b>Computed Tax Expenses (i)</b>	<b>(1,334)</b>	(563)
<b>Add/ (Less):</b>		
- Tax allowances of earlier years	<b>(367)</b>	21
- Tax charge to/ credit on account of depreciation allowances	<b>(400)</b>	(661)
- Others	<b>42</b>	(45)
<b>Subtotal (ii)</b>	<b><u>(725)</u></b>	<b><u>(685)</u></b>
<b>Income Tax Expenses charge/ (credit) to Statement of Profit and Loss (i+ii)</b>	<b><u>(2,059)</u></b>	<b><u>(1,248)</u></b>

The Company's weighted average tax rates for the years ended March 31, 2017 and 2016 have been 53% and 77% respectively. The effective tax rate for the year ended March 31, 2017 has been lower primarily as a result of the facts mentioned above.

	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
<b>Note: 2.07</b>			
<b>Other Non Current Assets</b>			
Capital Advances	<b>4,229</b>	4,881	21
Deposits	<b>352</b>	-	-
Prepaid Expenses	<b>6</b>	61	-
Other Non current assets*	<b>580</b>	580	580
	<b><u>5,167</u></b>	<b><u>5,522</u></b>	<b><u>601</u></b>

\* Refund due against claims lodged.

**Note: 2.08**

**Inventories** (valued at lower of cost or net realisable value)

Stores and Spares	<b><u>108</u></b>	<b><u>119</u></b>	<b><u>201</u></b>

# Reliance Communications Limited

## Notes on Accounts to Financial Statements

		(₹ in crore)			
		As at March 31, 2017	As at March 31, 2016	As at April 01, 2015	
<b>Note: 2.09</b>					
<b>Investments (Current Financial Assets)</b> (valued at amortised cost unless otherwise stated)					
<b>Preference Shares of Wholly Owned Subsidiary Companies</b>					
<b>Unquoted, fully paid up</b>					
20,000	8 % Redeemable, Cumulative Preference Shares of Reliance Communications Infrastructure Limited of ₹ 10 each (March 31, 2016 and April 1, 2015: 20,000) ₹ 2,00,000 (March 31, 2016 and April 1, 2015: ₹ 2,00,000)	-	-	-	
Nil	0 % Redeemable, Non Cumulative, Non Convertible Preference Shares of Reliance WiMax Limited of ₹ 10 each (March 31, 2016 and April 1, 2015: 10,00,000)	-	100	100	
10,00,000	7.5 % Redeemable, Non Cumulative, Non Convertible Preference Shares of Reliance WiMax Limited of ₹ 10 each (March 31, 2016 and April 1, 2015: Nil)	<u>1</u>	1	<u>-</u>	100
<b>Preference Shares of Subsidiary Companies</b>					
<b>Unquoted, fully paid up</b>					
4,50,00,000	1% Redeemable, Non Cumulative, Non Convertible Preference Shares of Reliance Telecom Limited of ₹ 10 each (March 31, 2016 and April 1, 2015: 4,50,00,000)	445	445	445	
52	1% Redeemable, Non Cumulative, Non Convertible Preference Shares of Reliance Globalcom BV of Euro 1 each (March 31, 2016 and April 1, 2015: 52) ₹ 29,85,060 (March 31, 2016 and April 1, 2015: ₹ 29,85,060)	-	-	-	
22,143	8% Redeemable, Non Cumulative, Non Convertible, Preference Shares of Reliance Globalcom BV of Euro 1 each (March 31, 2016 and April 1, 2015: 22,143)*	153	167	149	
4,00,00,000	0.10% Redeemable, Non Cumulative, Non Convertible Preference Shares of Reliance Infratel Limited of ₹ 10 each (March 31, 2016 and April 1, 2015: 4,00,00,000)	<u>4,000</u>	<u>4,598</u>	<u>4,000</u>	4,612
<b>Mutual Fund (Unquoted)**</b>					
Nil	Reliance Liquidity Fund – Growth of ₹ 10 each (March 31, 2016: Nil and April 1, 2015: 18,71,541)	-	-	-	638
<b>Government Securities (Quoted)**</b>					
34,000	6.83% GOI 2039 of ₹ 100 each fully paid up (March 31, 2016 and April 1, 2015: 34,000) ₹ 29,79,205 (March 31, 2016: ₹ 29,76,427, April 1, 2015: ₹ 30,30,971) Market value of quoted investments ₹ 31,82,278 (March 31, 2016: ₹ 30,14,213, April 1, 2015: ₹ 30,58,250)	-	-	-	-

Notes on Accounts to Financial Statements

	(₹ in crore)		
	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
<b>Government Securities (Unquoted)**</b>			
6 years National Savings Certificate (Lodged with Sales Tax Department) ₹ 45,000 (March 31, 2016 and April 1, 2015 ₹ 45,000)	-	-	-
5 1/2 years Kisan Vikas Patra (Lodged with Chennai Metropolitan Development Authority) ₹ 5,000 (March 31, 2016 and April 1, 2015 ₹ 5,000)	-	-	-
	<u>4,599</u>	<u>4,712</u>	<u>5,332</u>
* This investment has been considered as monetary item as per Ind AS 21 "The Effects of Changes in Foreign Exchange Rates" and hence, cost has been revalued at the year end foreign exchange rate.			
** at fair value through profit and loss			
<b>Aggregate Book Value of Investments</b>			
Unquoted	4,599	4,712	5,332
Quoted ₹ 29,79,205 (March 31, 2016: ₹ 29,76,427; April 1, 2015: ₹ 30,30,971)	-	-	-
<b>Aggregate Market value of Quoted Investments</b>			
₹ 31,82,278 (March 31, 2016: ₹ 30,14,213, April 1, 2015: ₹ 30,58,250)	-	-	-
<b>Aggregate Value of Impairment</b>	Nil	Nil	Nil
<b>Note: 2.10</b>			
<b>Trade Receivables (Unsecured)</b> (Refer Note 2.53)			
Considered good	1,636	1,177	948
Considered doubtful	1,720	1,732	1,631
Less: Provision for doubtful receivables	1,720	1,732	1,631
	<u>1,636</u>	<u>1,177</u>	<u>948</u>
<b>Note: 2.11</b>			
<b>Cash and Cash equivalents</b>			
Cheques on hand	26	17	11
Balances with Banks	422	89	38
Bank Deposits with less than 3 months' maturity	7	25	470
	<u>455</u>	<u>131</u>	<u>519</u>
<b>Note: 2.12</b>			
<b>Bank Balances other than Cash and Cash equivalents</b> (referred in Note 2.11 above)			
Bank Deposits with less than 12 months' maturity	183	654	45
Earmarked Balances- Unpaid Dividend	5	7	8
	<u>188</u>	<u>661</u>	<u>53</u>
<b>Note: 2.13</b>			
<b>Loans (Current Financial Assets)</b> (Unsecured, Considered good unless stated otherwise)			
Loans to Related Parties (Refer Note 2.49)	<u>6,215</u>	<u>1,201</u>	<u>6,975</u>

# Reliance Communications Limited

## Notes on Accounts to Financial Statements

	As at March 31, 2017	As at March 31, 2016	(₹ in crore) As at April 01, 2015
<b>Note: 2.14</b>			
<b>Other Financial Assets</b> (Unsecured, Considered good) (Refer Note 2.53)			
Interest Accrued on Loans and Investments	146	404	1,481
Unbilled Revenue	<u>239</u>	<u>315</u>	<u>252</u>
	<u><u>385</u></u>	<u><u>719</u></u>	<u><u>1,733</u></u>

### Note: 2.15

**Other Current Assets** (Unsecured, Considered good unless otherwise stated) (Refer Note 2.53)

Advances to Related Parties	42	386	1,240
Deposits*	1,584	1,655	1,601
Others**	2,819	2,002	2,042
Considered doubtful	<u>74</u>	<u>74</u>	<u>74</u>
	<u><u>2,893</u></u>	<u><u>2,076</u></u>	<u><u>2,116</u></u>
Less: Provision for doubtful advances	<u>74</u>	<u>74</u>	<u>74</u>
	<u><u>4,445</u></u>	<u><u>4,043</u></u>	<u><u>4,883</u></u>

\*Deposits include ₹ 1,565 crore (March 31, 2016 ₹ 1,650 crore; April 1, 2015; ₹ 1,601 crore) paid against disputed claims.

\*\* Includes prepaid expenses, service tax credits, advances to the vendors and other receivables.

	As at March 31, 2017	As at March 31, 2016	(₹ in crore) As at April 01, 2015
<b>Note: 2.16</b>			
<b>Share Capital</b>			
<b>Authorised</b>			
5,00,00,00,000 Equity Shares of ₹ 5 each (March 31, 2016 and April 1, 2015: 5,00,00,00,000)	2,500	2,500	2,500
	<u>2,500</u>	<u>2,500</u>	<u>2,500</u>
<b>Issued, Subscribed and Paid Up</b>			
2,48,89,79,745 Equity Shares of ₹ 5 each fully paid up (March 31, 2016 and April 1, 2015: 2,48,89,79,745)	1,244	1,244	1,244
	<u>1,244</u>	<u>1,244</u>	<u>1,244</u>

### (1) Shares held by Holding/ Ultimate Holding Company and/or their Subsidiaries/ Associates

	No. of Shares	No. of Shares	No. of Shares
(a) Reliance Innoventures Private Limited, Holding Company	1 23 79 001	1 23 79 001	1 23 79 001
(b) Reliance Communications Enterprises Private Limited, Subsidiary of Holding Company	72 31 10 172	72 31 10 172	72 31 10 172
(c) Reliance Wind Turbine Installators Industries Private Limited, Subsidiary of Holding Company	30 00 00 000	30 00 00 000	30 00 00 000
(d) Reliance Ornatus Enterprises and Ventures Private Limited, Subsidiary of Holding Company	30 00 00 000	30 00 00 000	30 00 00 000
(e) Reliance Telecom Infrainvest Private Limited, (formerly known as Telecom Infrastructure Finance Private Limited), Subsidiary of Holding Company	8 66 66 667	8 66 66 667	8 66 66 667





# Reliance Communications Limited

## Notes on Accounts to Financial Statements

	As at March 31, 2017	As at March 31, 2016	(₹ in crore)
<b>Treasury Equity</b>	<b>(391)</b>		(391)
<b>Surplus/ (Deficit) in retained earnings</b>			
(i) Opening Balance	(5,365)		(4,986)
(ii) Add: Profit/ (Loss) for the year	<u>(1,796)</u>	<b>(7,161)</b>	<u>(379)</u> (5,365)
<b>Other Comprehensive Income</b>			
<b>Remeasurement of defined employee benefit Plans</b>			
(i) Opening Balance	<b>(1)</b>		-
(ii) Additions during the year (net)	<u>(1)</u>	<b>(2)</b>	<u>(1)</u> <b>(1)</b>
		<b><u>22,840</u></b>	<b><u>26,206</u></b>

In the above, balance at the beginning of the year as at March 31, 2016 represents the balance as at April 01, 2015, which is aggregating to ₹ 28,534 crore.

### Nature and Purpose of Reserve

#### Capital Reserve

Capital Reserve includes Equity Share Capital of the Company, which was cancelled pursuant to the Scheme of Demerger of Undertaking from Reliance Industries Limited.

#### Debenture Redemption Reserve

Debenture Redemption Reserve is created out of profits of the respective year as required under the Act then applicable, which shall be utilised for the purpose of redemption of Debentures issued by the Company.

#### Securities Premium Account

Securities Premium represents the premium charged to the shareholders at the time of issuance of shares. It also includes ₹ 8,047 crore created pursuant to the Scheme of Amalgamation/ Arrangements of the earlier years. Securities Premium can be utilised based on the relevant requirements of the Act

#### General Reserve I

General Reserve I of ₹ 5,538 crore represents the unadjusted balance being the excess of assets over liabilities relating to the Telecommunications Undertaking transferred and vested into the Company.

#### General Reserve II

General Reserve II of ₹ 2,785 crore representing the unadjusted balance of the excess of assets over liabilities received by the Company relating to the Telecommunications Undertaking transferred and vested into the Company.

#### General Reserve III

General Reserve III of ₹ 6,763 crore comprises of ₹ 4,159 crore transferred to General Reserve from Statement of Profit and Loss and ₹ 2,603 crore arising pursuant to Scheme of Amalgamation of erstwhile Reliance Gateway Net Limited and ₹ 1 crore of erstwhile Global Innovative Solutions Private Limited.

#### Reserve for Business Restructuring

Reserve for Business Restructuring of ₹ 1,287 crore represents the unadjusted balance of revaluation of investment in RCIL, the Holding Company of RITL after withdrawing an amount equivalent to writing off passive infrastructure assets transferred to RITL to the Statement of Profit and Loss. Balance in Reserve for Business Restructuring shall be available to meet increased depreciation, costs, expenses and losses including on account of impairment of or write down of assets etc.

#### Foreign Currency Monetary Items Translation Difference Account (FCMITDA)

FCMITDA has been created in view of the option allowed pursuant to the notification dated December 29, 2011 issued by the MCA, GoI, being the exchange differences on long term borrowing other than borrowings relating to acquisition of depreciable capital assets.

#### Treasury Equity

Treasury Equity represents 2,12,79,000 nos. of Equity Shares held by the ESOS Trust.

Notes on Accounts to Financial Statements

	As at March 31, 2017	As at March 31, 2016	(₹ in crore) As at April 01, 2015
<b>Note: 2.18</b>			
<b>Borrowings – Non Current</b>			
<b>Debentures</b>			
<b>Secured</b>			
3,000, 11.20 % Redeemable, Non Convertible Debentures of ₹ 1 crore each (March 31, 2016 and April 1, 2015: 3,000)	<b>3,000</b>	3,000	3,000
Nil, 11.6 % Redeemable, Non Convertible Debentures of ₹ 10 lakhs each (March 31, 2016 and April 1, 2015: 5,000)	-	-	497
1,500, 11.25 % Redeemable, Non Convertible Debentures of ₹ 1 crore each (March 31, 2016 and April 1, 2015: 1,500)	<b>375</b>	750	1,125
<b>6.5% Senior Secured Notes</b>	<b>1,925</b>	1,959	-
<b>Term Loans</b>			
<b>Secured</b>			
Foreign Currency Loans from Banks	<b>7,554</b>	11,535	14,312
Rupee Term Loans from Banks	<b>4,681</b>	6,652	6,557
Rupee Loans from Others	<b>319</b>	422	274
<b>Unsecured</b>			
Rupee Term Loans from Bank	-	-	42
Rupee Term Loans from Others (Refer Note 2.53)	<b>775</b>	16	-
	<b><u>18,629</u></b>	<b><u>24,334</u></b>	<b><u>25,807</u></b>

**2.18.1 Debentures, Senior Secured Notes and Term Loans**

The Company, on March 2, 2009, allotted, 3,000, 11.20% Secured Redeemable, Non Convertible Debentures ("NCDs") of the face value of ₹ 1,00,00,000 each, aggregating to ₹ 3,000 crore to be redeemed at the end of 10th year from the date of allotment thereof. The Company, on February 7, 2012, also allotted 1,500, 11.25% and 5,000, 11.60% NCDs of the face value of ₹ 1,00,00,000 each and ₹ 10,00,000 each respectively, aggregating to ₹ 2,000 crore. NCDs of ₹ 1,500 crore are redeemable in four annual equal installments starting at the end of the 4th year from the date of allotment thereof, the outstanding against the said NCDs is ₹ 1,125 crore as on March 31, 2017. NCDs of ₹ 500 crore is fully redeemed during the current year. The Company has, on May 6, 2015, issued Senior Secured Notes (SCNs) of USD 300 million, face value of USD 100 per bond, bearing 6.5% p.a. interest, with a maturity of 5 1/2 years.

The Company had been sanctioned Rupee Loans of ₹ 6,015 crore (outstanding as on March 31, 2017 was ₹ 5,522 crore) (Term Loan Facility) under the consortium banking arrangement on the terms and conditions as set out in the common loan agreement.

NCDs along with SCNS, Foreign Currency Loans and Rupee Loans of ₹ 26,453 crore ("the said Secured Loans") have been secured by first pari passu charge on the whole of the movable plant and machinery including (without limitations) tower assets and optic fiber cables, if any (whether attached or otherwise), capital work in progress (pertaining to the movable fixed assets), both present and future including all the rights, title, interests, benefits, claims and demands in respect of all insurance contracts relating thereto of the Borrower Group; comprising of the Company and its subsidiary companies namely; RTL, RITL and RCIL, ("the Borrower Group"), in favour of the Security Trustee for the benefit of the NCD/ SCN Holders and the lenders of the said Secured Loans. Rupee Loans of ₹ 804 crore are secured by second pari passu charge on the movable plant and machinery and capital work in progress of the Borrower Group. The said loans also include ₹ 3,960 crore, which are guaranteed. The Company, for the benefit of the Lenders of SCN, Foreign Currency Loans of ₹ 14,259 crore, 11.25% NCDs aggregating to ₹ 1,125 crore and Rupee Loans of ₹ 5,722 crore has, apart from the above, also assigned 20 Telecom Licenses for services under Unified Access Services (UAS), National Long Distance (NLD) and International Long Distance (ILD) (collectively referred as "Telecom Licenses") by execution of the Tripartite Agreements with DoT and the Security Trustee acting on behalf of the Lenders. Further, assignment of the Telecom Licenses of the Company for Rupee Loans from banks of ₹ 1724 crore and from others of ₹ 248 crore is pending to be executed.

# Reliance Communications Limited

## Notes on Accounts to Financial Statements

The Company has, for the benefit of the Lenders of SCNs, Foreign Currency Loans and Rupee Loans aggregating to ₹ 20,505 crore, apart from the above security, pledged equity shares of RCIL held by the Company and of RTL held by the Company and RIL by execution of the Share Pledge Agreement with the Share Pledge Security Trustee. Rupee Loans of ₹ 5,522 crore is also secured by pledge of equity shares of RITL held by RCIL, current assets, movable assets including intangible, both present and future of the Borrower Group and corporate guarantee of the Borrower Group. Charge over the immovable assets of the Borrower Group and RGBV for security for Rupee Loans of ₹ 5,522 crore is pending to be executed.

During the year, the Company has availed Rupee Loans of ₹ 487 crore, which was secured by second pari passu charge on the movable plant and machinery and capital work in progress of the Borrower Group, Tower receivables, pledge of equity shares of RIDC held by RWL and also guaranteed. Rupee Loans of ₹ 144 crore from Bank is secured by second pari passu charge on all the present and future current assets of the Company.

### 2.18.2 Repayment Schedule of Long Term Loans

Rate of Interest	Year of Repayment				(₹ in crore)
	2018-19	2019-20	2020-21	2021-22	After March 31,2022
<b>(a) Debentures</b>					
(i) 11.20%	3,000	-	-	-	-
(ii) 11.25%	375	-	-	-	-
<b>(b) Foreign Currency Loans</b>					
(i) 3.09%	341	-	-	-	-
(ii) 4.36%	1,552	1,553	1,639	-	-
(iii) 3.15%	47	37	27	-	-
(iv) 6.11%	1,920	-	-	-	-
(v) 5.40%	-	-	486	-	-
<b>(c) Senior Secured Notes</b>					
(i) 6.50%	-	-	1,946	-	-
<b>(d) Rupee Term Loans</b>					
(i) 11.65%	172	7	8	10	213
(ii) 14.70%	75	-	-	-	-
(iii) 12.15%	110	140	140	140	395
(iv) 13.80%	58	691	-	-	-
(v) 12.80%	93	1,116	-	-	-
(vi) 14.80%	30	360	-	-	-
(vii) 16.45%	60	720	-	-	-
(viii) 10.25%	-	-	-	345	-
(ix) 12.33%	45	-	-	-	-
(x) 12.28%	96	-	-	-	-
(xi) 12.50%	339	377	-	-	-
(xii) 10.50%	33	23	-	-	-
(xiii) 10.95%	3	4	-	-	-
(xiv) 8.65%	9	3	-	-	-

Notes on Accounts to Financial Statements

2.18.3 Delay in repayment of Borrowing (Current and Non Current) and Interest

The Company has delayed in the payment of dues to the financial institutions, banks and debenture holders. The lender wise details are as under:

Sr.	Name of Lender	Borrowings				Interest	
		During the year ended March 31, 2017		As on March 31, 2017		As on March 31, 2017	
		Amount (₹ in crore)	Period (Maximum days)	Amount (₹ in crore)	Period (Maximum days)	Amount (₹ in crore)	Period (Maximum days)
<b>I</b>	<b>Loan from Banks</b>						
	Central Bank of India	18	90	22	1	6	59
	Bank of India	56	90	56	1	16	59
	Canara Bank	47	90	59	1	-	-
	Indian Overseas Bank	8	90	10	1	3	59
	Oriental Bank of Commerce	13	90	16	1	4	59
	State Bank of India	134	90	120	1	40	59
	UCO Bank	47	90	59	1	17	59
	Standard Chartered Bank	-	-	246	10	3	1
	DBS Bank Limited	-	-	112	11	4	1
	Credit Agricole Corporate and Investment Bank	-	-	192	11	1	1
	IndusInd Bank Limited	-	-	1,500	11	26	32
	IDBI Bank	47	90	69	14	18	59
	United Bank of India	21	90	30	17	4	59
	Union Bank of India	-	-	11	1	-	-
	Deutsche Bank	400	30	50	22	4	1
	Corporation Bank	15	90	25	22	5	59
	Bank of Baroda	21	90	67	24	24	59
	Syndicate Bank	29	90	52	24	9	59
	Punjab National Bank	-	-	86	30	-	-
	China Development Bank	815	52	496	33	97	33
	The Export Import Bank of China	51	27	259	33	54	33
	The Industrial and Commercial Bank of China	-	-	180	33	40	33
	Yes Bank	233	79	-	-	-	-
	Axis Bank	90	51	60	59	3	59
	BNP Paribas	574	16	-	-	-	-
<b>II</b>	<b>Debenture</b>						
	Life Insurance Corporation of India	-	-	375	52	35	30
<b>III</b>	<b>Other Loans</b>						
	Industrial Finance Corporation of India Limited	-	-	25	15	2	17
	India Infrastructure Finance Corporation Limited	-	-	-	-	5	32
<b>IV</b>	<b>Total</b>	<b>2,619</b>		<b>4,177</b>		<b>420</b>	
<b>V</b>	Less: amount made good subsequently			(2,382)		(222)	
<b>VI</b>	<b>Net Amount [IV - V]</b>			<b>1,795</b>		<b>198</b>	

# Reliance Communications Limited

## Notes on Accounts to Financial Statements

**2.18.4** The Company has represented to the lenders of the Secured Loans for waiver and amendment with respect to non compliance of certain covenants such as net debt to EBITDA, interest cover ratio, debt service coverage ratio and networth, as at September 30, 2016 for which waiver/ consent from certain lenders have been received. Pending formal confirmation by the lenders for waiver of certain loan covenants, the loan amount has been continued to be classified as non current liabilities.

	As at March 31, 2017	As at March 31, 2016	(₹ in crore) As at April 01, 2015
<b>Note: 2.19</b>			
<b>Other Financial Liabilities - Non Current</b>			
Capital Creditors	4	32	43
Interest accrued but not due	<u>265</u>	<u>124</u>	<u>-</u>
	<u><u>269</u></u>	<u><u>156</u></u>	<u><u>43</u></u>
<b>Note: 2.20</b>			
<b>Other Non Current Liabilities</b>			
Advance from Customers	-	2,860	-
Income Received in Advance	<u>87</u>	<u>98</u>	<u>110</u>
	<u><u>87</u></u>	<u><u>2,958</u></u>	<u><u>110</u></u>
<b>Note: 2.21</b>			
<b>Provisions</b>			
Employee Benefits	<u>31</u>	<u>23</u>	<u>43</u>
<b>Note: 2.22</b>			
<b>Borrowings - Current</b>			
<b>Secured</b>			
Rupee Loans from Banks	2,284	1,737	-
Rupee Loans from Others	-	175	-
<b>Unsecured</b>			
Foreign Currency Loans	436	279	229
Rupee Loans from Bank	2,845	1,465	958
Rupee Loans from Others (Refer Note 2.53)	<u>2,363</u>	<u>-</u>	<u>-</u>
	<u><u>7,928</u></u>	<u><u>3,656</u></u>	<u><u>1,187</u></u>

Rupee Loans of ₹ 1,500 crore is secured by second pari passu charge on all the present and future current assets of the Company. Rupee Loans of ₹ 40 crore is secured by second pari passu charge on movable plant and machinery and capital work in progress of the Borrower Group, is pending to be created. Average interest rate of the above borrowings is 11.7 % per annum for Rupee Loan and 2% per annum for Foreign Currency Loan. During the year, the Company availed Rupee loans aggregating to ₹ 750 crore, which is secured by first pari passu charge on the whole of the movable Plant and Machinery including (without limitations) tower assets and optic fiber cables, if any (whether attached or otherwise), capital work in progress (pertaining to the movable fixed assets), both present and future including all the rights, title, interests, benefits, claims and demands in respect of all insurance contracts relating thereto of the Borrower Group.

### Note: 2.23

#### Trade Payables

Dues to Micro and Small Enterprises (Refer Note 2.48)	32	19	30
Due to Others (Refer Note 2.53)	<u>2,403</u>	<u>3,858</u>	<u>4,355</u>
	<u><u>2,435</u></u>	<u><u>3,877</u></u>	<u><u>4,385</u></u>

Notes on Accounts to Financial Statements

Note: 2.24	As at		As at		(₹ in crore)
	March 31, 2017	March 31, 2016	March 31, 2016	April 01, 2015	As at
<b>Other Financial Liabilities - Current</b>					
<b>Current Maturities of Long Term Debts</b>					
<b>Secured*</b>					
11.60 % Redeemable, Non Convertible Debentures of ₹ 10 lakh each	-	498		-	
11.25 % Redeemable, Non Convertible Debentures of ₹ 1 crore each	750	375		375	
Foreign Currency Loans from Banks	4,664	3,629		3,324	
Rupee Term Loans from Banks	4,326	1,828		718	
Rupee Term Loans from Others	129	100		25	
* Refer Note 2.18.1					
<b>Unsecured</b>					
Rupee Term Loans from Banks	-	39		71	
Rupee Term Loans from Others	167	90	6,559	-	4,513
<b>Others</b>					
Interest accrued but not due on borrowings (Refer Note 2.53)	336	210		125	
Interest accrued and due on borrowings	420	-		-	
Interest accrued but not due	16	24		-	
Unclaimed Dividend	5	7		8	
Employee Stock Options	1	1		1	
Capital Creditors**	377	609		462	
Provision for Expenses	185	76		132	
Other Liabilities (Refer Note 2.53)	5,755	691	1,618	563	1,291
	<u>17,131</u>	<u>8,177</u>		<u>5,804</u>	

\*\* Includes ₹ 1 crore (March 31, 2016: ₹ 3 crore, April 1, 2015: ₹ 2 crore) towards Micro and Small Enterprises. (Refer Note 2.48)

Note: 2.25	As at		As at		(₹ in crore)
	March 31, 2017	March 31, 2016	March 31, 2016	April 01, 2015	As at
<b>Other Current Liabilities</b>					
Income received in advance (Refer Note 2.53)	440	508		565	
Payable to tax authorities	81	198		273	
Other Current Liabilities	145	127		16	
	<u>666</u>	<u>833</u>		<u>854</u>	
<b>Note: 2.26</b>					
<b>Provisions</b>					
<b>Provision for Employee Benefits</b>					
Employee benefits	7	7		21	
<b>Others</b>					
Disputed and Other Claims (Refer Note 2.38)	1,215	1,215		1,215	
	<u>1,222</u>	<u>1,222</u>		<u>1,236</u>	



# Reliance Communications Limited

## Notes on Accounts to Financial Statements

(₹ in crore)

**For the year ended**      For the year ended  
**March 31, 2017**      March 31, 2016

### Note: 2.27

#### Revenue From Operations

Sale of Services (Refer Note 2.53)	<b>9,879</b>		11,180	
Less: Service Tax	<b>1,056</b>	<b>8,823</b>	<u>1,187</u>	9,993
		<b>8,823</b>		<u>9,993</u>

### Note: 2.28

#### Other Income

Net gain on Sale of Investments	-		2	
Rent	<b>3</b>		6	
Income from Current Investments ₹ 1,38,728 (Previous year ₹ 2,90,275)	-		-	
Interest Income and Dividend Income (Refer Note 2.53)	<b>304</b>		311	
Miscellaneous Income	<b>24</b>		<u>2</u>	
	<b>331</b>		<u>321</u>	

### Note: 2.29

#### Access Charges, License Fees and Network Expenses (Refer Note 2.53)

Access Charges	<b>3,287</b>		3,041	
License Fees	<b>556</b>		703	
Infrastructure Charges	<b>1,922</b>		1,083	
Network Repairs and Maintenance	<b>611</b>		680	
Stores and Spares Consumed	<b>27</b>		32	
Power, Fuel and Utilities	<b>899</b>		1,230	
Other Network Operating Expenses	<b>204</b>		196	
	<b>7,506</b>		<u>6,965</u>	

### Note: 2.30

#### Employee Benefits Expenses

Salaries (including managerial remuneration)	<b>156</b>		165	
Contribution to Provident, Gratuity and Superannuation Fund	<b>10</b>		2	
Employee Welfare and Other Amenities	<b>21</b>		23	
Write back of Compensation under Employee Stock Option Schemes ₹ 3,27,600 (Previous year ₹ 13,09,300)	-		-	
	<b>187</b>		<u>190</u>	

### Note: 2.31

#### Finance Costs

Interest on financial liabilities measured at amortised cost (Refer Note 2.53)	<b>2,093</b>		1,803	
Other Financial Cost	<b>316</b>		246	
	<b>2,409</b>		<u>2,049</u>	

Notes on Accounts to Financial Statements

(₹ in crore)

For the year ended  
March 31, 2017

For the year ended  
March 31, 2016

**Note: 2.32**

**Sales and General Administration Expenses**

Selling, Marketing and Distribution Expenses	355		318
Provision for Doubtful Debts	73		101
Insurance	6		10
Rent, Rates and Taxes	74		10
Other Repairs	2		2
Travelling	9		14
Professional Fees	75		52
Loss on Sale / discarding of Property, Plant and Equipments, Intangible Assets and Capital Work in Progress	107		12
Hire Charges	15		18
Data Warehousing Charges	102		100
Other General and Administrative Expenses	109	499	80
Payment to Auditors			
(a) Statutory Audit Fees	8		6
(b) For reimbursement of expenses	-	8	-
(₹ 16,62,400 (Previous year ₹ 14,58,690))			6
	<u>935</u>		<u>723</u>

**Note: 2.33**

**Previous year**

The figures of the previous year have been restated as required by Ind AS 101 "First-time adoption". Amount in financial statements are presented in Rupees in crore, except as otherwise stated.

**Note: 2.34**

**First Time Adoption of Indian Accounting Standards (Ind AS)**

These Financial Statements are the Company's first Ind AS Financial Statements. Transition to Ind AS has been carried out with effect from the transition date being April 1, 2015 and impact thereof of ₹ 6,093 crore is accounted as net reduction in Equity taking into account exemptions under Ind AS 101 "First-time adoption", which are given below;

	Other Equity		Net Profit	Refer note below
	As at March, 31 2016	As at April, 1 2015	For the year ended March, 31 2016	
<b>(a) Reconciliation of Other Equity/Net Profit</b>				
<b>(i) Other Equity/Net Profit/ (Loss) as previously reported as per Indian GAAP</b>	31,054	34,627	(1,624)	
<b>Add/ (Less):</b>				
1 Fair Valuation/ Restatement of Property, Plant and Equipment including Intangibles	(5,297)	(5,302)	5	b
2 Fair valuation of Financial Instruments	(65)	(47)	(18)	c
3 Receivables assessed for future economic benefit and/or collection expected to flow	(396)	(388)	(8)	d
4 Deferred Taxes	1,498	249	1,248	e
5 Restatement of Upfront Revenue and related Cost	(201)	(218)	17	f
6 Other Ind AS Adjustments	(387)	(387)	1	g
<b>(ii) Other Equity/ Net Profit/ (Loss) before Other Comprehensive Income (OCI) under Ind AS</b>	<u>26,206</u>	<u>28,534</u>	<u>(379)</u>	

The Company has applied the following exemptions, available under Ind AS 101, for retrospective applications at the time of first time adoption of Ind AS.

# Reliance Communications Limited

## Notes on Accounts to Financial Statements

**Investments in Subsidiaries and Associates:** The Company has elected to apply carrying amount of its investment in subsidiaries and associates as per the previous GAAP as the deemed cost on the date of transition to Ind AS.

**Long Term Foreign Currency Monetary Items:** The Company has opted to apply the Ind AS 101 exemption and continued with the policy adopted under Previous GAAP for accounting of exchange differences arising from translation of long term foreign currency monetary items recognised in the financial statements upto March 31, 2016.

**Deemed cost:** In respect of Property, Plant and Equipment and Intangible Assets, certain assets have been fair valued and other assets have been retrospectively restated under Ind AS.

The following mandatory exceptions have been applied in accordance with Ind AS 101 "First Time Adoption of Ind AS":

**Derecognition of financial assets and liabilities:** The Company has elected to apply derecognition requirements for financial assets and liabilities under Ind AS 109 "Financial Instruments" prospectively for transactions occurring on or after the date of transition to Ind AS.

**Estimates:** Upon an assessment of the estimates made under Previous GAAP, the Company has concluded that there was no necessity to revise such estimates under Ind AS except as a part of transition where following estimates were required by Ind AS and not required by Previous GAAP: – Impairment of financial assets based on expected credit loss model.

**Classification and measurement of financial assets:** The Company has classified the financial assets in accordance with Ind AS 109 'financial instrument' on the basis of facts and circumstances that exist on the date of transition to Ind AS.

### Notes to reconciliation:

- (b) The Company has elected the option of adopting fair value as deemed cost for certain Land and Buildings, Plant and Machinery and Intangibles, as on the date of transition to Ind AS. Other Assets were restated retrospectively. This has resulted in, net increase in the value of Land and Buildings by ₹ 329 crore and net decrease in value of Plant and Machinery by ₹ 3,227 crore Intangibles being CDMA (Telecom) Spectrum by ₹ 2,404 crore resulting in net decrease in retained earnings by ₹ 5,302 crore and consequent decrease in depreciation for the year ended by ₹ 5 crore
- (c) Fair valuation impact of borrowings and deposits/ advances etc. has been accounted considering net present value on transition date. Corresponding reduction of profitability by ₹ 18 crore for the year.
- (d) Increase in provision for trade receivable assessed considering future economic benefits and/or collection expected to flow to the Company over the period of time due to the conditions existing prior to the date of transition has been accounted on the transition date, leaving consequent impact on profitability for the year.
- (e) Deferred Taxes are computed and recognised for temporary differences between carrying amount of an asset and liability in the balance sheet and tax base and consequent impact has been recognised in the statement of profit and loss.
- (f) The Company has changed the policy regarding revenues accounted upfront to accounting over the period of Contract as required under Ind As, impacting reduction in Equity by ₹ 218 crore. Consequently revenue and license fee has increased by ₹ 18 crore and ₹ 1 crore respectively.
- (g) Other Ind AS Adjustments includes net reduction in Equity by ₹ 387 crore for consolidation of RCOM ESOS Trust as required under Ind AS and disclosed as Treasury Equity.
- (h) Other Comprehensive income comprises of actuarial gain and losses on employee benefits.

**Statement of Cash flows:** The transition from Indian GAAP to Ind AS has no material impact on the statement of cash flows. The reconciliation of Cash and Cash Equivalents is as under: (₹ in crore)

	As at March 31, 2016	As at April 1, 2015
<b>Cash and Cash Equivalents under previous GAAP</b>	<b>138</b>	527
Less: Bank overdraft	<b>200</b>	275
Less: Earmarked Balances – Unpaid Dividend	<b>7</b>	8
<b>Cash and Cash Equivalents under Ind AS</b>	<b>(69)</b>	244

### Note:2.35

#### Foreign Currency Monetary Items; Long Term

In view of the option allowed pursuant to the notification dated December 29, 2011 issued by the Ministry of Corporate Affairs (MCA), Government of India, for the year ended on March 31, 2017, the Company has reduced by ₹ 182 crore (Previous year added ₹ 818 crore) of exchange differences on long term borrowings relating to the acquisition of depreciable capital assets to the cost of capitalised assets. Further, the Company has reduced foreign currency variations of ₹ 77 crore (Previous year accumulated ₹ 288 crore) arising on other long-term foreign currency monetary items in FCMITDA and ₹ 238 crore (Previous year ₹ 274 crore) has been amortised during the year, leaving balance to be amortised over the balance period of loans.

Notes on Accounts to Financial Statements

Note: 2.36

Schemes of Amalgamation and Arrangement

1 Pertaining to earlier years,

The Company, in the earlier years, underwent various restructuring Schemes through Court including restructuring of ownership of telecom business so as to align the interest of the shareholders. Accordingly, pursuant to the Schemes of Amalgamation and Arrangement ("the Schemes") under Sections 391 to 394 of the Companies Act, 1956 approved by the Hon'ble High Court of respective Judicature, the Company, during the respective years, recorded all necessary accounting effects, along with requisite disclosure in the notes to the accounts, in accordance with the provisions of the said Schemes. The cumulative effects of the Schemes in case of Equity Share Capital of the Company have been disclosed below the respective Notes to the Accounts. Reserves, pursuant to the said Schemes, include:

- (i) ₹ 8,047 crore being Securities Premium Account, which was part of the Securities Premium of erstwhile Reliance Infocomm Limited (RIC), the transferor company.
- (ii) General Reserve I of ₹ 5,538 crore representing the unadjusted balance being the excess of assets over liabilities relating to the Telecommunications Undertaking transferred and vested into the Company.
- (iii) General Reserve II of ₹ 2,785 crore representing the unadjusted balance of the excess of assets over liabilities received by the Company relating to the Telecommunications Undertaking transferred and vested into the Company.
- (iv) General Reserve III of ₹ 6,763 crore comprises of ₹ 4,159 crore transferred to General Reserve from Statement of Profit and Loss and ₹ 2,603 crore arising pursuant to Scheme of Amalgamation of erstwhile Reliance Gateway Net Limited and ₹ 1 crore of erstwhile Global Innovative Solutions Private Limited.
- (v) Reserve for Business Restructuring of ₹ 1,287 crore representing the unadjusted balance of revaluation of investment in Reliance Communications Infrastructure Limited, the Holding company of Reliance Infratel Limited after withdrawing an amount equivalent to writing off passive infrastructure assets, transferred to RITL, to the Statement of Profit and Loss. Balance in Reserve for Business Restructuring shall be available to meet increased depreciation, costs, expenses and losses including on account of impairment of or write down of assets etc.
- (vi) Additional depreciation of ₹ 1,205 crore (Previous year ₹ 1,190 crore) arising on fair value of the assets has been adjusted, consistent with the practice followed in earlier years, to General Reserve as permitted pursuant to the Scheme of Arrangement sanctioned vide an order dated July 3, 2009 by the Hon'ble High Court and as determined by the Board of Directors.
- (vii) Also refer note 2.44 "Exceptional Items" below.

2 The Scheme of Arrangement between the Company and Sistema Shyam Teleservices Limited (SSTL or the Transferor Company) for demerger of the Telecom Business Undertaking into the Company has been approved by the Hon'ble High Courts of Rajasthan and Bombay on September 30 and October 7, 2016 respectively. Pursuant to the Scheme, the Company will, towards consideration of the said Undertaking, issue and allot to SSTL, 27,65,53,305 fully paid up equity shares of ₹ 5 each aggregating to 10% of the fully diluted paid up share capital of the Company and perform its obligations under transaction documents. Further, the Scheme of Arrangement between RITL, a wholly owned subsidiary (the Transferor Company) and the Company for demerger of the Telecom Undertaking comprising of 5 License Service Areas into the Company has been approved by the Hon'ble High Court of Bombay on October 27, 2016. The effects shall be considered when the aforesaid Schemes become effective upon regulatory compliance.

3 Pursuant to an approval by BSE Limited and National Stock Exchange of India Limited, the Company has filed the Scheme of Arrangement ("the Scheme") on March 10, 2017 with the Mumbai Bench of the National Company Law Tribunal ("NCLT") for demerger of the Wireless Business Undertaking of the Company and RITL, a Subsidiary of the Company into Aircel Limited (AL) and its subsidiary, Dishnet Wireless Limited (DWL), and on the basis that in accordance with the Scheme, the Company would hold 50% ownership interest in AL.

4 Pursuant to execution of the Acquisition Agreement dated December 21, 2016 between the Company and Brookfield Infrastructure Group ("Brookfield") in relation to the transfer of RITL's nationwide tower business and related infrastructure to Brookfield, a Scheme of Arrangement ("the Scheme") under Section 230 to 240 of the Companies Act, 2013 has been filed on January 30, 2017 with the Mumbai Bench of the NCLT for demerger of Tower Business of RITL, a subsidiary into another subsidiary namely Towercom Infrastructure Private Limited ("Towercom"), which on transfer thereof upon completion of the said Scheme will be wholly owned and independently managed by affiliates of Brookfield. The consideration subject to adjustment as per the Acquisition Agreement shall be discharged by issue of Non Convertible Debentures of the face value of ₹ 6,900 crore and Redeemable Preference Shares of the face value of ₹ 100 crore (subject to adjustment as per the Acquisition Agreement between the Company, RITL a subsidiary of the Company and Brookfield). plus takeover of debt of upto ₹ 4,000 crore. Also, in accordance with the Share Subscription Agreement dated December 21, 2016, the Company will be entitled to subscribe by itself or through eligible nominees specified non voting shares of Towercom which based on certain conditions will entitle the holder of the said shares to 49% of the future economic upside from the said Tower Business. Considering that the Agreements are subject to various conditions precedent, no effect is given to these agreements and Scheme in the Accounts.

# Reliance Communications Limited

## Notes on Accounts to Financial Statements

### Note: 2.37

#### Capital Management

Capital of the Company, for the purpose of capital management, include issued equity capital, securities premium and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to maximise shareholders value.

The funding requirement is met through a mixture of equity, internal accruals, long term borrowings and short term borrowings.

The Company monitors capital using gearing ratio, which is debt divided by total capital plus debt.

	(₹ in crore)	
	As at March 31, 2017	As at March 31, 2016
(a) Equity	24,084	27,450
(b) Debt	36,593	34,549
(c) Equity and Debt ( a + b )	60,677	61,999
(d) Capital Gearing Ratio ( b / c )	60%	56%

Increasing capital gearing ratio reflects reduction in equity on account of net losses incurred during the year and withdrawal of depreciation / amortisation of fair value of assets and loss on account of change in exchange rates from General Reserve as permitted by the Court Scheme.

### Note: 2.38

#### Movement of Provisions (Current/ Non current)

Particulars	(₹ in crore)			
	Current		Non Current	
	For the year ended		For the year ended	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
<b>Provision for Employee Benefits</b>				
Balances at the beginning of the period	7	21	23	43
Additional provision/(reduction)	-	(14)	8	(20)
Balances at the close of the period	7	7	31	23
<b>Others - Disputed and Other claims</b>				
Balances at the beginning of the period	1,215	1,215	-	-
Additional provision/(reduction)	-	-	-	-
Balances at the close of the period	1,215	1,215	-	-

Provisions include provisions for disputed claims for verification of customers ₹ 9 crore (March 31, 2016 and April 1, 2015; ₹ 9 crore) and others of ₹ 1,206 crore (March 31, 2016 and April 1, 2015; ₹ 1,206 crore). The aforesaid provisions shall be utilised on settlement of the claims, if any, thereagainst.

### Note: 2.39

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

	(₹ in crore)		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(i) Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for	486	685	781
(ii) Disputed Liabilities not provided for			
- Sales Tax and VAT	27	16	20
- Custom, Excise and Service Tax	6	10	23
- Entry Tax and Octroi	45	44	37
- Income Tax	391	385	451
- Other Litigations	2,060	1,863	1,689
(iii) Guarantees given by the Company on behalf of its Subsidiaries	5,540	5,723	5,237
(iv) Guarantees given by the Company on behalf of other companies for business purpose.	-	-	10

**Notes on Accounts to Financial Statements**

(v) Spectrum Charges

DoT has, during the earlier years, issued demand on the Company for ₹ 1,758 crore towards levy of one time Spectrum Charges, being the prospective charges for holding CDMA spectrum beyond 2.5 MHz for the period from January 1, 2013 till the expiry of the initial terms of the respective Licenses. Based on a petition filed by the Company, the Hon'ble High Court of Kolkata, vide its order dated February 14 and April 19, 2013 has stayed the operation of such impugned demand till further order. The Company is of the view that the said demand, inter alia, is an alteration of financial terms of the licenses issued in the past and has also been advised so legally. Accordingly, no provision in this regard is required.

(vi) License Fees and Special Audit

Pursuant to the Telecom License Agreement, DoT directed audit of various Telecom companies including of the Company. The Special Auditors appointed by DoT were required to verify records of the Company for the years ended March 31, 2007 and March 31, 2008 relating to license fees and revenue share. The Company has received show cause notice dated January 31, 2012 and subsequently, received demand note dated November 8, 2012 based on report of the Special Audit directed by DoT relating to alleged shortfall of license fees of ₹ 300 crore and interest thereon as applicable. The Company has challenged the said notices, inter alia demanding license fee on non telecom revenue based on Special Audit Report before the Hon'ble Telecom Disputes Settlement and Appellate Tribunal (TDSAT) and also before the Hon'ble High Court of Kerala. The impugned demand has been stayed by Hon'ble High Court of Kerala during the pendency of the Petition. Meanwhile, Hon'ble TDSAT vide its judgement dated April 23, 2015 has set aside all License fee related demands and directed DoT to rework the license fees payable by the operators for the past periods, in light of the findings, observations and directions made in the said judgement and to issue fresh demands, which the operators will pay within the time prescribed under the law. DoT has challenged the said TDSAT judgement in Hon'ble Supreme Court and has not revised/raised any fresh demand. The matter is pending before Hon'ble Supreme Court, though Hon'ble Supreme Court vide its order dated February 29, 2016 allowed DoT to raise demand as per its understanding but not to enforce the same till the appeals are finally decided by the Supreme Court. As per the judgement of Hon'ble TDSAT dated April 23, 2015 which is operative as on date and other judicial pronouncements directly applicable to the issues of License fee dues raised by Special Auditors, there shall not be any liability of License fee and hence, no provision is required in the accounts of the Company.

**Note: 2.40**

	(₹ in crore)			
	For the year ended March 31, 2017	For the year ended March 31, 2016		
(i) <b>Value of Imports on CIF basis</b>				
Capital Goods	211	446		
Stores and Spares	-	-		
(ii) <b>Expenditure in Foreign Currency</b>				
Professional and Technical Fees	22	27		
Long distance operations	1,132	992		
Interest on Foreign Currency Loans	779	805		
Others	78	72		
(iii) <b>Earnings in Foreign Currency</b>				
Long distance operations	1,652	1,494		
Interest and other income (Previous year ₹ 1,61,000)	1	-		
(iv) <b>Consumption of Stores and Spares</b>	(₹ in crore)	%	(₹ in crore)	%
Imported (Value)	-	-	-	-
Indigenous (Value)	27	100%	32	100%

# Reliance Communications Limited

## Notes on Accounts to Financial Statements

### Note: 2.41

#### Operating Lease

The Company's significant leasing arrangements are in respect of operating leases for premises and network sites. These lease agreements provide for cancellation by either parties thereto as per the terms and conditions of the agreements.

	As at March 31, 2017	As at March 31, 2016	(₹ in crore) As at April 1, 2015
Estimated future minimum payments under non cancellable operating leases.			
(i) Not later than one year	350	350	350
(ii) Later than one year and not later than five years	-	350	700
(iii) Later than five years	-	-	-

### Note: 2.42

#### 2.42.1 Financial Instruments

The fair value of financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between the willing parties, other than in a forced or liquidation sale.

The following methods and assumptions have been used to estimate the fair values:

Fair value of cash and short-term deposits, trade and other short term receivables, trade payables, other current liabilities, short term loans from banks and other financial institutions approximate their carrying amounts largely due to the short term maturities of these instruments

Financial Instruments with fixed and variable interest rates are evaluated by the Company based on parameters such as interest rate and individual credit worthiness of the counterparty. Based on this evaluation, allowances are taken to account for the expected losses of these receivables.

Fair value hierarchy

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

There is no fair valuation of financial instruments.

The carrying values of the financial instruments by categories were as follows:

Particulars	As at March 31, 2017	As at March 31, 2016	(₹ in crore) As at April 01, 2015
<b>Financial assets at amortised cost:</b>			
Cash and Cash Equivalents (Refer Note 2.11)	455	131	519
Bank Balances (Refer Note 2.12)	188	661	53
Trade Receivables (Refer Note 2.10)	1,636	1,177	948
Investments (Refer Note 2.09)	4,599	4,712	4,694
Other Financial Assets (Refer Note 2.04, 2.05, 2.13 and 2.14)	6,672	4,686	11,444
<b>Total</b>	<b>13,550</b>	<b>11,367</b>	<b>17,658</b>
<b>Financial assets at fair value through Profit and Loss:</b>	-	-	638
Investments ₹ 30,29,205 (March 31, 2016 ₹ 30,26,427) (Refer Note 2.09)			
<b>Financial assets at fair value through other Comprehensive Income</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>
<b>Financial liabilities at amortised cost:</b>			
Trade payables (Refer Note 2.23)	2,435	3,877	4,385
Deferred Payment Liabilities	1,407	1,374	-
Other Financial Liabilities (Refer Note 2.19 and 2.24)	7,364	1,774	1,334
Borrowings (Refer Note 2.18, 2.22 and 2.24)	36,593	34,549	31,507
<b>Total</b>	<b>47,799</b>	<b>41,574</b>	<b>37,226</b>
<b>Financial liabilities at fair value through Statement of Profit and Loss</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>
<b>Financial Liabilities at fair value through other Comprehensive Income</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>



Notes on Accounts to Financial Statements

2.42.2 Financial Risk Management Objectives and Policies

Activities of the Company expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Company's primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance.

The Company's financial liabilities comprise of borrowings, trade payable and other liabilities to manage its operation and the financial assets include trade receivables, deposits, cash and bank balances, other receivables etc. arising from its operation.

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

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

Financial risk management

The Company's business activities expose it to a variety of financial risks, namely liquidity risk, market risks and credit risk.

Risk	Exposure arising from	Measurement	Management
Credit Risk	Cash and cash equivalents, trade receivables, financial assets measured at amortised cost	Ageing analysis	Diversification of bank deposits, letters of credit
Liquidity Risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities
Market risk – foreign exchange	Recognised financial assets and liabilities (₹) not denominated in Indian rupee	Sensitivity analysis	Un hedged
Market risk – interest rate	Long-term borrowings at variable rates	Sensitivity analysis	Un hedged
Market risk– price risk	Unquoted investment in equity shares of subsidiaries – not exposed to price risk fluctuations	-	-

Market risk

The Company also operates internationally and hence, a portion of the business is transacted in several currencies. Consequently, the Company is exposed to foreign exchange risk to the extent that there is mismatch between the currencies in which its sales and services, purchases from overseas suppliers and borrowings in various foreign currencies. Market Risk is the risk that changes in market prices such as foreign exchange rates, interest rates will affect income or value of its holding financial assets/ instruments. The exchange rate between rupee and foreign currencies has changed substantially in recent years and may fluctuate significantly in the future.

As a result operations of the Company are adversely affected as rupee appreciates/ depreciates against US Dollar.

(₹ in crore)

Foreign Currency Risk from financial instruments as of:

Particulars	March 31, 2017				March 31, 2016				April 01, 2015			
	U.S. dollars	Euro	Other Currency	Total	U.S. dollars	Euro	Other Currency	Total	U.S. dollars	Euro	Other Currency	Total
Trade Receivables	1,545	-	-	1,545	1,198	-	-	1,198	886	-	-	886
Other financial assets	278	153	-	431	383	167	-	550	230	149	-	379
Cash and Cash Equivalents	34	-	-	34	-	-	-	-	-	-	-	-
Borrowings	(14,695)	-	-	(14,695)	(17,579)	-	-	(17,579)	(18,052)	-	-	(18,052)
Trade payables and Other Liabilities	(1,505)	-	(6)	(1,511)	(1,648)	-	(5)	(1,653)	(1,032)	-	(1)	(1,033)
<b>Net assets / (liabilities)</b>	<b>(14,343)</b>	<b>153</b>	<b>(6)</b>	<b>(14,196)</b>	<b>(17,646)</b>	<b>167</b>	<b>(5)</b>	<b>(17,484)</b>	<b>(17,968)</b>	<b>149</b>	<b>(1)</b>	<b>(17,820)</b>

# Reliance Communications Limited

## Notes on Accounts to Financial Statements

### Sensitivity Analysis

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments as mentioned below.

Movement in Exchange Rate	(₹ in crore)	
	For the year ended March 31, 2017	For the year ended March 31, 2016
Impact of 2% increase in exchange rate of USD INR	(287)	(353)
Impact of 2% increase in exchange rate of EURO INR	3	3

If exchange rate is favourably affected with decrease by 2%, loss shall also accordingly be affected.

### Interest Rate Risk

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing investments because of fluctuations in the interest rates, in cases where the borrowings are measured at fair value through profit or loss. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing investments will fluctuate because of fluctuations in the interest rates.

### Exposure to Interest Rate Risk

Interest rate risk of the Company arises from borrowings. The Company endeavor to adopt a policy of ensuring that maximum of its interest rate risk exposure is at fixed rate. The Company's interest-bearing financial instruments are reported as below:

	(₹ in crore)		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<b>Fixed Rate Instruments</b>			
Financial Assets	7,559	8,138	8,566
Financial Liabilities	8,302	8,093	5,000
<b>Variable Rate Instruments</b>			
Financial Assets	3,496	1,201	6,975
Financial Liabilities	29,903	28,083	26,751

### Fair value sensitivity analysis for fixed-rate instruments

The Company does not account for any fixed-rate financial assets or financial liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

### Cash flow sensitivity analysis for variable-rate instruments

A reasonably possible change of 100 basis points in interest rates at the reporting date would increase/ (decrease) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

Impact on profit/ (loss)/ equity	(₹ in crore)	
	For the year ended March 31, 2017	For the year ended March 31, 2016
Impact of increase in interest rate by 100 basis point	(264)	(269)

If interest rate is positively affected with i.e. decrease by 100 basis point, loss shall also accordingly be affected.

The risk estimates provided assume a parallel shift of 100 basis points interest rate across all yield curves. This calculation also assumes that the change occurs at the balance sheet date and is calculated based on risk exposures outstanding as at that date. The period end balances are not necessarily representative of the average debt outstanding during the period.

### Derivative financial instruments

The Company does not hold derivative financial instruments

The Company offsets financial asset and financial liability when it currently has a legally enforceable right to set off the recognized amounts and the Company intends either to settle on a net basis or realise the asset and settle the liability simultaneously.

### Credit risk

Credit risk refers to the risk of default on its obligation by the customer/ counter party resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is carrying value of respective financial assets.

Notes on Accounts to Financial Statements

Trade receivables and unbilled revenue are typically unsecured and are derived from revenue earned from the customers. Credit risk has always been managed by each business segment through credit approvals, establishing credit limits and continuously monitoring the credit worthiness of customers to which the Company grants credit terms in the normal course of business. On account of adoption of Ind AS 109, the Company uses expected credit loss (ECL) model to assess the impairment loss or gain. ECL methodology depends on whether there is any significant increase in credit risk. In case of significant increase in credit risk, life time ECL is used; otherwise twelve month ECL is used. The Company uses a provision matrix to compute the expected credit loss allowance for trade receivables and unbilled revenues. The provision matrix takes into account available external and internal credit risk factors such as default risk of industry, credit default swap quotes, credit ratings from international credit rating agencies and historical experience for the customers.

Credit risk on cash and cash equivalents is limited as the Company generally invests in deposits with banks and financial institutions with high credit ratings assigned by international and/or domestic credit rating agencies. Investments primarily include investment in liquid mutual fund units, quoted bonds issued by Government and Quasi Government organizations and certificates of deposit which are funds deposited at a bank for a specified time period.

Ageing of Trade Receivable

Particulars	As at March 31, 2017			As at March 31, 2016			As at April 1, 2015		
	Gross Amount	Weighted Average Rate	Provision for Doubtful Debts	Gross Amount	Weighted Average Rate	Provision for Doubtful Debts	Gross Amount	Weighted Average Rate	Provision for Doubtful Debts
Not Due	194	4%	7	196	3%	6	278	3%	7
0-90	469	19%	91	617	16%	97	522	18%	95
91-180	196	27%	52	205	22%	46	188	18%	34
181-365	283	17%	49	365	16%	57	277	65%	181
Above 365	2,214	69%	1,521	1,526	100%	1,526	1,314	100%	1,314
<b>Total</b>	<b>3,356</b>	<b>51%</b>	<b>1,720</b>	2,909	60%	1,732	2,579	63%	1,631

Liquidity risk

The Company's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. Competitive intensity has adversely impacted revenue and consequent cash accruals during the year. This, coupled with current level of debt and imminent repayment obligations, has led to stress on liquidity profile. The Company closely monitors its liquidity position and is attempting to enhance its sources of funding by increasing cash flow generated from its operations and realisations from other proposed measures.

Liquidity risk is the financial risk that is encountered due to uncertainty resulting in difficulty in meeting its obligations. An entity is exposed to liquidity risk if markets on which it depends are subject to loss of liquidity for any reason; extraneous or intrinsic to its business operations, affecting its credit rating or unexpected cash outflows. A position can be hedged against market risk but still entail liquidity risk.

Prudence requires liquidity risk to be managed in addition to market, credit and other risks as it has tendency to compound other risks. It entails management of asset, liabilities focused on a medium to long-term perspective and future net cash flows on a day-by-day basis in order to assess liquidity risk.

Current and prospective liquidity risk is encountered when the Company is required to meet its obligations. The Company's approach to managing liquidity, that it will have sufficient cash and financial assets to meet its obligations and collateral needs, both expected and unexpected, under normal and stressed conditions, without incurring unacceptable losses. Dynamic nature of the underlying businesses necessitates that the treasury function ensures flexibility in funding by maintaining adequate working capital and availability under committed credit lines, for uninterrupted business operations. Existing operations of the Company are primarily funded through long term loans and advances. The Company is seeking to maintain/ enhance the level of working capital credit lines, so that operations are performed at optimum level.

Periodic budgets and rolling forecasts are prepared at the level of operating subsidiaries as regular practice and in accordance with limits specified by the Company. 49% of the total debt will be payable in less than one year i.e. during the financial year ended as at March 31, 2018. Apart from this, there is an outstanding principal of ₹ 18,738 crore and interest as applicable thereon payable to the lenders. The Company believes that working capital credit lines need significant enhancement pending infusion of funds from the proposed strategic transactions/ sale of assets and rolling over of loans with existing lenders.

# Reliance Communications Limited

## Notes on Accounts to Financial Statements

The tables below analyse the Company's financial liabilities into relevant maturities based on their contractual maturities for:

Particulars	As at March 31, 2017	Total	(₹ in crore)			
			Less than 1 year	1-2 years	2 - 5 years	Above 5 years
Trade Payables	2,435	2,435	2,435	-	-	-
Borrowings	36,593	36,798	18,060	8,358	9,772	608
Deferred Payment Liabilities	1,407	1,407	-	16	270	1,121
Interest on Borrowings	756	6,102	3,303	1,469	1,065	265
Interest on Deferred Payment Liabilities	281	1,344	22	532	560	230
Other Financial Liabilities	6,327	6,327	6,323	4	-	-

Particulars	As at March 31, 2016	Total	(₹ in crore)			
			Less than 1 year	1-2 years	2 - 5 years	Above 5 years
Trade Payables	3,877	3,877	3,877	-	-	-
Borrowings	34,549	34,802	10,320	6,789	16,900	793
Deferred Payment Liabilities	1,374	1,374	-	5	108	1,261
Interest on Borrowings	210	7,410	2,870	1,958	2,232	350
Interest on Deferred Payment Liabilities	148	1,333	22	288	704	319
Other Financial Liabilities	1,416	1,416	1,384	32	-	-

Particulars	As at April 01, 2015	Total	(₹ in crore)			
			Less than 1 year	1-2 years	2 - 5 years	Above 5 years
Trade Payables	4,385	4,385	4,385	-	-	-
Borrowings	31,507	31,751	5,774	11,905	11,997	2,075
Interest on Borrowings	125	7,662	2,390	2,089	3,132	51
Other Financial Liabilities	1,209	1,209	1,166	43	-	-

**For the year ended  
March 31, 2017**      For the year ended  
March 31, 2016

### Note: 2.43

#### Earnings per Share (EPS)

##### Basic and Diluted EPS (before and after Exceptional Items)

(a) Profit/(Loss) attributable to Equity Shareholders (₹ in crore) (used as numerator for calculating Basic EPS)	<b>(1,796)</b>	(379)
(b) Weighted average number of Equity Shares (used as denominator for calculating Basic EPS)	<b>246,76,79,745</b>	246,76,79,745
(c) Profit/(Loss) attributable to Equity Shareholders (₹ in crore) (used as numerator for calculating Diluted EPS)	<b>(1,796)</b>	(379)
(d) Weighted average number of Equity Shares (used as denominator for calculating Diluted EPS)	<b>246,76,79,745</b>	246,76,79,745
(e) Basic Earnings per Share of ₹ 5 each (₹)	<b>(7.28)</b>	(1.54)
(f) Diluted Earnings per Share of ₹ 5 each (₹)	<b>(7.28)</b>	(1.54)

#### Reconciliation of weighted average number of ordinary shares

Issued equity shares	<b>248,89,79,745</b>	248,89,79,745
Less: Effect of Treasury Equity held	<b>2,12,79,000</b>	2,12,79,000
Weighted average number of shares for basic and diluted EPS	<b>246,76,79,745</b>	246,76,79,745

Notes on Accounts to Financial Statements

**Note: 2.44**

**Exceptional Items**

Pursuant to the direction of the Hon'ble High Court of Judicature of Mumbai and option exercised by the Board of the Company, in accordance with and as per the Scheme of Arrangement ("the Scheme") approved by the Hon'ble High Court vide order dated July 3, 2009 binding on the Company, expenses and/ or losses, identified by the Board of the Company as being exceptional or otherwise subject to the Accounting treatment prescribed in the Schemes and comprising of ₹ 433 crore (Previous year ₹ 467 crore) of depreciation consequent to addition of exchange differences on long term borrowing relating to capital assets to the cost of capitalised assets, as also ₹ 8 crore (Previous year ₹ 3 crore) of exchange variation (net) on items other than long term monetary items, ₹ 238 crore (Previous year ₹ 274 crore) being amortization of FCMITDA excluding the portion added to the cost of fixed assets or carried forward as FCMITDA in accordance with Para 46 A inserted into the then applicable Accounting Standard (AS) 11 "The Effects of changes in Foreign Exchange Rates" in the context of unprecedented volatility in exchange rate during the year have been met by withdrawal from corresponding General Reserves, leaving no impact on loss for the year ended March 31, 2017. Such withdrawals have been included/ reflected in the Statement of Profit and Loss. The Company has been legally advised that such inclusion in the statement of Profit and loss is in accordance with Schedule III of the Companies Act, 2013. Had such write off of expenses, losses and depreciation/ amortisation (refer note 2.36.1(vi) not met from General Reserve, the Company would have reflected a Loss after tax for the year of ₹ 3,680 crore (Previous year loss after tax of ₹ 2,313 crore).

**Note: 2.45**

**Recovery of the Expenses**

Expenses are net of recoveries for common cost from; RCIL, a Wholly Owned Subsidiary of the Company, includes ₹ Nil (Previous year ₹ 12 crore) for Network Expenses, ₹ 31,72,015 (Previous year ₹ 28,06,098) for Salaries, ₹ 197 crore (Previous year ₹ 227 crore) for Finance Cost. RIDC, a Wholly Owned Subsidiary of RWL, includes ₹ 168 crore (Previous year ₹ 149 crore) for Network Expenses, ₹ 11 crore (Previous year ₹ 4 crore) for Finance Cost. RITL, a subsidiary of RCIL includes ₹ 1 crore (Previous year ₹ Nil) for Salaries and ₹ 127 crore (Previous year ₹ 150 crore) for Finance Cost. RBTV, a Wholly Owned Subsidiary of the Company includes ₹ 36,35,354 (Previous year ₹ 34,58,486) for Salaries, ₹ 21 crore (Previous year ₹ 106 crore) for Finance Cost. RTL, a Subsidiary of the Company includes ₹ 47,45,638 (Previous year ₹ 43,26,895) for Salaries, ₹ 235 crore (Previous year ₹ 199 crore) for Finance Cost and ₹ 8 crore (Previous year ₹ 55 crore) for Sales and General and Administration Expenses. RTSL, a Wholly Owned Subsidiary of the Company includes ₹ 62 crore (Previous year ₹ 134 crore) for Finance Cost. RWL, a Wholly Owned Subsidiary of the Company includes ₹ 18,76,463 (Previous year ₹ 14,57,013 for Salaries and ₹ 25 crore (Previous year ₹ 110 crore) for Finance Cost. RWML, a Wholly Owned Subsidiary of the Company includes ₹ 40,000 (Previous year ₹ Nil) for Finance Cost. Expenses under the heads Selling, Marketing and Distribution are net of recovery of cost ₹ 70,38,646 (Previous year ₹ 87 crore) incurred for and on behalf of RWL. Finance cost is net of recovery of interest cost from respective subsidiaries as mentioned above for the fund used by them for their business.

**Note 2.46**

**Corporate Social Responsibility**

The Company is not required to spend towards Corporate Social Responsibility (CSR) as per Section 135 of the Companies Act, 2013, since there is no average profit in the last 3 years calculated as per the provisions of the Act.

**Note 2.47**

**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 gratuity plan is governed by the Payment of Gratuity Act, 1972 (Gratuity Act). The Company is bound to pay the statutory minimum gratuity as prescribed under Gratuity Act. There are no minimum funding requirements for a gratuity plan in India. The Company's philosophy is to fund the benefits based on its own liquidity and tax position as well as level of underfunding of the plan vis-à-vis settlements. The management is responsible for the overall governance of the plan. The management has outsourced the investment management of the fund to insurance company which in turn manages these funds as per the mandate provided to them by the trustees and applicable insurance and other regulations.

The Company operates its gratuity and superannuation plans through separate trusts which is administered and managed by the Trustees. As on March 31, 2017 and March 31, 2016, the contributions towards superannuation plans have been invested in Insurer Managed Funds.

The plan is in the nature of a defined benefit plan which is sponsored by the Company and hence it underwrites all the risks pertaining to the plan. In particular, there is a risk for the Company that any significant change in salary growth or demographic experience or inadequate returns on underlying plan assets can result in an increase in cost of providing these benefits to employees in future.

The defined benefit plan exposes the Company to actuarial risks such as longevity risks, interest risk and market (Investment) risk.

# Reliance Communications Limited

## Notes on Accounts to Financial Statements

The following table sets out the status of the Gratuity Plan as required under Ind AS 19 "Employee Benefits".

Particulars	(₹ in crore)	
	As at March 31, 2017	March 31, 2016
<b>(i) Reconciliation of opening and closing balances of the present value of the defined benefit obligation</b>		
Obligation at the beginning of the year	14	31
Service Cost	2	2
Interest Cost	1	1
Liability Transferred in from other Company (₹ 1,37,379 (Previous year ₹ 6,18,847))	-	-
Liability Transferred out to other Company (₹ 11,29,193)	(-)	(19)
Actuarial (gain) / loss recognised in other comprehensive income		
- Change in financial assumptions (Previous year ₹ 22,45,183)	1	-
- Experience adjustments (₹ 7,48,437 (Previous year ₹ 48,91,944))	(-)	-
Benefits Paid	(1)	(3)
Liabilities Extinguished on Settlement	-	-
Obligation at the end of the year	16	14
Note: Defined benefit obligation liability is wholly funded by the Company		
<b>(ii) Change in plan assets</b>		
Plan assets at the beginning of the year, at fair value	1	3
Expected return on plan assets (₹ 8,31,954 (Previous year ₹ 25,26,577))	-	-
Actuarial gain / (loss) recognised in other comprehensive income (₹ 47,798 (Previous year ₹ 15,07,828))	-	(-)
Contributions (₹ 34,00,000 (Previous year ₹ 55,00,000))	-	1
Assets Transferred in from other Company (₹ 1,37,379 (Previous year ₹ 6,18,847))	-	-
Assets Transferred out to other Company (₹ 11,29,193) (Previous year ₹ Nil)	(-)	-
Benefits paid from the fund	(1)	(3)
Assets distributed on settlement	-	-
Plan assets at the end of the year, at fair value	-	1
<b>(iii) Reconciliation of present value of the obligation and the fair value of the plan assets</b>		
Fair value of plan assets at the end of the year	-	1
Present value of the defined benefit obligation at the end of the year	16	14
Liability recognized in the Balance Sheet	16	13
<b>(iv) Expense recognised in Profit or Loss</b>		
Service Cost	2	2
Interest Cost	1	1
Total	3	3
<b>(v) Amount recognised in Other Comprehensive Income</b>		
Actuarial (gain) / loss recognised in other comprehensive income	1	1
Expected return on plan assets (₹ 8,31,954 (Previous year ₹ 25,26,577))	-	-
Total	1	1
<b>(vi) Investment details of plan assets</b>		
100% of the plan assets are invested in balanced Fund Instruments		
<b>(vii) Actual return on plan assets (₹ 8,79,752 (Previous year: ₹ 10,18,749))</b>	-	-

Notes on Accounts to Financial Statements

Particulars	As at	
	March 31, 2017	March 31, 2016
<b>(viii) Assumptions</b>		
Interest rate	6.82%	7.79%
Estimated return on plan assets	6.82%	7.79%
Salary growth rate	8%	8%
Employee turnover rate	<b>For service 4 year and below 35% and 2% thereafter</b>	For service 4 year and below 35% and 2% thereafter

Mortality in Retirement: LIC Buy-out Annuity Rates & UK Published PA (90) Annuity Rates suitably adjusted for Indian Lives. The estimates of future salary increases considered in actuarial valuation take into account inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market.

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

(₹ in crore)

	2017	As at March 31		
		2016	2015	2014
Present Value of benefit obligation	16	14	31	31
Fair value of plan assets	-	1	3	10
Excess of obligation over plan assets (plan assets over obligation)	16	13	28	21

The expected contribution is based on the same assumptions used to measure the company's gratuity obligations as of March 31, 2017.

**(x) Sensitivity Analysis**

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

(₹ in crore)

	As at	
	March 31, 2017	March 31, 2016
Discount rate (+ 1% movement)	(1)	(1)
Discount rate (- 1% movement)	1	1
Future salary growth (+ 1% movement)	1	1
Future salary growth (- 1% movement)	(1)	(1)
Employee turnover (+ 1% movement) (₹ 13,51,686 (Previous year ₹ 4,60,357))	(-)	(-)
Employee turnover (- 1% movement) (₹ 14,65,315 (Previous year ₹ 4,74,580))	-	-

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

**(xi) Maturity analysis of defined benefit plan (fund)**

(Amount in ₹)

Project benefit payable in future from the date of reporting		
1st following year	8,928,988	5,636,610
2nd following year	6,765,006	5,044,785
3rd following year	6,187,275	8,090,328
4th following year	8,830,731	5,736,227
5th following year	10,413,181	8,420,464
Sum of 6 to 10 years	84,149,952	85,938,730

**Provident Fund:** Under this scheme, the employee and employer each make monthly contribution to the plan equal to 12% of the covered employee's basic salary. Contributions are made to the trust established by the Company. As at March 31, 2017, based on the actuarial valuation, Fair value of plan assets is ₹ 224 crore (Previous year ₹ 253 crore), the present value of defined benefit obligation is ₹ 206 crore (Previous year ₹ 237 crore). For the year ended March 31, 2017, the Company has contributed ₹ 5 crore (Previous year ₹ 4 crore) towards Provident Fund.

The assumptions made for the above are discount rate of 7.52%, average remaining tenure of Investment Portfolio is 5 years and guaranteed rate of return is 8.65%.



# Reliance Communications Limited

## Notes on Accounts to Financial Statements

### 2.48 Disclosure under Micro, Small and Medium Enterprises

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

(₹ in crore)			
	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
(i) Principal amount due to any supplier as at the year end	33	22	32
(ii) Interest due on the principal amount unpaid at the year end to any supplier	8	5	4
(iii) Amount of Interest paid by the Company in terms of Section 16 of the MSMED, along with the amount of the payment made to the supplier beyond the appointed day during the accounting year	-	-	-
(iv) Payment made to the enterprises beyond appointed date under Section 16 of MSMED	36	55	81
(v) Amount of Interest due and payable for the period of delay in making payment, which has been paid but beyond the appointed day during the year, but without adding the interest specified under MSMED	3	6	11
(vi) Amount of interest accrued and remaining unpaid at the end of each accounting year; and	11	11	15
(vii) Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under Section 23 of the MSMED.	6	7	10

### Note 2.49

#### Disclosures required by Clause 34 (3) and 53 (f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Loans and Advances in the nature of Loans to Subsidiary Companies

(₹ in crore)					
Sr. No.	Name of the Company	As At March 31, 2017	As At March 31, 2016	Maximum Balance during the current year	Maximum Balance during the Previous year
(i)	Reliance Webstore Limited	-	-	1,143	1,682
(ii)	Reliance Telecom Limited	1,832	239	3,570	2,591
(iii)	Campion Properties Limited	153	153	153	153
(iv)	Reliance Communications Infrastructure Limited	1,013	350	3,044	2,495
(v)	Reliance Infocomm Infrastructure Limited	166	33	428	1,122
(vi)	Reliance Big TV Limited	40	43	274	1,048
(vii)	Reliance Infratel Limited	2,719	2,719	2,719	2,719
(viii)	Reliance Globalcom B.V.	278	383	383	383
(ix)	Reliance IDC Limited	4	-	41	-
(x)	Reliance Tech Services Limited	10	-	685	1,484
		<u>6,215</u>	<u>3,920</u>		

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

### 2.50 Employee Stock Option Schemes

The Company operates two Employee Stock Option Plans; ESOS Plan 2008 and ESOS Plan 2009, which cover eligible employees of the Company and its Subsidiaries. ESOS Plans are administered through an ESOS Trust. The Vesting of the Options is on the expiry of one year from the date of Grant as per Plan under the respective ESOS(s). In respect of Options granted, the accounting value of Options (based on market price of the share on the date of the grant of the Option) is accounted as deferred employee compensation, which is amortised on a straight line basis over the Vesting Period. Each Option entitles the holder thereof to apply for and be allotted/ transferred one Equity Share of the Company of ₹ 5 each upon payment of the Exercise Price during the Exercise Period. The maximum Exercise Period is 10 years from the date of Grant of Options.

**Notes on Accounts to Financial Statements**

The Company has established a Trust for the implementation and management of ESOS Plans for the benefit of its present and future employees. Advance of ₹ 387 crore (₹ 387 crore as on March 31, 2016 and as on April 1, 2015) has been granted to the Trust and the said amount has been utilised by the Trust for purchasing 2.13 crore (2.13 crore as on March 31, 2016 and as on April 1, 2015) Equity Shares during the period upto March 31, 2017. The fall in the value of these underlying shares on account of market volatility and the loss, if any, can be determined only at the end of the exercise period under ESOS Scheme.

Amortization of compensation includes write back of ₹ 3,27,600 (₹ 13,09,300 as on March 31, 2016 and ₹ 2 crore as on April 1, 2015) based on intrinsic value of Options which has been vested under ESOS Plan 2008 and reflected in Statement of Profit and Loss under Employees Benefits Expenses. No amount is chargeable in respect of Options granted under ESOS Plan 2009.

Particulars	Employees Stock Option Plans			
	ESOS Plan 2008		ESOS Plan 2009	
	Number of Options	Weighted average exercise price (₹)	Number of Options	Weighted average exercise price (₹)
Number of Options Outstanding at the beginning of the year	52,798	422	6,49,642	206
Number of Options granted	Nil	-	Nil	-
Total number of Options surrendered	Nil	-	Nil	-
Number of Options vested during the year	Nil	-	Nil	-
Total number of Options exercised	Nil	-	Nil	-
Total number of Options forfeited/ lapsed	4,674	471	96,188	206
Number of Options outstanding at the end of the year	48,124	417	5,53,454	206

The weighted average remaining contractual life for the share options outstanding as at March 31, 2017 was 2.94 years (March 31, 2016: 2.60 years)

If the entity would have estimated fair value computed on the basis of Black Scholes pricing model, the compensation cost for the year ended March 31, 2017 for ESOS Plan 2008 and ESOS Plan 2009 would have been ₹ 0.35 crore and ₹ 1.22 crore respectively. The key assumptions used to estimate the fair value of options are given below.

Particulars	ESOS Plan 2008	ESOS Plan 2009
Risk-free interest rate	6.36%	6.56%
Expected life	1 year	2 years
Expected volatility	42.22%	42.22%
Expected dividend yield	0.02%	0.07%
Price of the underlying share in market at the time of option grant	₹ 541	₹ 174

The expected life of the share options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

**Note 2.51 Post Reporting Events**

No adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorisation.

**Note 2.52 Disclosure in respect of Specified Bank Notes (SBN)**

(₹ in crore)

Sr.	Particulars	Specified Bank Notes (SBN)	Other denomination Notes & Coins	Total
(i)	Closing cash in hand as on November 8, 2016	0.22	-	0.22
(ii)	Add: permitted receipts	-	0.69	0.69
(iii)	Less: permitted payments	-	-	-
(iv)	Less: amount deposited in banks	0.22	0.67	0.89
(v)	Closing cash in hand as on December 30, 2016	-	0.02	0.02

Specified bank notes are defined as the bank notes of denominations of the existing series of the value of five hundred rupees and one thousand rupees.

# Reliance Communications Limited

## Notes on Accounts to Financial Statements

### Note 2.53 Related Parties

As per the Ind AS 24 "Related Party Disclosures" as referred to in Accounting Standard Rules, the disclosure of transactions with the related parties as defined therein are given below. All transactions entered into by the Company with related parties, were in ordinary course of business and on arm's length basis.

#### A List of Related Parties: where control exists

##### (i) Subsidiary Companies (direct and step down subsidiaries)

- 1 Reliance WiMax Limited (RWML)
- 2 Reliance Bhutan Limited
- 3 Reliance Webstore Limited (RWL)
- 4 Reliance Infocomm Infrastructure Limited (RIIL)
- 5 Champion Properties Limited
- 6 Reliance Big TV Limited (RBTV)
- 7 Reliance Tech Services Limited (RTSL)
- 8 Reliance Telecom Limited (RTL)
- 9 Reliance Communications Infrastructure Limited (RCIL)
- 10 Reliance IDC Limited (RIDC)
- 11 Reliance Infratel Limited (RITL)
- 12 Reliance Mobile Commerce Limited
- 13 Reliance BPO Private Limited
- 14 Reliance Globalcom Limited
- 15 Reliance Communications Tamilnadu Limited
- 16 Reliance Infra Realty Limited
- 17 Reliance Infra Projects Limited
- 18 Realsoft Cyber Systems Private Limited
- 19 Worldtel Tamilnadu Private Limited
- 20 Internet ExchangeNext.com Limited
- 21 Reliance Globalcom B.V. (RGBV)
- 22 Reliance Communications (UK) Limited (RCUK)
- 23 Reliance Communications (Hong Kong) Limited
- 24 Reliance Communications (Singapore) Pte. Limited
- 25 Reliance Communications (New Zealand) Pte. Limited
- 26 Reliance Communications (Australia) Pty. Limited
- 27 Anupam Global Soft (U) Limited
- 28 Gateway Net Trading Pte Limited
- 29 Reliance Globalcom Limited, Bermuda (RGL, Bermuda)
- 30 FLAG Telecom Singapore Pte. Limited
- 31 FLAG Atlantic UK Limited
- 32 Reliance FLAG Atlantic France SAS (FLAG France)
- 33 FLAG Telecom Taiwan Limited
- 34 Reliance FLAG Pacific Holdings Limited
- 35 FLAG Telecom Group Services Limited  
(Formerly known as GCX Services Limited)
- 36 FLAG Telecom Deutschland GmbH

##### (i) Subsidiary Companies (direct and step down subsidiaries)

- 37 FLAG Telecom Hellas AE
- 38 FLAG Telecom Asia Limited
- 39 FLAG Telecom Nederland B.V.
- 40 Reliance Globalcom (UK) Limited
- 41 Yipes Holdings Inc.
- 42 Reliance Globalcom Services Inc.
- 43 YTV Inc.
- 44 Reliance Infocom Inc.
- 45 Reliance Communications Inc. (RCI)
- 46 Reliance Communications International Inc. (RCII)
- 47 Reliance Communications Canada Inc.
- 48 Bonn Investment Inc.
- 49 FLAG Telecom Development Limited
- 50 FLAG Telecom Development Services Company LLC
- 51 FLAG Telecom Network Services Limited
- 52 Reliance FLAG Telecom Ireland Limited (FLAG Ireland)
- 53 FLAG Telecom Japan Limited
- 54 FLAG Telecom Ireland Network Limited
- 55 FLAG Telecom Network USA Limited
- 56 FLAG Telecom Espana Network SAU
- 57 Reliance Vanco Group Ltd
- 58 Euronet Spain SA
- 59 Vanco (Shanghai) Co Ltd.
- 60 Vanco (Asia Pacific) Pte. Ltd.
- 61 Vanco Australasia Pty. Ltd.
- 62 Vanco Sp Zoo
- 63 Vanco GmbH
- 64 Vanco Japan KK
- 65 Vanco NV
- 66 Vanco SAS
- 67 Vanco South America Ltda
- 68 Vanco Srl
- 69 Vanco Sweden AB
- 70 Vanco Switzerland AG
- 71 Vanco Deutschland GmbH
- 72 Vanco BV
- 73 Vanco Benelux BV

## Notes on Accounts to Financial Statements

### (i) Subsidiary Companies

#### (direct and step down subsidiaries)

- 74 Vanco UK Ltd
- 75 Vanco International Ltd
- 76 Vanco Row Limited
- 77 Vanco Global Ltd
- 78 VNO Direct Ltd
- 79 Vanco US LLC
- 80 Vanco Solutions Inc
- 81 Net Direct SA (Proprietary) Ltd. (Under liquidation)
- 82 Global Cloud Xchange Limited
- 83 GCX Limited
- 84 Aircom Holdco B.V (w.e.f 18.07.2016)
- 85 Onyx NewCo LLC (acquired on 15.11.2016 and ceased to be subsidiary on 16.11.2016)
- 86 Towercom Infrastructure Private Limited (w.e.f 17.11.2016)
- 87 Seoul Telenet Inc.
- 88 FLAG Holdings (Taiwan) Limited
- 89 Reliance Telecom Infrastructure (Cyprus) Holdings Limited
- 90 Lagerwood Investments Limited

### (ii) Holding Company

Reliance Innoventures Private Limited

### (iii) Individuals Promoters

Shri Anil D. Ambani, the person having control during the year

### (iv) Key Managerial Person

Shri Prakash Shenoy, Company Secretary and Manager

### B List of Other Related Parties: where there have been transactions

#### (i) Associates

- 1 Warf Telecom International Private Limited
- 2 Mumbai Metro Transport Private Limited

#### (ii) Fellow Subsidiary Company

- 1 Reliance Big Entertainment Private Limited
- 2 Reliance Big Broadcasting Private Limited
- 3 Big Animation (India) Private Limited
- 4 Big Flicks Private Limited
- 5 Zapak Digital Entertainment Limited
- 6 Zapak Mobile Games Private Limited
- 7 Ralston Trading Private Limited
- 8 Reliance Infrastructure Management Private Limited (Formerly AAA Infrastructure Finance Management Private Limited)
- 9 Nationwide Communications Private Limited (w.e.f 31.05.2016)
- 10 MedyBiz Private Limited

### (iii) Enterprises over which individual described in Sr. No. A (iii) above having control

- 1 Reliance Capital Limited (RCL)
- 2 Reliance Capital Asset Management Limited (RCAML)
- 3 Reliance General Insurance Company Limited
- 4 Reliance Commodities Limited
- 5 Reliance Money Precious Metals Private Limited
- 6 Reliance Money Express Limited
- 7 Reliance Home Finance Limited
- 8 Reliance Securities Limited
- 9 Reliance Financial Limited
- 10 Reliance Money Solutions Private Limited
- 11 Reliance Wealth Management Limited
- 12 Reliance Corporate Advisory Services Limited (formerly Reliance Spot Exchange Infrastructure Limited)
- 13 Reliance Infrastructure Limited
- 14 Mumbai Metro One Private Limited
- 15 Reliance Sealink One Private Limited
- 16 HK Toll Road Private Limited
- 17 Parbati Koldam Transmission Company Limited
- 18 GF Toll Road Private Limited
- 19 KM Toll Road Private Limited
- 20 DA Toll Road Private Limited
- 21 Reliance Energy Limited
- 22 DS Toll Road Limited
- 23 Reliance Defence Limited
- 24 BSES Kerala Power Limited
- 25 Vidarbha Industries Power Limited
- 26 Reliance Power Limited
- 27 Sasan Power Limited
- 28 Rosa Power Supply Company Limited
- 29 Jharkhand Integrated Power Limited
- 30 Tato Hydro Power Private Limited
- 31 Rajasthan Sun Technique Energy Private Limited
- 32 Chitrangi Power Private Limited
- 33 Reliance Cleangen Limited (RCGL)

#### (iv) Employee Benefits Trust

- 1 Reliance Infocomm Limited Employees Provident Fund
- 2 Reliance Infocomm Limited Employees Gratuity Fund
- 3 Reliance Infocomm Limited Employees Superannuation Schemes

# Reliance Communications Limited

## Notes on Accounts to Financial Statements

### Transactions during the year with Related Parties

(Figures relating to previous year are reflected in brackets ( ) and figures as at April 1, 2015 are reflected in box brackets [ ])

(₹ in crore)

Sr. No	Nature of Transactions	Subsidiaries	Fellow Subsidiaries	Enterprises over which individual having control	Employee Benefits Trust	Associates/ Others	Total
<b>1</b>	<b>Investments</b>						
	Balance as at April 1, 2016	<b>21,780</b>	-	-	-	<b>22</b>	<b>21,802</b>
		(21,762)	(-)	(638)	(-)	(22)	(22,422)
	Purchased during the year	<b>1</b>	-	-	-	-	<b>1</b>
		(-)	(-)	(2,607)	(-)	(-)	(2,607)
	Sold during the year	<b>100</b>	-	-	-	-	<b>100</b>
		(-)	(-)	(3,247)	(-)	(-)	(3,247)
	Foreign Exchange Loss	<b>14</b>	-	-	-	-	<b>14</b>
		(18)	(-)	(-)	(-)	(-)	(18)
	Balance as at March 31, 2017	<b>21,667</b>	-	-	-	<b>22</b>	<b>21,689</b>
		(21,780)	(-)	(-)	(-)	(22)	(21,802)
<b>2</b>	<b>Purchase of PPE/Intangible Assets</b>	<b>4</b>	-	-	-	-	<b>4</b>
		(96)	(-)	(-)	(-)	(-)	(96)
		[111]	[-]	[-]	[-]	[-]	[111]
<b>3</b>	<b>Trade Receivables</b>	<b>1,022</b>	<b>3</b>	<b>19</b>	-	-	<b>1,044</b>
		(540)	(2)	(22)	(-)	(-)	(564)
		[305]	[4]	[21]	[-]	[-]	[330]
<b>4</b>	<b>Loans - Current Financial Assets</b>						
	Balance as at April 1, 2016	<b>3,920</b>	-	-	-	-	<b>3,920</b>
		(9,693)	(-)	(-)	(-)	(-)	(9,693)
	Given/ Adjusted during the year	<b>24,877</b>	-	-	-	-	<b>24,877</b>
		(22,984)	(-)	(-)	(-)	(-)	(22,984)
	Repaid and Adjusted during the year	<b>22,576</b>	-	-	-	-	<b>22,576</b>
		(28,771)	(-)	(-)	(-)	(-)	(28,771)
	Foreign Exchange Loss	<b>6</b>	-	-	-	-	<b>6</b>
		(14)	(-)	(-)	(-)	(-)	(14)
	Balance as at March 31, 2017	<b>6,215</b>	-	-	-	-	<b>6,215</b>
		(3,920)	(-)	(-)	(-)	(-)	(3,920)
<b>5</b>	<b>Interest Accrued on Loans and Investments - Other Financials Assets</b>	<b>141</b>	-	-	-	-	<b>141</b>
		(397)	(-)	(-)	(-)	(-)	(397)
		[1,477]	[-]	[-]	[-]	[-]	[1,477]

Notes on Accounts to Financial Statements

(₹ in crore)

Sr. No	Nature of Transactions	Subsidiaries	Fellow Subsidiaries	Enterprises over which individual having control	Employee Benefits Trust	Associates/ Others	Total
<b>6</b>	<b>Other Current Assets</b>						
i.	<b>Advances to Related Parties</b>	<b>42</b>	-	-	-	-	<b>42</b>
		(386)	(-)	(-)	(-)	(-)	(386)
		[1,240]	[-]	[-]	[-]	[-]	[1,240]
ii.	<b>Others</b>	<b>1,636</b>	-	<b>13</b>	-	-	<b>1,649</b>
		(1,051)	(-)	(19)	(-)	(-)	(1,070)
		[87]	[-]	[19]	[-]	[-]	[106]
<b>7</b>	<b>Borrowings – Non Current</b>						
	Balance as at April 1, 2016	-	-	<b>106</b>	-	-	<b>106</b>
		(-)	(-)	(-)	(-)	(-)	(-)
	Taken during the year	-	-	<b>861</b>	-	-	<b>861</b>
		(-)	(-)	(2,104)	(-)	(-)	(2,104)
	Repaid during the year	-	-	<b>106</b>	-	-	<b>106</b>
		(-)	(-)	(1,998)	(-)	(-)	(1,998)
	Balance as on March 31, 2017	-	-	<b>861</b>	-	-	<b>861</b>
	(including current maturity of Long term debts)	(-)	(-)	(106)	(-)	(-)	(106)
<b>8</b>	<b>Trade Payables</b>	<b>858</b>	<b>2</b>	<b>1</b>	-	-	<b>861</b>
		(665)	(2)	(1)	(-)	(-)	(668)
		[1,515]	[4]	[-]	[-]	[-]	[1,519]
<b>9</b>	<b>Borrowings – Current</b>	-	-	<b>1,088</b>	-	-	<b>1,088</b>
		(-)	(-)	(-)	(-)	(-)	(-)
		[-]	[-]	[-]	[-]	[-]	[-]
<b>10</b>	<b>Other Financial Liabilities</b>						
i.	<b>Interest accrued but not due on borrowings</b>	-	-	<b>27</b>	-	-	<b>27</b>
		(-)	(-)	(-)	(-)	(-)	(-)
		[-]	[-]	[-]	[-]	[-]	[-]
ii.	<b>Other Liabilities</b>	<b>5,408</b>	-	-	-	-	<b>5,408</b>
		(76)	(-)	(-)	(-)	(-)	(76)
		[218]	[-]	[-]	[-]	[-]	[218]

# Reliance Communications Limited

## Notes on Accounts to Financial Statements

(₹ in crore)

Sr. No	Nature of Transactions	Subsidiaries	Fellow Subsidiaries	Enterprises over which individual having control	Employee Benefits Trust	Associates/ Others	Total
<b>11</b>	<b>Income received in advance</b>	<b>3</b>	-	-	-	-	<b>3</b>
		(2)	(-)	(-)	(-)	(-)	(2)
		[12]	[-]	[-]	[-]	[-]	[12]
<b>12</b>	<b>Income</b>						
	Revenue From Operations	<b>1,273</b>	-	<b>36</b>	-	-	<b>1,309</b>
		(1,447)	(1)	(47)	-	-	(1,495)
	Other Income	<b>245</b>	-	<b>1</b>	-	-	<b>246</b>
		(260)	(-)	(4)	(-)	(-)	(264)
<b>13</b>	<b>Expenditure</b>						
	Access Charges	<b>536</b>	-	-	-	-	<b>536</b>
		(616)	(-)	(-)	(-)	(-)	(616)
	Network Operation Expenses	<b>2,603</b>	-	-	-	-	<b>2,603</b>
		(2,058)	(-)	(-)	(-)	(-)	(2,058)
	Employee Benefits Expenses	-	-	-	<b>6</b>	-	<b>6</b>
		(-)	(-)	(-)	(6)	(-)	(6)
	Selling and Marketing Expenses	<b>131</b>	-	-	-	-	<b>131</b>
		(136)	(-)	(-)	(-)	(-)	(136)
	General and Administration Expenses	<b>133</b>	-	<b>21</b>	-	-	<b>154</b>
		(128)	(1)	(2)	(-)	(-)	(131)
	Finance Cost	-	-	<b>111</b>	-	-	<b>111</b>
		(-)	(-)	(23)	(-)	(-)	(23)
	Recovery of Expenses	<b>925</b>	-	-	-	-	<b>925</b>
		(1,354)	(-)	(-)	(-)	(-)	(1,354)
<b>14</b>	<b>Corporate Guarantee</b>	<b>5,540</b>	-	-	-	-	<b>5,540</b>
		(5,723)	(-)	(-)	(-)	(-)	(5,723)
<b>15</b>	<b>Person having control during the year</b>						
	Shri Anil D. Ambani- Sitting Fees	-	-	-	-	-	-
	₹ 5,60,000 (Previous year	(-)	(-)	(-)	(-)	(-)	(-)
	₹ 5,60,000)						
<b>16</b>	<b>Managerial Remuneration</b>						
	Shri Prakash Shenoy- ₹ 77,41,620	-	-	-	-	-	-
	(Previous year ₹ 27,14,893)	(-)	(-)	(-)	(-)	(-)	(-)



**Notes on Accounts to Financial Statements**

The following table describes the components of compensation paid or payable to key management personnel for the services rendered during the year ended:

	<b>For the year ended March 31, 2017</b>	Amount in ₹ For the year ended March 31, 2016
Salaries and other benefits	<b>72,86,249</b>	23,43,358
Contributions to defined contribution plans	<b>4,55,371</b>	3,71,535
Commission to directors	-	-
Share-based payments expense	-	-
<b>Total</b>	<b><u>77,41,620</u></b>	<b><u>27,14,893</u></b>

Some of the key management personnel of the Company are also covered under the Company's Gratuity Plan along with the other employees of the Company. Proportionate amounts of gratuity accrued under the Company's Gratuity Plan have not been separately included in the above disclosure.

**Note 2.54**

**Segment Performance**

Disclosure as per Ind AS 108 "Operating Segments" is reported in Consolidated Accounts of the Company. Therefore, the same has not been separately disclosed in line with the provision of Ind AS.

**Note 2.55**

**Authorisation of Financial Statements**

The financial statements for the year ended March 31, 2017 were approved by the Board of Directors on May 27, 2017.

As per our report of even date

For **Pathak H.D. & Associates**  
Chartered Accountants  
Firm Reg. No.: 107783W

**Parimal Kumar Jha**

Partner  
Membership No: 124262  
Mumbai  
May 27, 2017

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

**Vijay Bhatt**

Partner  
Membership No: 036647

Chief Financial Officer **Manikantan V.**

For and on behalf of the Board

Chairman

**Anil D. Ambani**

Directors

**J. Ramachandran**  
**Manjari Kacker**  
**A. K. Purwar**  
**R. N. Bhardwaj**

Company Secretary and Manager

**Prakash Shenoy**

# Reliance Communications Limited

## Independent Auditor's Report on Consolidated Ind AS Financial Statement

### To The Members of Reliance Communications Limited

#### Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of Reliance Communications Limited (hereinafter referred to as 'the Holding Company'), its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group') and its associates which comprise the Consolidated Balance Sheet as at 31 March 2017, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

#### Management's Responsibility for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the matters stated in sub-section 5 of Section 134 of the Companies Act, 2013 ('the Act') with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and statement of changes in equity of the Group including its associates in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with relevant rules issued thereunder. The respective Board of Directors of the companies included in the Group and of its associates are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its associates for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

#### Auditor's Responsibility

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

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

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

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

#### Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements of the subsidiaries as noted below, the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its associates, as at 31 March 2017, and their consolidated loss (financial performance including other comprehensive income), their consolidated cash flows and consolidated statement of changes in equity for the year ended on that date.

#### Emphasis of Matters

- a. We draw attention to note 2.39.1 (v) of the consolidated Ind AS financial statements regarding the Scheme of Arrangement ('the Scheme') sanctioned on 03 July 2009 by the Hon'ble High Court of Judicature at Mumbai, the Holding Company is permitted to adjust additional depreciation/ amortisation, expenses and/ or losses, which have been or are required to be debited to the Statement of Profit and Loss by a corresponding withdrawal or credit from/ to General Reserve, as determined by the Board of Directors. During the year, the Holding Company has withdrawn ₹ 1,205 crore (previous year ₹ 1,190 crore) to offset additional depreciation/ amortisation on account of fair valuation of certain assets which may be considered to override the relevant provisions of Schedule II of the Act and Indian Accounting Standard 8 (Ind AS 8) 'Accounting Policies, Changes in Accounting Estimates and Errors'.
- b. We draw attention to note 2.45 of the consolidated Ind AS financial statements regarding the Schemes of Arrangement ('the Schemes') sanctioned by the Hon'ble High Court of Judicature at Mumbai, which permit the Holding Company and two of its subsidiaries, namely, Reliance Communications Infrastructure Limited ('RCIL') and Reliance Infratel Limited ('RITL') to adjust expenses and/or losses identified by the respective Board of the Holding Company and its two subsidiaries, which are

**Independent Auditor's Report on Consolidated Ind AS Financial Statement**

required to be debited/credited to the Statement of Profit and Loss by a corresponding withdrawal or credit from/to General Reserve, which is considered to be an override to the relevant provisions of Ind AS 8.

The Holding Company and its two subsidiaries have identified exchange variations incurred during the year of ₹ 9 crore (previous year ₹ 42 crore), depreciation on exchange losses capitalised of ₹ 467 crore (previous year ₹ 505 crore) and amortisation of Foreign Currency Monetary Items Translation Difference Account (FCMITDA) of ₹ 238 crore (previous year ₹ 424 crore), as in the opinion of the respective Board, such exchange variations are considered to be of an exceptional in nature and accordingly, these expenses have been met by corresponding withdrawal from General Reserve. Our opinion is not qualified in respect of this matter.

Had such write off of depreciation/ amortisation and exchange loss, as mentioned in paragraphs (a) and (b) above, not been met from General Reserve, the Group and its associates would have reflected a loss after tax for the year of ₹ 3,202 crore (previous year ₹ 1,499 crore).

- c. As stated in note 2.19.4 of the consolidated Ind AS financial statements, pending formal confirmation by the lenders for waiver of certain loan covenants, the loan amount has been continued to be classified as non-current liabilities.

Our opinion is not modified in respect of the above matters.

**Other Matters**

- a. The Holding Company has computed goodwill on consolidation by comparing the cost of investments with the equity of subsidiaries as on date on which investments were made by Reliance Industries Limited ('the transferor company') prior to demerger instead of considering the date of demerger as the date of investment.
- b. We did not audit the Ind AS financial statements of certain subsidiaries whose Ind AS financial statements reflect total assets of ₹ 23,064 crore, as at 31 March 2017, total revenue of ₹ 5,179 crore and net cash outflows amounting to ₹ 78 crore for the year ended on that date, as considered in the preparation of the consolidated Ind AS financial statements. The Ind AS financial statements of these subsidiaries have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the reports of such other auditors.
- c. The consolidated Ind AS financial statements include Ind AS financial statements of certain subsidiaries which reflect total assets of ₹ 16,799 crore as at 31 March 2017 and total revenues of ₹ 6,160 crore and net cash outflows amounting ₹ 21 crore for the year ended on that date. The Ind AS financial statements of these subsidiaries, have been audited by M/s Pathak H.D. & Associates, Chartered Accountants, one of the joint auditors of the Company.

- d. We did not audit the Ind AS financial statements of certain subsidiaries considered in the preparation of the consolidated Ind AS financial statements, whose Ind AS financial statements reflects total assets of ₹ 5,354 crore as at 31 March 2017, total revenue of ₹ 418 crore and net cash inflows amounting to ₹ 13 crore for the year ended on that date. We also did not audit the financial statements of two associates considered in the consolidated Ind AS financial statements, whose Ind AS financial statements reflect Group's share of net profit of ₹ 3 crore for the year ended 31 March 2017.

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

The comparative financial information of the Company for the year ended 31 March 2016 and the transition date opening Balance Sheet as at 1 April 2015 included in these consolidated Ind AS financial statements, are based on the statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 and other accounting principles generally accepted in India audited by BSR & Co. LLP, Chartered Accountant (one of the joint auditors) and Chaturvedi & Shah, Chartered Accountants (predecessor joint auditor), whose report for the year ended 31 March 2016 and 31 March 2015 dated 30 May 2016 and 29 May 2015 respectively expressed an unmodified opinion on those consolidated financial statements, as adjusted for the differences in the accounting principles adopted by the Company on transition to the Ind AS, which have been audited to the extent applicable by BSR & Co. LLP, Pathak H.D & Associates and Other auditors as referred in para 'b' and 'c' of Other Matters.

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

**Report on Other Legal and Regulatory Requirements**

As required by sub-section (3) of Section 143 of the Act, based on our audit and on the consideration of the reports of the other auditors on the separate financial statements of subsidiaries, as noted in the 'Other Matters' paragraph, we report, to the extent applicable that:

- (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements;
- (b) in our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors;

## Independent Auditor's Report on Consolidated Ind AS Financial Statement

- (c) the Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Cash Flow and Consolidated Statement of Changes in Equity dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements;
- (d) in our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act read with relevant rules issued thereunder; read with Emphasis of Matter paragraph above, regarding exercise of option available as per the Court Order which overrides the requirements of Ind AS 8;
- (e) on the basis of the written representations received from the directors of the Holding Company and its subsidiaries incorporated in India as on 31 March 2017, taken on record by the Board of Directors of the Holding Company and the reports of the auditors of its subsidiaries incorporated in India, none of the directors of the Holding Company and its subsidiaries incorporated in India is disqualified as on 31 March 2017 from being appointed as a Director in terms of sub-section 2 of Section 164 of the Act;
- (f) based on the comments in the auditors' reports of the Holding Company and the subsidiaries incorporated in India, we give in "Annexure A", our report on the adequacy of the internal financial reporting and the operative effectiveness of such controls;
- (g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 as amended by notification no. G.S.R. 307(E) issued by MCA dated 30 March 2017, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements of subsidiaries, as noted in the 'Other Matters' paragraph:
- i. The consolidated Ind AS financial statements disclose the impact of pending litigations on the consolidated financial position of the Group – Refer note 2.41 to the consolidated financial statements.
  - ii. The Group and its associates did not have any material foreseeable losses on long-term contracts including derivative contracts; and
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the subsidiaries incorporated in India.
  - iv. The Holding Company and its subsidiaries incorporated in India has provided requisite disclosures in the consolidated Ind AS financial statements as regards its holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the 8 November, 2016 of the Ministry of Finance, during the period from 8 November, 2016 to 30 December, 2016 of the Group entities as applicable. Based on audit procedures performed and the representations provided to us by the management, we report that the disclosures are in accordance with books of accounts maintained by those entities for the purpose of preparation of the consolidated Ind AS financial statements and as produced to us and other auditors by the Management of the respective Group entities. Refer Note 2.38 to the consolidated Ind AS financial statements.

For **Pathak H.D. & Associates**  
Chartered Accountants  
Firm's Reg. No: 107783W

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

**Parimal Kumar Jha**  
Partner  
Membership No: 124262  
  
Mumbai  
May 27, 2017

**Vijay Bhatt**  
Partner  
Membership No: 036647  
  
Mumbai  
May 27, 2017

## 'Annexure A' to the Independent Auditor's Report - 31 March 2017

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

In conjunction with our audit of the consolidated Ind AS financial statements of the Company as of and for the year ended March 31, 2017, we have audited the internal financial controls over financial reporting of Reliance Communications Limited (hereinafter referred to as "the Holding Company") and its subsidiaries which are companies incorporated in India, as of that date.

### Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company and its subsidiaries which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### Auditors' Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Holding and its subsidiaries incorporated in India.

### Meaning of Internal Financial Controls Over Financial Reporting

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

### Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

### Opinion

In our opinion, the Holding Company and its subsidiaries which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

### Other Matters

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to certain subsidiaries which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

For **Pathak H.D. & Associates**  
Chartered Accountants  
Firm's Reg. No: 107783W

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

**Parimal Kumar Jha**  
Partner  
Membership No: 124262

**Vijay Bhatt**  
Partner  
Membership No: 036647

Mumbai  
May 27, 2017

Mumbai  
May 27, 2017

# Reliance Communications Limited

## Consolidated Balance Sheet as at March 31, 2017

	Notes	As at March 31, 2017	As at March 31, 2016	(₹ in crore) As at April 1, 2015	
<b>ASSETS</b>					
<b>Non Current Assets</b>					
(a) Property, Plant and Equipment	2.01	49,801	50,774	50,659	
(b) Capital Work in Progress	2.01	1,909	1,754	1,256	
(c) Goodwill	2.02	3,548	3,551	3,542	
(d) Other Intangible Assets	2.03	17,494	15,387	15,427	
(e) Intangible Assets under Development	2.03	981	8,086	-	
(f) Investment in Associates	2.04	21	18	16	
(g) Financial Assets					
(i) Investments	2.05	11	12	9	
(ii) Other Financial Assets	2.06	246	177	182	
(h) Deferred Tax Asset (net)	2.07	3,670	1,928	1,496	
(i) Income Tax Asset (net)		964	1,406	1,293	
(j) Other Non Current Assets	2.08	8,079	8,600	3,064	76,944
<b>Current Assets</b>					
(a) Inventories	2.09	235	208	401	
(b) Financial Assets					
(i) Investments	2.10	-	-	638	
(ii) Trade Receivables	2.11	3,251	2,981	4,119	
(iii) Cash and Cash Equivalents	2.12	1,024	835	1,341	
(iv) Bank Balances other than (iii) above	2.13	295	689	67	
(v) Other Financial Assets	2.14	715	283	436	
(c) Other Current Assets	2.15	7,487	6,765	9,227	16,229
<b>TOTAL ASSETS</b>		<b>99,731</b>	<b>103,454</b>	<b>93,173</b>	
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
(a) Equity Share Capital	2.16	1,244	1,244	1,244	
(b) Other Equity	2.17	27,325	30,339	31,701	
<b>Attributable to Equity Shareholders of the parent</b>		<b>28,569</b>	<b>31,583</b>	<b>32,945</b>	
<b>Non Controlling Interest</b>	2.18	<b>400</b>	<b>282</b>	<b>277</b>	
<b>Total Equity</b>		<b>28,969</b>	<b>31,865</b>	<b>33,222</b>	
<b>Liabilities</b>					
<b>Non Current Liabilities</b>					
(a) Financial Liabilities					
(i) Borrowings	2.19	22,550	29,114	29,983	
(ii) Deferred Payment Liabilities		3,328	3,295	-	
(iii) Other Financial Liabilities	2.20	459	517	220	
(b) Deferred Revenue		3,303	3,842	4,185	
(c) Other Non Current Liabilities	2.21	87	2,860	-	
(d) Deferred Tax Liabilities (net)	2.07	4,550	3,888	3,898	
(e) Provisions	2.22	451	397	350	38,636
<b>Current Liabilities</b>					
(a) Financial Liabilities					
(i) Borrowings	2.23	9,499	4,374	1,585	
(ii) Trade Payables	2.24	4,746	5,775	6,099	
(iii) Other Financial Liabilities	2.25	17,391	12,399	9,484	
(b) Deferred Revenue		1,377	1,486	1,429	
(c) Other Current Liabilities	2.26	1,764	2,374	1,382	
(d) Income Tax Liabilities (net)		12	25	93	
(e) Provisions	2.27	1,245	1,243	1,243	21,315
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>99,731</b>	<b>103,454</b>	<b>93,173</b>	

### Significant Accounting Policies

1

### Notes on Accounts

2

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

As per our report of even date

For and on behalf of the Board

For **Pathak H.D. & Associates**  
Chartered Accountants  
Firm Reg. No.: 107783W

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

Chairman

**Anil D. Ambani**

Directors

**J. Ramachandran**  
**Manjari Kacker**  
**A. K. Purwar**  
**R. N. Bhardwaj**

**Parimal Kumar Jha**

Partner  
Membership No: 124262

**Vijay Bhatt**

Partner  
Membership No: 036647

Mumbai  
May 27, 2017

Chief Financial Officer **Manikantan V.**

Company Secretary and Manager

**Prakash Shenoy**



## Consolidated Statement of Profit and Loss for the year ended March 31, 2017

	Notes	For the year ended March 31, 2017		(₹ in crore) For the year ended March 31, 2016
<b>1 INCOME</b>				
(a) Revenue from Operations	2.28	19,493		21,954
(b) Other Income	2.29	456		402
(c) <b>Total Income ((a) + (b))</b>		<b>19,949</b>		<b>22,356</b>
<b>2 EXPENSES</b>				
(a) Access Charges, License Fees and Network Expenses	2.30	10,772		10,801
(b) Employee Benefits Expenses	2.31	1,138		1,120
(c) Finance Costs	2.32	3,561		2,924
(d) Depreciation, Amortisation and Provision for Impairment	2.01 & 2.03	5,426	5,674	
Depreciation and Amortisation adjusted by withdrawal from : General Reserve (Refer Note 2.39.1(v))		(1,205)	4,221	(1,190) 4,484
(e) Sales and General Administration Expenses	2.33	2,647		2,797
(f) <b>Total Expenses ((a) to (e))</b>		<b>22,339</b>		<b>22,126</b>
<b>3 Profit/ (Loss) before share of Profit of associates, exceptional items and Tax (1(c)-2(f))</b>		<b>(2,390)</b>		<b>230</b>
<b>4 Share of Loss/ (Profit) of Associates</b>		<b>(3)</b>		<b>(2)</b>
<b>5 Profit/ (Loss) before Exceptional Items and Tax (3-4)</b>		<b>(2,387)</b>		<b>232</b>
<b>6 Exceptional Items</b>	2.45			
Depreciation on account of change in exchange rate		467		505
Equivalent amount withdrawn from General Reserve		(467)		(505)
Foreign Currency Exchange Fluctuation Loss (net)		247		466
Equivalent amount withdrawn from General Reserve		(247)		(466)
<b>7 Profit / (Loss) before Tax (5-6)</b>		<b>(2,387)</b>		<b>232</b>
<b>8 Tax Expense:</b>				
(a) Current Tax		(2)	87	
(b) Short/ (Excess) provision of earlier years		(22)	(73)	
		(24)	14	
(c) Deferred Tax Charge/ (Credit) (net) (including MAT Credit)	2.07	<b>(1,080)</b>	<b>(442)</b>	
(d) <b>Total Tax Expense</b>		<b>(1,104)</b>		<b>(428)</b>
<b>9 Profit/ (Loss) after Tax (7-8)</b>		<b>(1,283)</b>		<b>660</b>
<b>10 Other Comprehensive Income/ (Loss)</b>				
<b>(a) Items that will not be reclassified to profit or loss</b>				
(i) Remeasurement gain/ (loss) of defined employee benefit plans (net of tax)		(1)		(1)
(ii) Net gain/ (loss) on Equity Shares carried at fair value (net of tax)		(1)		3
<b>(b) Items that will be reclassified to profit or loss</b>				
(i) Exchange difference on translation of financial statements of foreign operations		(35)		136
<b>Other Comprehensive Income/ (Loss) for the year</b>		<b>(37)</b>		<b>138</b>
<b>11 Total Comprehensive Income for the year (9-10)</b>		<b>(1,320)</b>		<b>798</b>
<b>12 Profit for the year attributable to</b>				
Shareholders		(1,403)		639
Non Controlling Interest		120		21
<b>13 Total Comprehensive Income attributable to</b>				
Shareholders		(1,440)		777
Non Controlling Interest		120		21
<b>14 Earnings per Share of ₹ 5 each fully paid up (before and after Exceptional Items)</b>	2.44			
- Basic (₹)		(5.69)		2.59
- Diluted (₹)		(5.69)		2.59

**Significant Accounting Policies** 1

**Notes on Accounts** 2

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

As per our report of even date

For **Pathak H.D. & Associates**  
Chartered Accountants  
Firm Reg. No.: 107783W

**Parimal Kumar Jha**  
Partner  
Membership No: 124262  
Mumbai  
May 27, 2017

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

**Vijay Bhatt**  
Partner  
Membership No: 036647

Chief Financial Officer **Manikantan V.**

For and on behalf of the Board

Chairman

Directors

Company Secretary and Manager

**Anil D. Ambani**

**J. Ramachandran**  
**Manjari Kacker**  
**A. K. Purwar**  
**R. N. Bhardwaj**

**Prakash Shenoy**



Consolidated Statement of Changes in Equity for the year ended March 31, 2017

Consolidated Statement of Changes in Equity for the year ended March 31, 2017

(a) Equity Share Capital (Refer Note 2.16)

Balance at the beginning of the year

Change in equity share capital during the year

Balance at the end of the year

	For the year ended March 31, 2017	For the year ended March 31, 2016
	1,244	1,244
	-	-
	<b>1,244</b>	<b>1,244</b>

(b) Other Equity (Refer Note 2.17)

Particulars	Attributable to the equity holders							Total			
	Reserve and Surplus				Other Comprehensive Income						
	Capital Reserve	Securities Premium Reserve	General Reserve	Reserve for Business Restructuring	Debt Redemption Reserve	Retained Earnings	Treasury Equity		FCMITDA*	Exchange Fluctuation Reserve	Others
<b>Balance as at 01.04.2015</b>	1,383	13,894	6,484	1,287	590	9,262	(391)	(808)	-	-	<b>31,701</b>
Surplus/ (Deficit) of Statement of Profit and Loss						639					<b>639</b>
Other Comprehensive Income	1								136	2	<b>139</b>
Transfer to Statement of Profit and Loss			(2,161)								<b>(2,161)</b>
Movement in FCMITDA								3			<b>3</b>
Non Controlling Interest			18								<b>18</b>
<b>Balance as at 31.03.2016</b>	<b>1,384</b>	<b>13,894</b>	<b>4,341</b>	<b>1,287</b>	<b>590</b>	<b>9,901</b>	<b>(391)</b>	<b>(805)</b>	<b>136</b>	<b>2</b>	<b>30,339</b>
Surplus/ (Deficit) of Statement of Profit and Loss						(1,403)					<b>(1,403)</b>
Other Comprehensive Income									(35)	(2)	<b>(37)</b>
Transfer to Statement of Profit and Loss			(1,919)								<b>(1,919)</b>
Movement in FCMITDA								344			<b>344</b>
Non Controlling Interest											<b>1</b>
<b>Balance as at 31.03.2017</b>	<b>1,384</b>	<b>13,894</b>	<b>2,423</b>	<b>1,287</b>	<b>590</b>	<b>8,498</b>	<b>(391)</b>	<b>(461)</b>	<b>101</b>	<b>-</b>	<b>27,325</b>

\*FCMITDA: Foreign Currency Monetary Items Translation Difference Account

As per our report of even date

For **Pathak H.D. & Associates**  
Chartered Accountants  
Firm Reg. No.: 107783W

**Parimal Kumar Jha**

Partner

Membership No: 124262

Mumbai

May 27, 2017

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

**Vijay Bhatt**

Partner

Membership No: 036647

Chief Financial Officer

**Manikantan V.**

Company Secretary and Manager

**Prakash Shenoy**

For and on behalf of the Board

Chairman

Directors

**Anil D. Ambani**

**J. Ramachandran**

**Manjari Kacker**

**A. K. Purwar**

**R. N. Bhardwaj**

Consolidated Statement of Cash Flow for the year ended March 31, 2017

	For the year ended March 31, 2017	For the year ended March 31, 2016
(₹ in crore)		
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Net Profit/ (Loss) before tax as per Statement of Profit and Loss</b>	<b>(2,387)</b>	232
Adjusted for:		
Provision for Doubtful Debts	143	136
Depreciation, Amortisation and Provision for Impairment	4,221	4,484
Effect of Changes in Foreign Exchange Rate (net)	7	(23)
(Profit)/ Loss on Sale of Property, Plant and Equipments and Capital Work in Progress (net)	(82)	(213)
Net gain on Sale of Investments	-	(3)
Finance Costs (net)	3,561	2,924
Share of Profit/ (Loss) on investment in associates	(3)	(2)
Writeback of Provision for Liabilities no longer required	(3)	(48)
Interest Income	(148)	(106)
<b>Operating Profit before Working Capital Changes</b>	<b>7,696</b>	<b>7,149</b>
Adjusted for:	<b>5,309</b>	<b>7,381</b>
Receivables and Other Advances	(1,864)	4,012
Inventories	(27)	193
Trade Payables and Other Liabilities	(4,280)	2,718
<b>Cash Generated from Operations</b>	<b>(862)</b>	<b>14,304</b>
Income Tax Refund	695	154
Income Tax Paid	(221)	(352)
<b>Net Cash from/ (used in) Operating Activities</b>	<b>(388)</b>	<b>14,106</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
Additions of Property, Plant and Equipments, Intangible Assets and Capital Work in Progress/ Intangible Assets under Development (including realised loss capitalised)	<b>(3,920)</b>	(15,330)
Proceeds from Sale of Property, Plant and Equipment	<b>4,246</b>	247
Purchase of Investments	-	(2,680)
Sale of Investments	-	3,320
Investment in Bank deposits (having original maturity for more than 3 months)	<b>337</b>	(622)
Interest Income	<b>149</b>	115
<b>Net Cash from/ (used in) Investing Activities</b>	<b>812</b>	(14,950)
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Net Proceeds from/ (Repayment) of Borrowings-Current	<b>5,158</b>	2,801
Realised foreign exchange variations withdrawn from General Reserve	<b>(164)</b>	(123)
Proceeds from Borrowings-Non Current	<b>4,367</b>	5,851
Repayment of Borrowings-Non Current	<b>(6,211)</b>	(4,917)
Dividend Paid	<b>(2)</b>	(2)
Finance Cost including interest capitalisation	<b>(3,321)</b>	(3,174)
<b>Net Cash from / (used in) Financing Activities</b>	<b>(173)</b>	436
<b>Net Increase/ (Decrease) in Cash and Cash Equivalents</b>	<b>251</b>	(408)
<b>Opening Balance of Cash and Cash Equivalents</b>	<b>564</b>	972
Effect of Exchange Gain/ (Loss) on Cash and Cash Equivalents (₹19,646) (Previous year ₹ 125,434)	-	-
<b>Closing Balance of Cash and Cash Equivalents</b>	<b>815</b>	564

- Notes:** (a) Cash and Cash Equivalents include cash on hand, cheques on hand, remittances- in-transit and bank balance including Fixed Deposits with Banks.  
(b) Statement of Cashflow has been prepared under the indirect method as set out in the Indian Accounting Standard (Ind AS) 7 "Statement of Cashflows".  
(c) Cash and Cash Equivalents are net of Bank overdraft as required under Ind AS 7.  
(d) Break up of Cash and Cash Equivalents

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(i) Cash and Cash Equivalents (Refer Note 2.12)	<b>1,024</b>	835	1,341
(ii) Less: Bank overdraft	<b>(209)</b>	(271)	(369)
(iii) Cash and Cash Equivalents (net) as per Ind AS 7	<b>815</b>	564	972

As per our report of even date

For **Pathak H.D. & Associates**  
Chartered Accountants  
Firm Reg. No.: 107783W

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

**Parimal Kumar Jha**  
Partner  
Membership No: 124262  
Mumbai  
May 27, 2017

**Vijay Bhatt**  
Partner  
Membership No: 036647

Chief Financial Officer **Manikantan V.**

For and on behalf of the Board

Chairman

**Anil D. Ambani**

Directors

**J. Ramachandran**  
**Manjari Kacker**  
**A. K. Purwar**  
**R. N. Bhardwaj**

Company Secretary and Manager

**Prakash Shenoy**

## Significant Accounting Policies to the Consolidated Financial Statements

### Note 1

#### General Information and Significant Accounting Policies

##### 1.1 General Information

Reliance Communications Limited ("RCOM" or "the Company"), founded by late Shri Dhirubhai H Ambani, is the flagship company of the Reliance Group. The Company is registered under the Companies Act, 1956, having Registered Office at H Block, 1st Floor, Dhirubhai Ambani Knowledge City, Navi Mumbai 400710 and its securities are listed on the BSE Limited and the National Stock Exchange of India Limited.

RCOM is India's foremost and truly integrated telecommunications service provider in the private sector. RCOM has established pan India, next generation, integrated (wireless and wireline), convergent (long distance, voice, data video and internet) digital network that is capable of supporting the best of class services spanning the entire communications value chain. RCOM and its subsidiaries own and operate the next generation IP enabled connectivity infrastructure, comprising of fibre optic cable systems in India, build, own and operate telecommunication towers, submarine cable network infrastructure globally and related assets at designated sites and to provide passive telecommunication infrastructure assets on a shared basis to wireless service providers and other communications service providers under long term contracts. In addition, its operation also includes managed internet data centers and direct to home digital TV services.

##### 1.2 Principles of Consolidation

The Consolidated Financial Statements relate to the Company, all of its subsidiary companies and associates (hereinafter collectively referred to as "the Group"). The Company controls an entity when it is exposed to or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. Interest in associates and the joint venture are accounted for using the equity method. The financial statements of entities are included in the consolidated financial statements from the date on which control commences and until the date on which control ceases. The Consolidated Financial Statements have been prepared on the following bases.

- (a) The financial statements of the Company and its subsidiaries are consolidated by combining like items of assets, liabilities, incomes and expenses and cash flows after fully eliminating intra group balances and intra group transactions resulting in unrealized profit or loss in accordance with the Indian Accounting Standard ("Ind AS") 110 "Consolidated Financial Statements" as referred to in the Indian Accounting Standards Rules, 2015 and as amended from time to time.
- (b) Investments in subsidiaries are eliminated and differences between the costs of investment over the net assets on the date of investment or on the date of the financial statements immediately preceding the date of investment in subsidiaries are recognised as Goodwill or Capital Reserve, as the case may be. Investment in associates and joint ventures are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the Consolidated Financial Statements include the Group's share of profit or loss and other comprehensive income (OCI) of equity accounted investees, until the date on which significant influence or joint control ceases. When the Group's share of loss in an equity accounted investment equals or exceeds its interest in the entity, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.
- (c) Changes in ownership interests for transactions with non controlling interests that do not result in loss of control are treated as the transactions with the equity owners of the Group. For purchases from non controlling interests, the difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Group ceases to consolidate or equity account for an investment because of loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes initial carrying amount for the purpose of subsequent accounting for the retained interest as an associate, joint venture or financial asset.

- (d) Share of Non Controlling Interest in net profit or loss of consolidated subsidiaries for the year is identified and adjusted against income of the Group in order to arrive at the net income attributable to the Equity Shareholders of the Company.
- (e) Share of Non Controlling Interest in net assets of consolidated subsidiaries is identified and presented in the consolidated statement of profit or loss, consolidated statement of changes in equity and consolidated balance sheet respectively as a separate item from liabilities and the Shareholders' Equity.
- (f) The Consolidated Financial Statements are prepared using uniform Accounting Policies for like transactions and other events in similar circumstances and are presented in the same manner as far as possible, as the standalone financial statements of the Company.

## Significant Accounting Policies to the Consolidated Financial Statements

### 1.3 Recent Accounting Developments

#### Standards issued but not yet effective:

In March 2017, the Ministry of Corporate Affairs (the MCA), Government of India (GoI) issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7 'Statement of Cash Flows' and Ind AS 102 'Share-based payment.'

The amendments are applicable to the Company with effect from April 1, 2017.

#### Amendment to Ind AS 7: Statement of Cash Flows

The amendment to Ind AS 7 requires the entities to provide disclosures that enable the users of the financial statements to evaluate changes in liabilities arising from the financing activities, including both, changes arising from cash flows and non cash changes, suggesting inclusion of a reconciliation between opening and closing balances in the balance sheet for liabilities arising from the financing activities, to meet the disclosure requirement.

#### Amendment to Ind AS 102: Share based payments

The amendment to Ind AS 102 provides specific guidance as to the measurement of cash settled awards, modification of cash settled awards and awards that include a net settlement feature in respect of withholding taxes. It clarifies that the fair value of cash settled awards is determined on the basis consistent with that used for equity settled awards. Market-based performance conditions and non vesting conditions are reflected in the 'fair values', but non market performance conditions and service vesting conditions are reflected in the estimate of the number of awards expected to vest. Also, the amendment clarifies that if the terms and conditions of the cash settled share based payment transactions are modified with the result that it becomes an equity settled share based payment transaction, the transaction is accounted for as such from the date of the modification.

Further, the amendment requires the award that includes the net settlement feature in respect of withholding taxes to be treated as the equity settled in its entirety. The cash payment to the tax authority is treated as if it was part of an equity settlement.

### 1.4 Other Significant Accounting Policies

#### (a) Basis of Preparation of Consolidated Financial Statements

The consolidated financial statements are prepared under historical cost convention/ fair valuation under the Scheme approved by the Hon'ble High Court, in accordance with the generally accepted accounting principles (GAAP) in India and in compliance with the Ind AS specified under Section 133 of the Companies Act, 2013 ("the Act") read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015, the Companies (Indian Accounting Standards) Amendment Rules, 2016 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 (the ICAI).

These consolidated financial statements for the year ended March 31, 2017 are the first financial statements that the Group has prepared under Ind AS. For all periods upto and including the year ended March 31, 2016, the Group prepared its financial statements in accordance with the accounting standards notified under Section 133 of the Act, read together with Rule 7 of the Companies (Accounts) Rules, 2014 (hereinafter referred to as 'the Previous GAAP') used for its statutory reporting requirements in India immediately before adopting Ind AS.

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

#### (b) Functional Currency and Presentation Currency

These consolidated financial statements are presented in Indian Rupees ("Rupees" or "₹") which is functional currency of the Company. All amounts are rounded off to the nearest crore, unless stated otherwise.

#### (c) Use of Estimates

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

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. The Management also needs to exercise judgement in applying the accounting policies.

## Significant Accounting Policies to the Consolidated Financial Statements

This note provides an overview of the areas that involved a higher degree of judgments or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

### Critical estimates and judgements

The Group has based assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

The areas involving critical estimates or judgements pertain to current tax expense and tax payable (Note 2.07), fair value of unlisted securities (Note 2.05), goodwill impairment (Note 2.02), estimated useful life of property, plant and equipment including intangible assets (Note 2.01 and 2.03), measurement of defined benefit obligation (Note 2.50), provision for asset retirement obligation (Note 2.22), recognition of deferred tax assets for carried forward tax losses (Note 2.07), impairment of trade receivables and other financial assets (Note 2.43). Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the group and that are believed to be reasonable under the circumstances.

- (i) Useful life of Property, Plant and Equipment including intangible assets: Residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.
- (ii) Taxes : The Group provides for tax considering the applicable tax regulations and based on probable estimates.

Management periodically evaluates positions taken in the tax returns giving due considerations to tax laws and establishes provisions in the event if required as a result of differing interpretation or due to retrospective amendments, if any.

The recognition of deferred tax assets is based on availability of sufficient taxable profits in the Group against which such assets can be utilized.

- (iii) Fair value measurement and valuation process: The Group measured financial assets and liabilities if any, at fair value for financial reporting purposes.
- (iv) Trade receivables and other financial assets: The Group follows a 'simplified approach' (i.e. based on lifetime Expected Credit Loss (ECL)) for recognition of impairment of loss allowance on Trade receivables (including lease receivables). For the purpose of measuring lifetime ECL allowance for trade receivables, the Group estimates irrecoverable amount based on the ageing of the receivable balances and historical experience. Further, a large number of minor receivables are grouped into homogeneous groups and assessed for impairment collectively. Individual trade receivables are written off when management deems them not to be collectable.
- (v) Defined benefit plans (gratuity benefits) : The Group's obligation on account of gratuity and compensated absences is determined based on actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual development in the future. These include determination of the discount rate, future salary increase and mortality rates. Due to the complexities involved in the valuation and its long-term nature, these liabilities are highly sensitive to changes in assumptions. All assumptions are reviewed at each reporting date.

The parameter subject to frequent changes is the discount rate. In determining appropriate discount rate, the management considers interest rates of government bonds in currencies, consistent with the currencies of the post-employment benefit obligation.

The mortality rate is based on publicly available mortality tables in India. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increase and gratuity increase are based on expected future inflation rates.

- (vi) Non-financial assets are reviewed for impairment, whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.
- (vii) Provisions and Contingent liabilities are reviewed at each balance sheet date and adjusted to reflect best estimate.

### (d) Property, Plant and Equipment

- (i) Property, Plant and Equipment (PPE) are stated at cost net of Modvat/ Cenvat less accumulated depreciation, amortisation and impairment loss, if any. Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

## Significant Accounting Policies to the Consolidated Financial Statements

- (ii) Cost of an item of PPE comprises of its purchase price including import duties and non refundable purchase taxes after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and present value of estimated costs of dismantling and removing the item and restoring the site on which it is located.
- The residual values, useful lives and methods of depreciation of PPE are reviewed at each reporting date and adjusted prospectively, if appropriate.
- (iii) As per Para 46A of Accounting Standard (AS) 11, 'The Effects of Changes in Foreign Exchange Rates', related to acquisition of depreciable capital assets pursuant to the notifications dated December 29, 2011 and August 9, 2012 issued by Ministry of Corporate Affairs (MCA), under the Companies (Accounting Standards) (Second Amendment) Rules 2011, the cost of depreciable capital assets includes foreign exchange differences arising on translation of long term foreign currency monetary items as at the balance sheet date in so far as they relate to the acquisition of such assets is capitalised and subsequently, on adoption of Indian Accounting Standard also, the same is allowed for the transactions recorded upto March 31, 2016.
- (iv) On transition to Ind AS, the Company has elected the option of fair value as deemed cost for certain Land and Buildings and Plant and Machinery, as on the date of transition. Other Tangible Assets are restated retrospectively.
- (v) In accordance with Ind AS, the Company has fair valued certain Properties, Plant and Equipment as on April 1, 2015 using various appropriate approach: Real Estate Assets (other than Dhirubhai Ambani Knowledge City (DAKC)) have been fair valued adopting a combination of all the three approaches viz market, income and cost approach. Land is valued using replacement cost approach, certain buildings are valued using income approach and other buildings and improvements are fair valued using reproduction cost method. Real Estate Assets comprising of Land owned by Campion Properties Limited, a subsidiary of the Company, have been fair valued using the market approach while buildings are valued using cost approach. DAKC Land and Buildings have been valued using the income capitalization approach. CDMA Electronics have been fair valued using replacement cost approach.
- (vi) Depreciation is provided on Straight Line Method based on the useful life prescribed in Schedule II to the Act except in case of the following assets where useful life is different than those that prescribed in Schedule II, based on technical evaluation.
- (1) Telecom Electronic Equipments – 20 years
  - (2) Telecom Towers – 35 years
  - (3) Ducts and OFC – 35 years
  - (4) Batteries – 9 years
  - (5) Furniture, Fixtures and Office Equipments – 5, 10 years
  - (6) Customer Premises Equipments (CPE) – 3 to 5 years (where assets are installed on customer's premises)
  - (7) Vehicles – 5 years
  - (8) Leasehold improvements – Shorter of the remaining lease term or useful life
  - (9) Cable Systems – Shorter of 15 years or remaining useful life
- In case of Falcon project, the asset life of Sub Marine Cable Network and Terrestrial Network is estimated at 25 years and 15 to 25 years respectively.
- (vii) Expenditure of capital nature incurred on assets taken on operating lease is depreciated over the remaining period of the lease term.
- (viii) Leasehold Land with lease term of more than 50 years is classified as finance lease and depreciated over the period of the lease term.
- (ix) Any gain or loss on disposal of an item of property, plant and equipment is recognised in statement of profit and loss.
- (x) CPE's are treated as part of PPE, as the associated risk and rewards remain with the Company.
- (xi) Depreciation on all the assets capitalised pursuant to para 46A of AS 11 is provided over the remaining useful life of the depreciable capital asset.
- (xii) Depreciation on additions is calculated pro rata basis from the following month of addition.
- (xiii) Expenses incurred relating to project, prior to commencement of commercial operations, are considered as project development expenditure and shown under Capital Work in Progress.

## Significant Accounting Policies to the Consolidated Financial Statements

### (e) Intangible Assets other than Goodwill

- (i) Intangible assets acquired are measured on initial recognition at cost. Cost includes all direct costs relating to acquisition of Intangible assets and borrowing cost relating to qualifying assets.
- (ii) Telecom Licenses are stated at cost as applicable less accumulated amortisation and impairment, if any.
- (iii) Indefeasible Right of Connectivity (IRC) are stated at cost less accumulated amortisation.
- (iv) Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.
- (v) Intangible assets, namely entry fees/ fees for Telecom Licenses and Brand Licenses are amortised on the basis of Straight Line Method, over the balance period of Licenses. IRC and Software are amortized from the date of acquisition or commencement of commercial services, whichever is later.
- (vi) There is no intangible asset assessed with indefinite useful life.
- (vii) The life of amortisation of the intangible assets are as follows.
  - (1) Telecom Licenses – 12.50 to 20 years
  - (2) Brand License – 10 years
  - (3) DTH License – 10 years
  - (4) Indefeasible Right of Connectivity – In the year of purchase or, 15/ 20 years, as the case may be.
  - (5) Software – 5 years
  - (6) Trade Names and Trademarks – 5 to 10 years
  - (7) Intellectual Property – 7 years
  - (8) Building Access Rights – 5 years
- (viii) Amortisation methods, useful lives and residual values are reviewed periodically at each reporting date.
- (ix) Any gain or loss on disposal of an item of intangible assets is recognised in statement of profit and loss.
- (x) On transition to Ind AS, the Group has elected the option of fair value as deemed cost for certain Telecom Licenses. Telecom Licences has been fair valued using market approach. Other Intangible Assets are restated retrospectively.

### (f) Lease

#### i) Operating lease:

##### As a Lessee:

Where the lessor effectively retains substantially all risks 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 on a straight line basis over the period of lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increase.

##### As a Lessor:

Rental income from operating lease is recognised on a straight line basis over the lease term unless payments to the Company are structured to increase in line with expected general inflation to compensate for the Company's expected inflationary cost increase; such increases are recognised in the year in which such benefits accrue. Assets given on operating lease are included in PPE/ Intangible Assets. Costs, including depreciation/ amortisation, are recognised as an expense in the Statement of Profit and Loss.

#### ii) Finance lease:

##### As a Lessee:

Assets held under finance leases are initially recognised as assets at the commencement of the lease at their fair value or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in the statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Company's general policy on borrowing costs. Such assets are depreciated/ amortised over the period of lease or estimated useful life of the assets whichever is less.



**Significant Accounting Policies to the Consolidated Financial Statements**

**As a Lessor:**

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Company's net investment in the leases. Finance lease income is allocated to accounting period so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

**(g) Impairment of Non Financial Assets**

Goodwill and intangible assets that have indefinite useful life are tested annually for impairment or more frequently, if events or changes in circumstances indicate that they may be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset is treated as impaired when 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. Impairment loss recognised in prior accounting period is increased/ reversed (for the assets other than Goodwill) where there is change in the estimate of recoverable value. Recoverable value is higher of net selling price and value in use.

**(h) Inventories of Stores, Spares and Communication Devices**

Inventories of stores, spares and communication devices are accounted for at cost and all other costs incurred in bringing the inventory to their present location and condition, determined on weighted average basis or net realisable value, whichever is less. Net realisable value is the estimated selling price in the ordinary course of business less estimated costs necessary to make the sale.

**(i) 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 absence 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 the employees is recognized as an expense during the period.

**Long term employee benefits**

**(i) Defined contribution plan**

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

**(ii) Defined benefit plans**

**Provident Fund**

Provident Fund contributions are made to a Trust administered by the Trustees or other recognised fund. Interest payable to the Provident Fund members, shall not be at a rate lower than the statutory rate. Liability is recognized for any shortfall in the Income of the fund vis-à-vis liability of the interest as per statutory rates to the members. The Company's contribution towards employees' Provident fund is recognized as an expense during the period in which it accrues.

**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, mortality rate and the fair value of plan assets is deducted. Mortality rate is based on publicly available mortality table in India.

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

Obligation is measured at present value of the estimated future cash flows. Discount rates used for determining present value of obligation under the defined benefit plan, are based on market yield of Government Securities as at the balance sheet date that have terms approximating to the terms of the related obligation.

Remeasurements which comprise of actuarial gain and losses, the return of plan assets (excluding interest) and the effect of assets ceiling (if any, excluding interest) are recognised in Other Comprehensive Income.

Plan Assets of Defined Benefit Plans have been measured at fair value.

## Significant Accounting Policies to the Consolidated Financial Statements

### (iii) Other Long term employment benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognized as a liability at the present value of the defined benefit obligation at the balance sheet date, determined based on actuarial valuation using Projected Unit Credit Method. Discount rates used for determining present value of the obligation under the defined benefit plan, are based on the market yield on Government Securities as at the balance sheet date. Remeasurements gains or losses are recognised in the Statement of Profit and Loss in the period in which they arise.

### (j) Borrowing Cost

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

### (k) 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 the year end rates.
- (iii) Non monetary foreign currency items are carried at cost (i.e. translated using the exchange rates at the time of initial transactions).
- (iv) Exchange difference on monetary items is recognised in the Statement of Profit and Loss in the period in which it arises except for:
  - (a) Exchange difference on foreign currency borrowings relating to depreciable capital asset is included in cost of assets.
  - (b) Exchange difference on foreign currency transactions, on which receipt and/ or payments is not planned, initially recognised in Other Comprehensive Income and reclassified from Equity to profit and loss on repayment of the monetary items.
- (v) All long term foreign currency monetary items consisting of loans taken before March 31, 2016 and which relate to the acquisition of depreciable capital assets at the end of the period/ year are restated at the rate prevailing at the balance sheet date. Exchange difference including attributable to the interest arising as a result is added to or deducted from cost of the assets as per notification dated December 29, 2011 and August 9, 2012 issued by the Ministry of Company Affairs (MCA), Government of India and depreciated over the balance life of the capital asset. Exchange difference on other long term foreign currency loans is accumulated in "Foreign Currency Monetary Item Translation Difference Account (FCMITDA)" which will be amortized over the balance period of monetary assets or liabilities.
- (vi) The results and financial position of foreign operations with functional currency different from the presentation currency, are translated into the presentation currency as follows:
  - (a) assets and liabilities for each consolidated statement of financial position presented are translated at the closing rate at the date of that consolidated statement of financial position;
  - (b) income and expenses for each consolidated statement of comprehensive income are translated at average exchange rates (unless average rate is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
  - (c) all resulting exchange differences are recognised in other comprehensive income.
- (vii) Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated into rupee, the functional currency of the company, at the exchange rates at the reporting date. Exchange difference arising are recognised in other comprehensive income and accumulated in equity, except to the extent that the exchange differences is allocated to the non controlling interests.

### (l) Revenue Recognition

- (i) Revenue is recognised to the extent it is probable that the economic benefits will flow to the Group and revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable.
- (ii) Revenue is recognised as and when services are provided on the basis of actual usage of the Company's network. Revenue on upfront charges for services with lifetime validity and fixed validity periods are recognised over the estimated useful life of the subscribers and specified fixed validity period, as appropriate. The estimated useful life is consistent with estimated churn of the subscribers.

## Significant Accounting Policies to the Consolidated Financial Statements

- (iii) The Company sells Right of Use (ROUs) that provide to the customers with network capacity/ passive infrastructure, typically over a period of 5 to 20 years without transferring legal title or giving an option to purchase the network capacity/ passive infrastructure. Capacity services revenues are accounted as operating lease and recognised in the Company's income statement over the life of the contract. Bills raised on the customers/ payments received from the customers for long term contracts and for which revenue is not recognised are included in deferred revenue. Revenue on non cancellable ROUs are also recognised as licencing income over the period of contract. Revenue on non cancellable contracts for right to use of specified fibre pairs/ ducts for a period of 15 to 20 years or economic useful life is recognized as revenue on delivery of such assets to the customers. In revenue arrangements including more than one deliverable, the arrangements are divided into separate units of accounting. Deliverables are considered separate units of accounting if the following two conditions are met: (1) the deliverable has value to the customer on a standalone basis and (2) there is evidence of the fair value of the item. The arrangement considered is allocated to each separate unit of accounting based on its relative fair value.
- (iv) Standby maintenance charges are invoiced separately from capacity sales. Revenue relating to standby maintenance is recognised over the period in which service is provided. Any amount billed prior to providing of service is included in deferred revenue. Revenue from other service is recognized as and when service is rendered.
- (v) 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 charges for network services periodically over the life of the contract, which may be up to three years. Network revenue is recognised in the Company's Statement of Profit and Loss over the term of the contract.
- (vi) Sale of handsets and accessories are recognised when goods are supplied and are recorded net of trade discounts, rebates, commissions to distributors and dealers and sales taxes. It does not include inter company transfers.
- (vii) Interest income on investment is recognised on time proportion basis. Interest income is accounted using the applicable Effective Interest Rate (EIR), which is the rate that exactly discounts estimated future cash receipts over the expected life of the financial assets to that asset's net carrying amount on initial recognition. Dividend is considered when right to receive is established. The Group recognises income from units in the Fixed Income Schemes of Mutual Funds, where income accrued is held till declaration or payment thereof for the benefit of the unit holders.
- (viii) Revenue is recognised net of taxes when the Base Transceiver Station (BTS) Tower is Ready For Installation of customer equipments and as per the terms of the agreements.
- (ix) Activation fees, subscription revenue and monthly subscription in respect of DTH are recognised on accrual basis, net of service tax, entertainment tax and trade discount.

### (m) Taxes on Income and Deferred Tax

Income Tax comprises of current and deferred tax. It is recognised in the Statement of Profit and Loss except to the extent that it relates to a business combination or to an item recognised directly in equity or other comprehensive income.

Provision for income tax is made on the basis of taxable income for the year at the current rates. Tax expense comprises of current tax and deferred tax at the applicable enacted or substantively enacted rates. Current tax represents amount of Income Tax payable/ recoverable in respect of taxable income/ loss for the reporting period. Deferred tax represents the effect of temporary difference between carrying amount of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable income. Deferred tax liabilities are generally accounted for all taxable temporary differences. Deferred tax asset is recognised for all deductible temporary differences, carried forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which such deductible temporary differences can be utilised. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when deferred income tax assets and liabilities relate to the income tax levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net or simultaneous basis. Deferred tax assets/ liabilities are not recognised for initial recognition of Goodwill or on an asset or liability in a transaction that is not a business combination and at the time of transaction affects neither the accounting profit nor taxable profit or loss. MAT credit is recognised as an asset, only if it is probable that the Company will pay normal income tax during the specified period.

### (n) Government Grants

Subsidies granted by the Government for providing telecom services in rural areas are recognised as other operating income in accordance with relevant terms and conditions of the applicable scheme and agreement.

### (o) Provisions including Asset Retirement Obligation (ARO) and Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Provisions are determined by discounting expected future cashflows at the pre tax rate that reflects current market assumptions of time value of money and risk

## Significant Accounting Policies to the Consolidated Financial Statements

specific to the liability. 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.

Asset Retirement Obligation (ARO) relates to the removal of telecom towers, sub marine cable systems and equipments when they will be retired from its active use. Provision is recognised based on the best estimate, of the management, of the eventual costs (net of recovery), using discounted cash flow, that relates to such obligation and is adjusted to the cost of such assets. Estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset. Contingent Assets are neither recognised nor disclosed in the consolidated financial statements.

### (p) Earnings per Share

In determining Earning per Share, the Group considers net profit after tax attributable to parent and includes post tax effect of any exceptional item. Number of shares used in computing basic earnings per share is the weighted average number of the shares, excluding the shares owned by the Trust, outstanding during the period. Dilutive earning per share is computed and disclosed after adjusting effect of all dilutive potential equity shares, if any except when results will be anti dilutive. Dilutive potential equity shares are deemed converted as at the beginning of the period, unless issued at a later date.

### (q) Employee Stock Option Scheme

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

### (r) Treasury Equity

The Group has created an Employee Stock Option Scheme Trust (ESOS Trust) for providing share-based payment to its employees. The Group uses ESOS Trust as a vehicle for distributing shares to the employees under the employee remuneration schemes. The ESOS Trust buys shares of the Company from the market, for giving shares to the employees. The Group treats ESOS Trust as its extension and the shares held by ESOS Trust are treated as treasury equity.

Own equity instruments that are reacquired (treasury equity) are recognised at cost and deducted from equity. No gain or loss is recognised in Statement of Profit and Loss, on purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between carrying amount and consideration, if reissued, is recognised in equity.

### (s) Measurement of Fair value of financial instruments

The Group's accounting policies and disclosures require measurement of fair values for the financial instruments. The Group has an established control framework with respect to measurement of fair values. The management regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the management assesses evidence obtained from third parties to support the conclusion that such valuations meet requirements of Ind AS, including level in fair value hierarchy in which such valuations should be classified. When measuring fair value of a financial asset or a financial liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs). If inputs used to measure fair value of an asset or a liability fall into different levels of fair value hierarchy, then fair value measurement is categorised in its entirety in the same level of fair value hierarchy as the lowest level input that is significant to the entire measurement. The Group recognises transfers between levels of fair value hierarchy at the end of the reporting period during which the change has occurred. (Refer to note 2.43.1) for disclosures pertaining to the measurement of fair values).

### (t) Financial Instruments

A financial instrument is any contract that gives rise to the financial asset of one entity and the financial liability or equity instrument of another entity. Financial instruments also include derivative contracts such as foreign currency foreign exchange forward contracts.

#### Financial Assets

##### (i) Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through Statement of Profit and Loss, transaction costs that are attributable to the acquisition of the financial asset.

## Significant Accounting Policies to the Consolidated Financial Statements

### (ii) Subsequent measurement

Subsequent measurement of the debt instruments depends on the Group's business model for managing asset and cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments.

#### Financial Assets measured at amortised cost

A 'debt instrument' is measured at the amortised cost, if both the following conditions are met:

- a) Asset is held within a business model, whose objective is to hold assets for collecting contractual cash flows, and
- b) Contractual terms of the asset give rise to cash flows, on specified dates, that are solely payments of principal and interest (SPPI) on the principal amount outstanding. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of EIR. EIR amortisation is included in finance income in the Statement of Profit and Loss. Losses arising from impairment are recognised in the Statement of Profit and Loss. This category generally applies to trade and other receivables.

#### Financial Assets measured at Fair Value through Other Comprehensive Income (FVTOCI)

A 'debt instrument' is classified as FVTOCI if both of the following criteria are met:

- a) Objective of the business model is achieved both, by collecting contractual cash flows and selling financial assets, and
- b) Contractual cash flows of the asset represent SPPI: Debt instruments included within FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in OCI. However, the Group recognizes interest income, impairment loss and reversal and foreign exchange gain or loss in the Statement of Profit and Loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to Statement of Profit and Loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using EIR method.

#### Financial Assets measured at Fair Value through Profit or Loss (FVTPL)

Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as FVTPL. In addition, the Group may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as FVTPL. However, such election is allowed only if, doing so reduces or eliminates measurement or recognition inconsistency (referred to as 'accounting mismatch').

#### Equity investments

All equity investments in scope of Ind AS 109 "Financial Instruments" are measured at fair value. Equity instruments which are held for trading are classified as FVTPL. For all other equity instruments, the Group decides to classify the same either as FVOCI or FVTPL. The Group makes such election on instrument by instrument basis. The classification is made on initial recognition, which is irrevocable. If the Group decides to classify an equity instrument as FVOCI, then all fair value changes on the instrument, excluding dividend, are recognized in the OCI. There is no recycling of the amounts from OCI to profit and loss, even on sale of investment. However, the Group may transfer the cumulative gain or loss within equity. Equity instruments included within FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss. Also, the Group has elected to apply the exemption available under Ind AS 101 to continue the carrying value for its investments in subsidiaries and associates as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP as at the date of transition.

#### Derecognition of Financial Assets

A financial asset is primarily derecognised when: (I) Rights to receive cash flows from the asset have expired, or (II) The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under 'pass-through' arrangement and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

#### Impairment of Financial Assets

The Group assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost. Impairment methodology applied depends on whether there has been a significant increase in the credit risk. As a practical expedient, the Group uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables, as permitted by Ind AS 109. Provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward looking estimates are analysed.

## Significant Accounting Policies to the Consolidated Financial Statements

### Financial Liabilities

#### (i) Initial recognition and measurement

All financial liabilities are recognised initially at fair value, in the case of loans, borrowings and payables, net of directly attributable transaction costs. Financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments.

#### (ii) Subsequent measurement

The measurement of financial liabilities depends on their classification, as described herein:

**Financial liabilities at Fair Value through Profit or Loss:** Financial liabilities at Fair Value through Profit or Loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading, if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationship as defined by Ind AS 109. Gains or losses on liabilities held for trading are recognised in Statement of Profit or Loss.

**Financial liabilities measured at amortised cost:** After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using Effective Interest Rate (EIR) method. Gains or losses are recognised in Statement of Profit and Loss when the liabilities are derecognised as well as through EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of EIR. EIR amortisation is included as finance costs in the Statement of Profit and Loss.

**Derecognition of Financial Liabilities:** A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

#### (u) Business Combinations and Goodwill

Business Combinations are accounted for using the acquisition method. Cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non controlling interests in the acquiree at fair value or at proportionate share of the acquiree's identifiable net assets. Acquisition related costs are expensed as incurred. At the acquisition date, the identifiable assets acquired and liabilities assumed are recognised at their acquisition date fair values. If the business combination is achieved in stages, any previously held equity interest is remeasured at its acquisition date fair value, resulting gain or loss is recognised in Statement of Profit and Loss or OCI, as appropriate.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of net assets acquired is in excess of the aggregate consideration the difference is recognised in other comprehensive income and accumulated in equity as capital reserve provided there is clear evidence of the underlying reasons for classifying the business combination as a bargain purchase. In other cases, the bargain purchase gain is recognised directly in equity as capital reserve.

Where settlement of any part of cash consideration is deferred, the amount payable in the future is discounted to its present value as at the date of exchange. Contingent consideration is classified either as equity or a financial liability. Amount classified as a financial liability is subsequently remeasured to fair value with change in fair value recognised in Statement in Profit and Loss.

Business Combinations that occurred before April 1, 2008, are not restated retrospectively in accordance with Ind AS 103 "Business Combinations". Carrying amounts of assets acquired and liabilities assumed as part of past business combinations as well as the amounts of goodwill that arose from such transactions as they were determined under the previous GAAP are considered as their deemed cost under Ind AS as at the date of transition.

In respect of business combinations that occurred prior to April 1, 2008, goodwill is included on the basis of its deemed cost, which represents the amount recorded under previous GAAP.

Notes on Accounts to the Consolidated Financial Statements

(₹ in crore)

**Note 2.01**  
**Property, Plant and Equipment**

Particulars	Leasehold Land	Leasehold Improvement	Freehold Land	Buildings	Plant and Machinery	Office Equipment	Furniture and Fixtures	Vehicles	Total	Capital Work in Progress
<b>Gross Carrying Value</b>										
As at April 1, 2015	6,406	78	694	1,521	63,909	122	130	74	72,934	1,256
Additions				11	3,550				3,561	3,229
Deductions/ Adjustment including Currency Translation				(85)	557		2	1	476	(2,731)
As at March 31, 2016	6,406	79	694	1,447	68,016	122	132	75	76,971	1,754
Additions	-	1	2	-	2,658	-	-	-	2,661	3,109
Deductions/ Adjustment including Currency Translation	-	(13)	-	(131)	(946)	(1)	(4)	(1)	(1,096)	(2,954)
<b>As at March 31, 2017</b>	<b>6,406</b>	<b>67</b>	<b>696</b>	<b>1,316</b>	<b>69,728</b>	<b>121</b>	<b>128</b>	<b>74</b>	<b>78,536</b>	<b>1,909</b>
<b>Accumulated Depreciation</b>										
As at April 1, 2015	3	66	-	262	21,636	114	124	70	22,275	-
Depreciation for the year	-	3	-	51	3,847	8	2	1	3,912	-
Deductions/ Adjustment including Currency Translation				(66)	72		2	-	10	
As at March 31, 2016	3	71	-	247	25,555	122	128	71	26,197	-
Depreciation for the year	1	6	-	38	3,281	-	5	-	3,331	-
Deductions/ Adjustment including Currency Translation	-	(11)	1	(65)	(710)	(1)	(6)	(1)	(793)	-
<b>As at March 31, 2017</b>	<b>4</b>	<b>66</b>	<b>1</b>	<b>220</b>	<b>28,126</b>	<b>121</b>	<b>127</b>	<b>70</b>	<b>28,735</b>	<b>-</b>
<b>Net Carrying Value</b>										
As at April 1, 2015	6,403	12	694	1,259	42,273	8	6	4	50,659	-
As at March 31, 2016	6,403	8	694	1,200	42,461	-	4	4	50,774	-
<b>As at March 31, 2017</b>	<b>6,402</b>	<b>1</b>	<b>695</b>	<b>1,096</b>	<b>41,602</b>	<b>-</b>	<b>1</b>	<b>4</b>	<b>49,801</b>	<b>-</b>

**Notes:**

- 2.01.1 (a) Freehold Land includes ₹ 55,808 (March 31, 2016 ₹ 55,808, April 1, 2015 ₹ 55,808) acquired from Karnataka Industrial Areas Development Board (a Government of Karnataka Undertaking) for which transfer of ownership is under process.  
(b) Freehold Land includes ₹ 1 crore (March 31, 2016 ₹ 1 crore, April 1, 2015 ₹ 1 crore) towards land acquired, for which transfer of ownership is under process.
- 2.01.2 Buildings include:  
(a) ₹ 250 (March 31, 2016 ₹ 250, April 1, 2015 ₹ 250) towards cost of Shares in Co-operative Society (held by RTL).  
(b) ₹ 47,000 (March 31, 2016 ₹ 47,000, April 1, 2015 ₹ 2,00,000) towards cost of Shares acquired in a Company (held by RCIL).
- 2.01.3 Plant and Machinery includes Electrical equipments of ₹ 3 crore (March 31, 2016 ₹ 3 crore, April 1, 2015 ₹ 3 crore), which are under custody and control of Maharashtra State Electricity Distribution Company Limited.
- 2.01.4 Plant and Machinery includes Asset Retirement Obligations (ARO) having Gross Carrying Value ₹ 180 crore (March 31, 2016 ₹ 182 crore, April 1, 2015 ₹ 176 crore), Accumulated Depreciation ₹ 80 crore (March 31, 2016 ₹ 75 crore, April 1, 2015 ₹ 65 crore) and Net Carrying Value ₹ 100 crore (March 31, 2016 ₹ 107 crore, April 1, 2015 ₹ 111 crore) (Refer Note 2.40).
- 2.01.5 During the year:  
(a) Foreign Exchange variation of ₹ 222 crore (Previous year ₹ 881 crore capitalised) has been decapitalised in Plant and Machinery. Depreciation on foreign exchange capitalised of ₹ 488 crore (Previous year ₹ 529 crore) has been charged to Statement of Profit and Loss.  
(b) The Company has capitalised Borrowing Cost of ₹ 622 crore (Previous year ₹ 155 crore) and reflected as part of capital work in progress.  
(c) Project Development Expenditure of ₹ 163 crore (Previous year ₹ 8 crore) has been capitalised in Plant and Machinery.
- 2.01.6 (a) Gross Carrying Value includes ₹ 3,585 crore, being the amount added on revaluation as on January 1, 2006.  
(b) Gross Carrying Value for the previous years include ₹ 1,963 crore, being an amount added on fair valuation as on April 10, 2007.
- 2.01.7 Assets taken on finance lease:  
(a) Plant and Machinery includes Gross Carrying Value ₹ 230 crore (March 31, 2016 ₹ 250 crore, April 1, 2015 ₹ 268 crore), Accumulated Depreciation ₹ 128 crore (March 31, 2016 ₹ 124 crore, April 1, 2015 ₹ 114 crore) and Net Carrying Value ₹ 102 crore (March 31, 2016 ₹ 126 crore, April 1, 2015 ₹ 154 crore).  
(b) Vehicles include Gross Carrying Value ₹ 1 crore (March 31, 2016 ₹ 1 crore, April 1, 2015 ₹ 1 crore), Accumulated Depreciation ₹ 1 crore (March 31, 2016 ₹ 1 crore, April 1, 2015 ₹ 1 crore) and Net Carrying Value ₹ Nil (March 31, 2016 ₹ 18,24,464, April 1, 2015 ₹ 10,33,250).
- 2.01.8 Capital Work in Progress includes:  
(a) ₹ 729 crore (March 31, 2016 ₹ 245 crore, April 1, 2015 ₹ Nil) is on account of borrowing cost capitalised.  
(b) ₹ 256 crore (March 31, 2016 ₹ 221 crore, April 1, 2015 ₹ 176 crore) is on account of materials at site.
- 2.01.9 Transfer of title of certain land and buildings received from Reliance Industries Limited pursuant to the Schemes of Arrangements is under process.
- 2.01.10 Deductions/ Adjustments include exchange fluctuation on account of currency translation of foreign subsidiaries.
- 2.01.11 Refer Note 2.19 and 2.23 for security in favour of the Lenders.
- 2.01.12 The Group has elected the option of fair value as deemed cost for certain Land and Buildings and Plant and Machinery, as on the date of transition to Ind AS and Other Tangible Assets are restated retrospectively. This has resulted in net increase by ₹ 6,317 crore in the Retained Earnings.



# Reliance Communications Limited

## Notes on Accounts to the Consolidated Financial Statements

### Note 2.02

#### Goodwill

Goodwill is recognised on consolidation of financial statements of the subsidiaries as per details given herein:

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015	For the year ended March 31, 2017	For the year ended March 31, 2016
					(₹ in crore)
Goodwill on consolidation	<u>3,548</u>	<u>3,551</u>	<u>3,542</u>	<u>(3)</u>	<u>9</u>

There is no movement in the goodwill on consolidation except due to changes in foreign exchange currency fluctuation. Business valuation is higher than book value of the assets and/ or recoverable value represented above, and hence impairment has not been considered.

Recoverable amount of the operations is based on the fair value less costs of disposal, estimated using discounted cash flows. Fair value measurement is categorised as a Level 3 fair value based on inputs in the valuation technique used.

Key assumptions used in the estimation of the recoverable amount are set out below.

The values assigned to the key assumptions represent the Management's assessment of the future trends in the relevant industries and have been based on the historical data from both: external and internal sources.

Sr. No.	Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
1	Discount rate	9.4%	9.4%	9.4%
2	Terminal value growth rate	-	-	-
3	Budgeted EBITDA growth rate (average of next years)	2%	2%	2%

Discount rate has been a pre tax measure estimated based on the historical industry average and weighted-average cost of capital, with the possible debt leveraging of 80% at interest rate of 9% per market.

No terminal value is included as this cash flows are more than sufficient to establish that impairment does not exist.

Budgeted EBITDA has been estimated taking into account past experience and adjusted as under.

Revenue growth has been projected taking into account the average growth levels experienced over the past three years and estimated sales volume and prudent price growth for the next five years. It has been assumed that the sales price would increase in line with the forecast inflation over the next five years.

Sensitivity Analysis: There is no significant risk that book value of goodwill could exceed its value in use considering reasonably possible change in Discount Rate and EBIDTA growth rate.

Notes on Accounts to the Consolidated Financial Statements

Note 2.03

Other Intangible Assets

Particulars	Telecom Licenses	Indefeasible Right of Connectivity	Software	Brand License	License and Knowhow	Total	Intangible Assets Under Development
(₹ in crore)							
<b>Gross Carrying Value</b>							
As at April 1, 2015	20,894	1,951	614	354	271	24,084	-
Additions	2,158	12	32	-	-	2,202	10,244
Deduction/ Adjustment including currency translation	(989)	99	14	-	16	(860)	(2,158)
As at March 31, 2016	22,063	2,062	660	354	287	25,426	8,086
Additions	8,629	80	41	-	-	8,750	1,527
Deduction/ Adjustment including currency translation	(5,232)	(64)	(101)	-	(278)	(5,675)	(8,632)
<b>As at March 31, 2017</b>	<b>25,460</b>	<b>2,078</b>	<b>600</b>	<b>354</b>	<b>9</b>	<b>28,501</b>	<b>981</b>
<b>Accumulated Amortisation</b>							
As at April 1, 2015	6,637	965	533	256	266	8,657	
Amortisation for the year	2,049	143	44	31	1	2,268	
Deduction/ Adjustment including currency translation	(989)	66	15	2	20	(886)	
As at March 31, 2016	7,697	1,174	592	289	287	10,039	
Amortisation for the year	2,356	124	50	31	1	2,562	
Deduction/ Adjustment including currency translation	(1,166)	(45)	(101)	(1)	(281)	(1,594)	
<b>As at March 31, 2017</b>	<b>8,887</b>	<b>1,253</b>	<b>541</b>	<b>319</b>	<b>7</b>	<b>11,007</b>	
<b>Net Carrying Value</b>							
As at April 1, 2015	14,257	986	81	98	5	15,427	
As at March 31, 2016	14,366	888	68	65	-	15,387	
<b>As at March 31, 2017</b>	<b>16,573</b>	<b>825</b>	<b>59</b>	<b>35</b>	<b>2</b>	<b>17,494</b>	
Remaining Average Life of Amortisation	13	6	4	4	-		

2.03.1 Intangible Asset under Development includes

- ₹ 166 crore (March 31, 2016 ₹ 220 crore, April 1, 2015 ₹ Nil) on account of borrowing cost capitalised
- ₹ Nil (March 31, 2016 ₹ 28 crore, April 1, 2015 ₹ Nil) on account of exchange variations capitalised.
- ₹ Nil (March 31, 2016 ₹ 5,384 crore, April 1, 2015 ₹ Nil) on account of liberalisation cost.
- ₹ 815 crore (March 31, 2016 ₹ 2,454 crore, April 1, 2015 ₹ Nil) on account of additional spectrum. The fees for additional spectrum as on March 31, 2017, is pending for requisite regulatory approvals, is yet to be put to use.

2.03.2 During the year, the Company has acquired a spectrum in one circle at a cost of ₹ 65 crore by making upfront payment of ₹ 32 crore under deferred payment option and balance ₹ 33 crore has been disclosed as part of Deferred Payment Liabilities,

During the earlier years, the Company and its subsidiary RTL, successfully bid under auction conducted for spectrum by the DoT, GoI and won spectrum in 14 service areas at a total cost of ₹ 4,453 crore. The Company and its subsidiary have made upfront payment of ₹ 1,158 crore under deferred payment option. Balance ₹ 3,328 crore (March 31, 2016 ₹ 3,295 crore, April 1, 2015 ₹ Nil) being in the nature of the long term liabilities, has been disclosed separately as Deferred Payment Liability. Balance payment of ₹ 6,490 crore alongwith interest @10% per annum of ₹ 3,195 crore is payable in 10 annual installments starting from FY 2017-18. Spectrum won, which are yet to be put to use, reflected as Intangible Assets under Development.

2.03.3 During the year:

- Foreign Exchange variation has been Capitalised in telecom licenses of ₹ 13 crore (Previous year ₹ Nil) and in intangible assets under development ₹ Nil (Previous year ₹ 28 crore). Amortisation on foreign exchange variation capitalised of ₹ 9 crore (Previous year ₹ 9 crore) has been charged to Statement of Profit and Loss.
- The Company has capitalised borrowing cost of ₹ 112 crore (Previous year ₹ 136 crore) in telecom licenses and intangible assets under development ₹ 91 crore (Previous year ₹ 238 crore).

2.03.4 Refer Note 2.19 for security in favour of the Lenders.

2.03.5 The Group has elected the option of fair value as deemed cost for certain Telecom License as on the date of transition to Ind AS. Other Intangible Assets are restated retrospectively. This has resulted in net decrease by ₹ 2,404 crores in the value of Telecom License (CDMA spectrum) with corresponding decrease in the Retained Earnings.

# Reliance Communications Limited

## Notes on Accounts to the Consolidated Financial Statements

	As at March 31, 2017	As at March 31, 2016	(₹ in crore) As at April 1, 2015
<b>Note 2.04</b>			
<b>Investment in Associates</b> (Valued at Amortised Cost)			
<b>Equity Shares</b>			
<b>Unquoted, fully paid up</b>			
6,50,25,000	22	22	22
Warf Telecom International Private Limited of MRf 1 each (March 31, 2016: 6,50,25,000, April 1, 2015: 6,50,25,000)			
Less : Share in Loss of Associate	<u>(1)</u>	<u>(4)</u>	<u>(6)</u>
	21	18	16
13 000	-	-	-
Mumbai Metro Transport Private Limited of ₹ 10 each (March 31, 2016: 13,000, April 1, 2015: 13,000)			
	<u>21</u>	<u>18</u>	<u>16</u>
<b>Aggregate information for all investments in Associates:</b>			
	<b>For the year ended March 31, 2017</b>		<b>For the year ended March 31, 2016</b>
<b>Summarised Statement of Profit and Loss Account</b>			
Share of Profit/ (Loss)	3		2
Share of Other Comprehensive Income	-		-
<b>Total</b>	<u>3</u>		<u>2</u>
<b>Unrecognised share in Loss of Associate</b>			
Unrecognised Share in Loss of Associates for the year	55,765		(Amount in ₹) 73,217
			(₹ in crore)
	<b>As at March 31, 2017</b>	<b>As at March 31, 2016</b>	<b>As at April 1, 2015</b>
<b>Aggregate carrying amount of interest in these Associates</b>	21	18	15
<b>Aggregate of unrecognised share in Loss of Associates</b> (Amount in ₹)	1,68,334	1,12,571	39,354
<b>Aggregate value of Impairment</b>	Nil	Nil	Nil
	<b>As at March 31, 2017</b>	<b>As at March 31, 2016</b>	<b>As at April 1, 2015</b>
<b>Note 2.05</b>			
<b>Investments</b>			
<b>(a) Investment in Equity Shares of Companies</b> (Fair valued through Other Comprehensive Income)			
Quoted, fully paid up			
39,342	1	1	2
Groupon Inc.-Class A Common Stock of USD 0.0001 each (March 31, 2016: 39,342, April 1, 2015: 39,342)			
595,074	10	11	7
Sequans Communications SA of Euro 0.02 each (March 31, 2016: 5,95,074, April 1, 2015: 5,95,074)			
86,879	-	-	-
Bank of Cyprus Ltd of Euro 1 each (March 31, 2016: 86,879, April 1, 2015: 86,879)			
₹ 14,77,607 (March 31, 2016: ₹ 15,09,620, April 1, 2015: ₹ 14,24,063)	11	12	9

Notes on Accounts to the Consolidated Financial Statements

	As at March 31, 2017	As at March 31, 2016	(₹ in crore) As at April 1, 2015
<b>(b) Investment in Government Securities</b>			
(At amortised cost)			
Unquoted, fully paid up			
6 Year National Savings Certificates (lodged with the Sales Tax Department)	-	-	-
₹ 2,49,500 (March 31, 2016: 2,49,500, April 1, 2015: 2,49,500)			
5 1/2 years Kisan Vikas Patra (lodged with Chennai Metropolitan Development Authority)	-	-	-
₹ 5,000 ((March 31, 2016: 5,000, April 1, 2015: 5,000)	-	-	-
	-	-	-
<b>(c) Other Investments</b>			
(At amortised cost)			
400 Nationwide Communication Private Limited of ₹ 10 each	-	-	-
₹ 4,000 ((March 31, 2016: Nil, April 1, 2015: Nil)	-	-	-
	<b>11</b>	<b>12</b>	<b>9</b>
<b>Aggregate Book Value of Investments</b>			
Quoted	<b>11</b>	<b>12</b>	<b>9</b>
<b>Aggregate Value of Impairment</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>

(₹ in crore)

**Note 2.06**

**Other Financial Assets** (Unsecured, Considered good/unless stated otherwise)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Deposits with Bank (Margin Money Deposits)	<b>13</b>	10	5
Deposits	<b>175</b>	166	176
Bank Deposits with Maturity for more than 12 months	<b>58</b>	1	1
	<b>246</b>	<b>177</b>	<b>182</b>

**Note 2.07**

**Deferred Tax Assets/ Liabilities**

**Amount recognised in financial statement**

**2.07 (a) Deferred Tax Assets**

Deferred Tax Assets of the Company and its subsidiaries comprise of the following.

(₹ in crore)

	As at			For the year ended	
	March 31, 2017	March 31, 2016	April 1, 2015	March 31, 2017	March 31, 2016
<b>(i) Deferred Tax Assets</b>					
Related to carried forward loss	<b>4,490</b>	2,487	2,613	<b>2,003</b>	(126)
MAT Credit Entitlement	<b>39</b>	39	38	-	1
Disallowances, under the Income Tax Act, 1961	<b>1,078</b>	1,136	1,098	<b>(58)</b>	38
Related to temporary difference on depreciation/ amortisation	<b>53</b>	283	319	<b>(230)</b>	(36)
Others	<b>28</b>	73	75	<b>(45)</b>	(2)
<b>Total</b>	<b>5,688</b>	4,018	4,143	<b>1,670</b>	(125)
<b>(ii) Deferred Tax Liabilities</b>					
Related to temporary difference on depreciation/ amortisation	<b>2,018</b>	2,090	2,647	<b>72</b>	557
<b>Net Deferred Tax Assets (I)</b>	<b>3,670</b>	1,928	1,496	<b>1,742</b>	432

# Reliance Communications Limited

## Notes on Accounts to the Consolidated Financial Statements

	(₹ in crore)				
	As at		For the year ended		
	March 31, 2017	March 31, 2016	April 1, 2015	March 31, 2017	March 31, 2016
<b>2.07 (b) Deferred Tax Liabilities</b>					
<b>(i) Deferred Tax Liabilities</b>					
Related to timing difference on depreciation on fixed assets	4,181	4,015	3,965	166	50
Related to timing difference on other items	1,017	451	24	566	427
<b>Total</b>	<b>5,198</b>	4,466	3,989	732	477
<b>(ii) Deferred Tax Assets</b>					
MAT Credit Entitlement	46	58	11	(12)	47
Related to carried forward loss	502	432	-	70	432
Related to other disallowances	100	88	80	12	8
<b>Total</b>	<b>648</b>	578	91	70	487
<b>Net Deferred Tax Liabilities (II)</b>	<b>4,550</b>	3,888	3,898	662	(10)
<b>Deferred Tax Charge/ (Credit) (II - I)</b>				<b>(1,080)</b>	(442)

The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities relating to income taxes levied by the same tax authorities.

Deferred Tax Assets are not provided on undistributed earnings of ₹ 3,705 crore as at March 31, 2017, of the subsidiaries, where it is expected that earnings of the subsidiaries will not be distributed in foreseeable future. Generally, the Company indefinitely reinvests all the accumulated undistributed earnings of the subsidiaries and accordingly, has not recorded any deferred taxes in relation to such undistributed earnings of such entities. It is impracticable to determine the taxes payable when these earnings are remitted.

Significant management judgement has been considered in determining the provision for income tax, deferred tax assets and liabilities and recoverability of deferred tax assets. Recoverability of deferred tax assets is based on estimates of taxable income by each jurisdiction in which the relevant entity operates and the period over which deferred tax assets will be recovered.

Deferred Tax Assets have not been recognised in respect of losses of certain subsidiaries due to non existence of reasonable certainty, and which may not be used to offset taxable profits elsewhere in the Group as there are no other tax planning opportunities or other evidence of recoverability in the near future. Year wise expiry of such losses of ₹ 10,509 crore as at March 31, 2017 is as under.

Sr.	Particulars	Amount of Loss (₹ in crore)
(i)	Expiring within 1 year	44
(ii)	Expiring within 1 to 5 years	1,790
(iii)	Expiring within 5 to 7 years	1,073
(iv)	Expiring within 7 to 20 years	2,522
(v)	Without expiry limit	5,080
	<b>Total</b>	<b>10,509</b>

### (a) Amounts recognised in Statement of Profit and Loss

	For the year ended March 31, 2017	For the year ended March 31, 2016
Current income tax	(2)	87
Short/ (Excess) Provision of earlier years	(22)	(73)
Deferred income tax liability/ (asset) (net)	(1,080)	(442)
<b>Tax expense/ (credit) for the year</b>	<b>(1,104)</b>	(428)

**(b) Amounts recognised in Other Comprehensive Income - (₹ 39,06,479)** - 1

Notes on Accounts to the Consolidated Financial Statements

2.07 (c) Reconciliation of Tax Expenses

	For the year ended March 31, 2017	(₹ in crore) For the year ended March 31, 2016
Profit/ (Loss) before Tax	<b>(2,387)</b>	232
Applicable Tax Rate	<b>34.608%</b>	34.608%
<b>Computed Tax Expenses (i)</b>	<b>(826)</b>	80
<b>Add: Items not considered for Tax Computation</b>		
Brought Forward Losses on which deferred tax assets has not recognised	<b>325</b>	170
Tax Charges/ (Credit) on account of temporary difference	<b>120</b>	22
Expenses disallowed for tax purpose	<b>51</b>	223
Others	<b>48</b>	22
<b>Subtotal (ii)</b>	<b>544</b>	437
<b>Less: Items not considered for Tax Computation</b>		
Effect of Tax impact in Foreign jurisdiction	<b>3</b>	209
Tax Credit on account of depreciation allowances	<b>403</b>	664
Additional expenses allowed for tax purpose	<b>381</b>	-
Others	<b>35</b>	72
<b>Subtotal (iii)</b>	<b>822</b>	945
<b>Income Tax Expenses charge/ (credit) to Statement of Profit and Loss (i + ii - iii)</b>	<b>(1,104)</b>	(428)

The Company's consolidated weighted average tax rates for the years ended March 31, 2017 and 2016 have been 46% and (184)%, respectively. The effective tax rate for the year ended March 31, 2017 has been higher primarily as a result of the facts mentioned above.

Note 2.08

Other Non Current Assets (Unsecured, considered good)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Capital Advances	<b>6,669</b>	7,524	2,244
Deposits	<b>336</b>	342	122
Other Loans and Advances*	<b>932</b>	580	580
Prepaid Expenses	<b>142</b>	154	118
	<b>8,079</b>	8,600	3,064

\* Includes refund due against claims lodged

Note 2.09

Inventories (valued at lower of cost or net realisable value)

	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Stores and Spares	<b>123</b>	156	245
Stock in Trade (Communication Devices and Accessories)	<b>112</b>	52	156
	<b>235</b>	208	401

Inventory is valued at cost or net realisable value, whichever is lower. Value of inventory is lower by ₹ 26 crore, ₹ 14 crore and ₹ Nil as on March, 2017, March 31, 2016 and April 01, 2015 respectively.

# Reliance Communications Limited

## Notes on Accounts to the Consolidated Financial Statements

	As at March 31, 2017	As at March 31, 2016	(₹ in crore) As at April 1, 2015
<b>Note 2.10</b>			
<b>Investments</b>			
<b>a) Investment in Government Securities</b> (Fair Valued through Statement of Profit and Loss)			
<b>Quoted</b>			
34,000 6.83% GOI Bonds-2039 of ₹ 100 each fully paid up (March 31, 2016: 34,000, April 1, 2015: 34,000)	-	-	-
₹ 29,79,205 (March 31, 2016: 29,76,427, April 1, 2015: 30,30,971)	-	-	-
<b>b) Investments in Mutual Funds</b> (Fair valued through Statement of Profit and Loss)			
<b>Unquoted</b>			
(Nil) Reliance Liquidity Fund – Growth of ₹ 10 each (March 31, 2016: Nil, April 1, 2015: 18,71,664)	-	-	638
	<u>-</u>	<u>-</u>	<u>638</u>
<b>Aggregate Book Value of Investments</b>	<u>-</u>	<u>-</u>	<u>-</u>
Quoted ₹ 29,79,205 (March 31, 2016: 29,76,427, April 1, 2015: 30,30,971)	-	-	-
Unquoted	-	-	638
<b>Aggregate Market Value of Quoted Investments</b>	-	-	-
₹ 31,82,278 (March 31, 2016: 30,14,213, April 1, 2015: 30,58,250)			
<b>Aggregate Value of Impairment</b>	Nil	Nil	Nil
			(₹ in crore)
<b>Note 2.11</b>			
<b>Trade Receivable</b> (unsecured)			
Considered good	3,251	2,981	4,119
Considered doubtful	2,143	2,416	2,267
Less: Provision for doubtful receivables	2,143	2,416	2,267
	<u>3,251</u>	<u>2,981</u>	<u>4,119</u>
<b>Note 2.12</b>			
<b>Cash and Cash Equivalents</b>			
Cash on hand ₹ 2,45,415 (March 31, 2016 ₹ 22,97,459; April 1, 2015 ₹ 15,21,877)	-	-	-
Cheques on hand	37	47	65
Balance with Banks	947	659	448
Bank deposits with less than 3 months' maturity	40	129	828
	<u>1,024</u>	<u>835</u>	<u>1,341</u>
<b>Note 2.13</b>			
<b>Bank Balances other than Cash and Cash Equivalents referred in note 2.12 above</b>			
Bank deposits with less than 12 months' maturity	290	682	52
Balance held due to Repatriation Restrictions	-	-	7
Earmarked Balances – Unpaid Dividend	5	7	8
	<u>295</u>	<u>689</u>	<u>67</u>
<b>Note 2.14</b>			
<b>Other Financial Assets</b>			
<b>Unsecured, Considered good</b>			
Unbilled Revenue	612	272	413
Interest accrued on Investments	8	9	18
Other Financial Assets	95	2	5
	<u>715</u>	<u>283</u>	<u>436</u>



Notes on Accounts to the Consolidated Financial Statements

	As at March 31, 2017	As at March 31, 2016	(₹ in crore) As at April 1, 2015
<b>Note 2.15</b>			
<b>Other Current Assets (Unsecured)</b>			
<b>a) Advances and Receivables</b>			
Considered good	5,030	4,272	6,839
Considered doubtful	124	199	199
Less: Provision for doubtful advances	124	199	199
	<u>5,030</u>	<u>4,272</u>	<u>6,839</u>
<b>b) Others (Considered good)</b>			
Deposits*	1,657	1,723	1,673
Balance with Customs, Central Excise Authorities etc.	770	743	706
Others	30	27	9
	<u>7,487</u>	<u>6,765</u>	<u>9,227</u>

\*Deposits include ₹ 1,565 crore (March 31, 2016 ₹ 1,650 crore; April 1, 2015; ₹ 1,601 crore) paid against disputed claims.

**Note 2.16**

**Share Capital  
Authorised**

5,00,00,00,000 Equity Shares of ₹ 5 each (March 31, 2016: 5,00,00,00,000; April 1 2015: 5,00,00,00,000)	2,500	2,500	2,500
	<u>2,500</u>	<u>2,500</u>	<u>2,500</u>

**Issued, Subscribed and Paid up**

2,48,89,79,745 Equity Shares of ₹ 5 each fully paid up (March 31, 2016: 2,48,89,79,745; April 1 2015: 2,48,89,79,745)	1,244	1,244	1,244
	<u>1,244</u>	<u>1,244</u>	<u>1,244</u>

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

	No of Shares	No of Shares	No of Shares
(a) Reliance Innoventures Private Limited, the Holding Company	12,379,001	12,379,001	12,379,001
(b) Reliance Communications Enterprises Private Limited, Subsidiary of Holding Company	723,110,172	723,110,172	723,110,172
(c) Reliance Wind Turbine Installators Industries Private Limited, Subsidiary of the Holding Company	300,000,000	300,000,000	300,000,000
(d) Reliance Ornatus Enterprises and Ventures Private Limited, Subsidiary of the the Holding Company	300,000,000	300,000,000	300,000,000
(e) Reliance Telecom Infrainvest Private Limited, Subsidiary of the Holding Company	86,666,667	86,666,667	86,666,667

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

	No of Shares	%	No of Shares	%	No of Shares	%
(a) Reliance Communications Enterprises Private Limited	723,110,172	29.05	723,110,172	29.05	723,110,172	29.05
(b) Reliance Wind Turbine Installators Industries Private Limited	300,000,000	12.05	300,000,000	12.05	300,000,000	12.05
(c) Reliance Ornatus Enterprises and Ventures Private Limited	300,000,000	12.05	300,000,000	12.05	300,000,000	12.05
(d) Life Insurance Corporation of India	16,46,88,199	6.62	164,688,199	6.62	164,690,275	6.62

**(3) Terms/ rights attached to equity shares**

The Company has only one class of equity shares having a par value of ₹ 5 per share. Each holder of equity share is entitled to one vote per share. In the event of liquidation of the Company, the holder of equity shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

	March 31, 2017		March 31, 2016	
	Number	(₹ in crore)	Number	(₹ in crore)
Equity Shares				
At the beginning of the year	2,488,979,745	1,244	2,488,979,745	1,244
Add: Changes during the year	-	-	-	-
At the end of the year	<u>2,488,979,745</u>	<u>1,244</u>	<u>2,488,979,745</u>	<u>1,244</u>

# Reliance Communications Limited

## Notes on Accounts to the Consolidated Financial Statements

	As at March 31, 2017	(₹ in crore) As at March 31, 2016
<b>Note 2.17</b>		
<b>Other Equity</b>		
<b>Capital Reserve</b>		
(i) As per last Balance Sheet	1,384	1,383
(ii) Additions during the year	-	1
	<u>1,384</u>	<u>1,384</u>
<b>Debenture Redemption Reserve</b>		
(i) Opening Balance	590	590
(ii) Transfer from/ (to) General Reserve	-	-
	<u>590</u>	<u>590</u>
<b>Securities Premium Account</b>		
(i) Opening Balance	13,894	13,894
(ii) Additions during the year	-	-
	<u>13,894</u>	<u>13,894</u>
<b>General Reserve</b>		
(i) Opening Balance	4,341	6,484
(ii) Less : Transferred to Statement of Profit and Loss(Refer Note 2.45)	714	971
(iii) : Transferred to Statement of Profit and Loss(Refer Note 2.39.1(v))	1,205	1,190
(iv) Add : Non Controlling Interest	1	18
	<u>2,423</u>	<u>4,341</u>
<b>Reserve for Business Restructuring</b>		
(i) Opening Balance	1,287	1,287
(ii) Additions during the year	-	-
	<u>1,287</u>	<u>1,287</u>
<b>Foreign Currency Monetary Items Translation Difference Account (Refer Note 2.37)</b>		
(i) Opening Balance	(805)	(808)
(ii) Deduction/ (Additions) during the year	113	(421)
(iii) Amortisation during the year	231	424
	<u>(461)</u>	<u>(805)</u>
<b>Treasury Equity</b>		
(i) Opening Balance	(391)	(391)
(ii) Additions during the year	-	-
	<u>(391)</u>	<u>(391)</u>
<b>Surplus/ (deficit) in retained earnings</b>		
(i) Opening Balance	9,901	9,262
(ii) Add: Profit/ (loss) for the year	(1,403)	639
	<u>8,498</u>	<u>9,901</u>
<b>Other Comprehensive Income</b>		
<b>(a) Exchange difference on translation of financial statements of foreign operation</b>		
(i) Opening Balance	136	-
(ii) Additions/ (deduction) during the year (net)	(38)	136
	<u>98</u>	<u>136</u>
<b>(b) Remeasurement of defined employee benefit and fair valuation of investment</b>		
(i) Opening Balance	2	-
(ii) Additions during the year (net)	1	2
	<u>3</u>	<u>2</u>
	<u>27,325</u>	<u>30,339</u>

In the above, balance at the beginning of the year as at March 31, 2016 represents the balance as at April 1, 2015 which aggregates to ₹ 31,701 crore.

## Notes on Accounts to the Consolidated Financial Statements

### Nature and Purpose of Reserve

#### Capital Reserve

Capital Reserve represents surplus arising on consolidation of financials of subsidiaries at the time of acquisition. It also includes Equity Share Capital of the Company, which was cancelled pursuant to the Scheme of Demerger of Undertaking from Reliance Industries Limited.

#### Debenture Redemption Reserve

Debenture Redemption Reserve is created out of profit for the respective year as required under the Act then applicable which shall be utilised for the purpose of redemption of Debentures issued by the Company.

#### Exchange Fluctuation Reserve

Exchange Fluctuation Reserve represents the unrealised gains and losses on account of translation of financial statement of foreign subsidiaries into the reporting currency.

#### Securities Premium Account

Securities Premium represents the premium charged to the shareholders at the time of issuance of the shares. It also includes ₹ 8,047 crore created pursuant to the Schemes of Amalgamation/ Arrangement of the earlier years. Securities Premium can be utilised based on the relevant requirements of the Act.

#### General Reserve

General reserve of ₹ 2,423 crore represents created out of retained earnings permitted to be distributed to the shareholders as a part of dividend.

#### Reserve for Business Restructuring

Reserve for Business Restructuring has been recognised pursuant to the Scheme of Arrangement between the Company and its subsidiaries namely RCIL and RITL, to meet the increased depreciation, costs, expenses and losses including on account of impairment of or write down of assets etc.

#### Foreign Currency Monetary Items Translation Difference Account (FCMITDA)

FCMITDA has been created in view of the option allowed pursuant to the notification dated December 29, 2011 issued by the MCA, GoI, being the exchange differences on long term borrowing other than borrowings relating to acquisition of depreciable capital assets.

#### Treasury Equity

Treasury Equity represents 2,12,79,000 Nos. of Equity Shares held by the ESOS Trust.

# Reliance Communications Limited

## Notes on Accounts to the Consolidated Financial Statements

### Note 2.18

#### Non Controlling Interest

Information regarding non controlling interest	For the year ended March 31, 2017	For the year ended March 31, 2016
		(₹ in crore)
Accumulated balances of non controlling interest at the beginning	282	277
Profit/(Loss) added to non controlling interest	120	21
Foreign exchange variance and other movements	(2)	(16)
Accumulated balances of non controlling interest at the closing	<u>400</u>	<u>282</u>

Financial information of subsidiary that has material non controlling interest is provided below :

**Name of Subsidiary : Reliance Infratel Limited**

**Non Controlling Interest Holding : 9.55%**

**Country of Incorporation : India**

The summarised financial information of this subsidiary is provided below. This information is based on amounts before inter company eliminations

Summarised Statement of Profit or Loss	For the year ended March 31, 2017	For the year ended March 31, 2016
Total Revenue	6,091	4,599
Network Expenses	2,744	2,578
Employee benefits	37	21
Finance Cost	559	657
Depreciation	809	887
Other expenses	68	66
<b>Profit before tax</b>	<b>1,874</b>	390
Income tax	627	162
<b>Profit for the year</b>	<b>1,247</b>	228
Total comprehensive income	-	-
<b>Attributable to non controlling interests</b>	<b>120</b>	21
<b>Dividends paid to non controlling interests</b>	<b>Nil</b>	Nil

Summarised Balance Sheet	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Non-current liabilities	2,033	4,278	3,720
Current liabilities	15,021	10,526	7,171
<b>Total Liability (i)</b>	<b>17,054</b>	14,804	10,891
Property, Plant and Equipment including Capital Work in Progress	10,106	10,121	10,590
Non Current Assets	3,586	1,756	1,349
Current assets	7,230	5,552	1,518
<b>Total Assets (ii)</b>	<b>20,922</b>	17,429	13,457
<b>Total Equity (ii) - (i)</b>	<b>3,868</b>	2,625	2,567
<b>Attributable to equity holders of parent</b>	<b>3,499</b>	2,375	2,321
<b>Non controlling interest</b>	<b>369</b>	251	245

Summarised Cash flow Information	For the year ended March 31, 2017	For the year ended March 31, 2016
A. Cashflow from Operating Activities	217	2,328
B. Cashflow from Investing Activities	(1,332)	(2,591)
C. Cashflow from Financing Activities	1,114	302
<b>Net increase /(decrease) in Cash and Cash Equivalents (A + B + C)</b>	<b>(1)</b>	39

Notes on Accounts to the Consolidated Financial Statements

	As at March 31, 2017	As at March 31, 2016	(₹ in crore) As at April 1, 2015
<b>Note 2.19</b>			
<b>Borrowings - Non Current</b>			
<b>Debentures</b>			
<b>Secured</b>			
3,000, 11.20 % Redeemable, Non Convertible Debentures of ₹ 1 crore each (March 31, 2016: 3,000, April 1, 2015: 3,000)	<b>3,000</b>	3,000	3,000
Nil, 11.60 % Redeemable, Non Convertible Debentures of ₹ 10 lac each (March 31, 2016: 5,000, April 1, 2015: 5,000)	-	-	497
1,500, 11.25 % Redeemable, Non Convertible Debentures of ₹ 1 crore each (March 31, 2016: 1,500, April 1, 2015: 1,500)	<b>375</b>	750	1,125
<b>7% Senior Secured Notes</b>	<b>2,245</b>	2,280	2,134
<b>6.5 % Senior Secured Notes</b>	<b>1,925</b>	1,959	-
<b>Term Loans</b>			
<b>Secured</b>			
Foreign Currency Loans from Banks	<b>8,527</b>	13,024	15,699
Rupee Term Loans from Banks	<b>5,370</b>	7,663	7,212
Rupee Loans from Others	<b>319</b>	422	274
	<b>14,216</b>	21,109	23,185
<b>Unsecured</b>			
Rupee Term Loans	<b>789</b>	16	42
	<b>22,550</b>	29,114	29,983

**2.19.1 Debentures, Senior Secured Notes and Term Loans**

The Company, on March 2, 2009, allotted, 3,000, 11.20% Secured Redeemable, Non Convertible Debentures ("NCDs") of the face value of ₹ 1,00,00,000 each, aggregating to ₹ 3,000 crore to be redeemed at the end of 10th year from the date of allotment thereof. The Company on February 7, 2012, also allotted, 1,500, 11.25% and 5,000, 11.60% NCDs of the face value of ₹ 1,00,00,000 each and ₹ 10,00,000 each respectively, aggregating to ₹ 2,000 crore. NCDs of ₹ 1,500 crore are redeemable in four annual equal installments starting at the end of the 4th year from the date of allotment thereof, the outstanding against said NCDs is ₹ 1,125 crore as on March 31, 2017. NCDs of ₹ 500 crore is fully redeemed during the current year. The Company has, on May 6, 2015, issued Senior Secured Notes (SCNs) of USD 300 million, face value of USD 100 per bond, bearing 6.5% p.a. interest, with a maturity of 5 1/2 years. GCX Limited, a subsidiary of the Company had, on August 1, 2014 issued Senior Secured Bonds of USD 350 million, face value of USD 100 per bond, bearing 7% p.a. interest, with a maturity of 5 year against pledge of Shares of material subsidiaries of GCX Limited.

The Company and its subsidiary had been sanctioned Rupee Loans of ₹ 6,750 crore (outstanding as on March 31, 2017 was ₹ 6,145 crore) (Term Loan Facility) under the consortium banking arrangement on the terms and conditions as set out in the common loan agreement.

NCDs alongwith 6.5% SCNs of ₹ 6,071 crore, Foreign Currency Loans of ₹ 15,382 crore and Rupee Loans of ₹ 8,691 crore ("the said Secured Loans") have been secured by first pari passu charge on the whole of the movable plant and machinery including (without limitations) tower assets and optic fiber cables, if any (whether attached or otherwise), capital work in progress (pertaining to the movable fixed assets), both present and future including all the rights, title, interests, benefits, claims and demands in respect of all insurance contracts relating thereto of the Borrower Group; comprising of the Company and its subsidiary companies namely; RTL, RITL and RCIL, ("the Borrower Group"), in favour of the Security Trustee for the benefit of the NCD/SCN Holders and the lenders of the said Secured Loans. Rupee Loans of ₹ 2,304 crore are secured by second pari passu charge on the movable plant and machinery and capital work in progress of the Borrower Group. The said loans also include ₹ 7,028 crore which are guaranteed. The Company, for the benefit of the Lenders of 6.5% SCN and Foreign Currency Loans aggregating to ₹ 15,712 crore, 1,500, 11.25% NCDs aggregating to ₹ 1,125 crore and Rupee Loans of ₹ 5,522 crore has, apart from the above, also assigned 20 Telecom Licenses for services under Unified Access Services(UAS), National Long Distance (NLD) and International Long Distance (ILD) (collectively referred as "Telecom Licenses") by execution of the Tripartite Agreements with DoT and the Security Trustee acting on behalf of the Lenders. Further, assignment of the Telecom Licenses of the Company for Rupee Loans from Banks of ₹ 2,344 crore and from others of ₹ 248 crore is pending to be executed.

# Reliance Communications Limited

## Notes on Accounts to the Consolidated Financial Statements

The Company has, for the benefit of the Lenders of 6.5% SCNs and Foreign Currency Loans and Rupee Loans aggregating to ₹ 22,579 crore, apart from the above security, pledged equity shares of RCIL held by the Company and of RTL held by the Company and RIIL by execution of the Share Pledge Agreement with the Share Pledge Security Trustee. Rupee Loans of ₹ 6,867 crore is also secured by pledge of equity shares of RITL held by RCIL, current assets, movable assets including intangible, both present and future of the Borrower Group and corporate guarantee of the Borrower Group. Charge over the immovable assets of the Borrower Group and RGBV security for Rupee Loans of ₹ 6,867 crore is pending to be executed.

During the year, the Company has availed Rupee Loans of ₹ 972 crore which was secured by second pari passu charge on the movable plant and machinery and capital work in progress of the Borrower Group, tower receivables, pledge of equity shares of RIDC held by RWL and corporate guarantee of the Borrower Group. Rupee Loans of ₹ 144 crore from Bank is secured by second pari passu charge on all the present and future current assets of the Company. RGBV, a subsidiary of the Company has outstanding loan of USD 30 million, availed against pledge of shares of its material subsidiaries.

### 2.19.2 Repayment Schedule of Long Term Loans

Rate of Interest	Year of Repayment					(₹ in crore)
	2018-19	2019-20	2020-21	2021-22	After March 31, 2022	
<b>(a) Debentures</b>						
(i) 11.20%	3,000	-	-	-	-	
(ii) 11.25%	375	-	-	-	-	
<b>(b) Foreign Currency Loans</b>						
(i) 2.68%	75	81	27	8	-	
(ii) 3.09%	341	-	-	-	-	
(iii) 3.15%	47	37	27	-	-	
(iv) 4.36%	1,552	1,553	1,639	-	-	
(v) 5.40%	-	-	486	-	-	
(vi) 4.72%	347	275	202	-	-	
(vii) 6.11%	1,920	-	-	-	-	
<b>(c) Senior Secured Notes</b>						
(i) 7.00%	-	2,270	-	-	-	
(ii) 6.50%	-	-	1,946	-	-	
<b>(d) Rupee Term Loans</b>						
(i) 8.65%	9	3	-	-	-	
(ii) 10.25%	-	-	-	345	-	
(iii) 11.65%	172	7	8	10	213	
(iv) 10.50%	33	23	-	-	-	
(v) 10.95%	3	4	-	-	-	
(vi) 12.15%	110	140	140	140	395	
(vii) 12.25%	-	-	-	345	-	
(viii) 12.28%	96	-	-	-	-	
(ix) 12.33%	45	-	-	-	-	
(x) 12.50%	339	377	-	-	-	
(xi) 12.80%	101	1,212	-	-	-	
(xii) 13.80%	60	715	-	-	-	
(xiii) 14.70%	75	-	-	-	-	
(xiv) 14.80%	42	504	-	-	-	
(xv) 16.45%	65	780	-	-	-	

Notes on Accounts to the Consolidated Financial Statements

2.19.3 Delay in repayment of Borrowing (Current and Non Current) and Interest

The Company has delayed in the payment of dues to the financial institutions, banks and debenture holders. The lender wise details are as under :

Sr	Name of Lender	Borrowings				Interest	
		During the year ended March 31, 2017		As at March 31, 2017		As at March 31, 2017	
		Amount (₹ in crore)	Period (Maximum days)	Amount (₹ in crore)	Period (Maximum days)	Amount (₹ in crore)	Period (Maximum days)
<b>I</b>	<b>Loan from Banks</b>						
	Central Bank of India	19	90	24	1	6	59
	Bank of India	60	90	60	1	17	59
	Canara Bank	51	90	64	1	-	-
	IDFC Bank	-	-	50	1	6	1
	Indian Overseas Bank	9	90	12	1	3	59
	Oriental Bank of Commerce	14	90	18	1	5	59
	State Bank of India	192	90	130	1	43	59
	UCO Bank	47	90	59	1	17	59
	Standard Chartered Bank	-	-	296	10	3	1
	DBS Bank Limited	-	-	112	11	4	1
	Credit Agricole Corporate and Investment Bank	-	-	192	11	1	1
	IndusInd Bank Limited	-	-	1,500	11	26	32
	IDBI Bank Limited	66	90	101	14	25	59
	United Bank of India	21	90	30	17	4	59
	Union Bank of India	-	-	12	1	-	-
	Deutsche Bank	400	30	50	22	4	1
	Corporation Bank	16	90	27	22	5	59
	Bank of Baroda	21	90	97	24	24	59
	Syndicate Bank	32	90	58	24	10	59
	Punjab National Bank	-	-	87	30	-	-
	China Development Bank	815	52	546	33	126	33
	The Export Import Bank of China	51	27	259	33	54	33
	The Industrial and Commercial Bank of China	-	-	180	33	40	33
	Yes Bank	326	79	120	59	9	59
	Axis Bank	90	51	60	59	3	59
	BNP Paribas	574	16	-	-	-	-
<b>II</b>	<b>Debenture</b>						
	Life Insurance Corporation of India			375	52	35	30
<b>III</b>	<b>Other Loans</b>						
	IFCI Ltd	-	-	25	15	2	17
	India Infrastructure Finance Corporation Limited	-	-	-	-	5	32
<b>IV</b>	<b>Total</b>	<b>2,804</b>		<b>4,544</b>		<b>477</b>	
V	Less: amount made good subsequently			(2,528)		(245)	
<b>VI</b>	<b>Net Amount [IV - V]</b>			<b>2,016</b>		<b>232</b>	

2.19.4 The Company has represented to the lenders of the Secured Loans for waiver and amendment with respect to non compliance of certain covenants such as net debt to EBIDTA, interest cover ratio, debt service coverage ratio and networth, as at September 30, 2016 for which waiver/ consent from certain lenders have been received. Pending formal confirmation by the lenders for waiver of certain loan covenants, the loan amount has been continued to be classified as non current liabilities.



# Reliance Communications Limited

## Notes on Accounts to the Consolidated Financial Statements

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(₹ in crore)			
<b>Note 2.20</b>			
<b>Other Financial Liabilities - Non Current</b>			
Interest Accrued but not due	290	316	-
Capital Creditors	4	32	43
Security Deposit	77	68	52
Liability for leased assets	88	101	125
	<u>459</u>	<u>517</u>	<u>220</u>
<b>Note 2.21</b>			
<b>Other Non Current Liabilities</b>			
Advance from Customers	87	2,860	-
	<u>87</u>	<u>2,860</u>	<u>-</u>
<b>Note 2.22</b>			
<b>Provisions</b>			
Provision for Employee Benefits	106	70	55
Asset Retirement Obligations	345	327	295
	<u>451</u>	<u>397</u>	<u>350</u>
<b>Note 2.23</b>			
<b>Borrowing - Current</b>			
<b>Secured</b> (Refer Note 2.19)			
Rupee Loans from Banks	2,284	1,862	-
Rupee Loans from Others	-	175	-
<b>Unsecured</b>			
From Banks			
Foreign Currency Loans	607	440	387
Rupee Loans	3,359	1,777	1,198
Rupee Loans from Others	3,249	120	-
	<u>9,499</u>	<u>4,374</u>	<u>1,585</u>

Rupee Loans of ₹ 1,500 crore is secured by second pari passu charge on all the present and future current assets of the Company. Rupee Loans of ₹ 40 crore is secured by second pari passu charge on movable plant and machinery and capital work in progress of the Borrower Group, is pending to be created. Average interest rate of the above borrowings is 12.78 % per annum for Rupee Loan and 5.44% per annum for Foreign Currency Loan. During the year, the Company availed Rupee loans aggregating to ₹ 750 crore which is secured by first pari passu charge on the whole of the movable plant and machinery including (without limitations) tower assets and optic fiber cables, if any (whether attached or otherwise), capital work in progress (pertaining to the 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.

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(₹ in crore)			
<b>Note 2.24</b>			
<b>Trade Payables</b>			
Due to Micro and Small Enterprises	116	79	99
Due to Others	4,630	5,696	6,000
	<u>4,746</u>	<u>5,775</u>	<u>6,099</u>

Notes on Accounts to the Consolidated Financial Statements

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

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

	As at March 31, 2017	As at March 31, 2016	(₹ in crore) As at April 1, 2015
(i) Principal amount due to any supplier as at the year end	116	95	81
(ii) Interest due on the principal amount unpaid at the year end to any supplier	26	22	23
(iii) Amount of Interest paid by the Company in terms of Section 16 of the MSMED, alongwith the amount of the payment made to the supplier beyond the appointed day during the accounting year	-	-	-
(iv) Payment made to the enterprises beyond appointed date under Section 16 of MSMED	189	167	186
(v) Amount of Interest due and payable for the period of delay in making payment, which has been paid but beyond the appointed day during the year but without adding the interest specified under MSMED	16	27	35
(vi) Amount of interest accrued and remaining unpaid at the end of each accounting year	42	49	58
(vii) Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises for the purpose of disallowance as a deductible expenditure under Section 23 of MSMED	28	33	30

**Note 2.25**

**Other Financial Liabilities - Current**

**Current Maturities of Long Term Debts**

**Loan**

**Secured**

Foreign Currency Loans from Banks	6,901	6,561	6,668
Rupee Loans from Banks	5,733	2,466	745
Rupee Loans from Others	129	100	25

**Unsecured**

Rupee Loans from Banks	4	39	71
Rupee Loans from Others	167	90	-

**Debentures (Secured) (Refer Note 2.19)**

11.60 % Redeemable, Non Convertible Debentures of ₹ 10 lac each	-	498	-
11.25 % Redeemable, Non Convertible Debentures of ₹ 1 crore each	750	375	375

**Others**

Interest accrued but not due	818	262	185
Interest accrued and due	477	-	-
Unclaimed Dividend	5	7	8
Employees Stock Option	1	1	1
Capital Creditors	707	921	494
Other Liabilities	1,699	1,079	912
	<u>17,391</u>	<u>12,399</u>	<u>9,484</u>

**Note 2.26**

**Other Current Liabilities**

Advance from Customers	809	1,111	115
Other Current Liabilities	955	1,263	1,267
	<u>1,764</u>	<u>2,374</u>	<u>1,382</u>

**Note 2.27**

**Provisions**

<b>Employee Benefits</b>	29	27	27
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**Others**

Disputed and Other Claims	1,215	1,215	1,215
Wealth Tax	1	1	1
	<u>1,245</u>	<u>1,243</u>	<u>1,243</u>

# Reliance Communications Limited

## Notes on Accounts to the Consolidated Financial Statements

	For the year ended March 31, 2017	For the year ended March 31, 2016
	(₹ in crore)	
<b>Note 2.28</b>		
<b>Revenue from Operations</b>		
Sale of Services	22,123	25,383
Less: Service Tax	<u>2,656</u>	<u>3,640</u>
	<b>19,467</b>	21,743
Other Operating Income *	<u>26</u>	211
(*includes realisation from telecom terminals, accessories and trade receivables etc.)	<u><b>19,493</b></u>	<u>21,954</u>
<b>Note 2.29</b>		
<b>Other Income</b>		
Net Gain on Sale of Investments	-	3
Profit on Disposal of PPE	192	228
Interest Income on debt securities at amortised cost	65	83
Other Interest Income	83	23
Miscellaneous Income	116	65
	<u>456</u>	<u>402</u>
<b>Note 2.30</b>		
<b>Access Charges, License Fees and Network Expenses</b>		
Access Charges	3,313	2,831
License Fees	683	954
Rent, Rates and Taxes	1,213	1,366
Network Repairs and Maintenance	1,862	1,918
Stores and Spares Consumed	64	87
Power, Fuel and Utilities	1,868	1,806
Cost of Service Contents and Applications	259	267
Other Network Operating Expenses	<u>1,510</u>	<u>1,572</u>
	<u><b>10,772</b></u>	<u>10,801</u>
<b>Note 2.31</b>		
<b>Employee Benefits Expenses</b>		
Salaries (Including Managerial Remuneration)	985	972
Contribution to Provident, Gratuity and Superannuation Fund	56	45
Employee Welfare and Other Amenities	97	103
Write back of compensation under Employee Stock Option Schemes ₹ 3,27,600 (Previous year ₹ 13,09,300)	-	-
	<u>1,138</u>	<u>1,120</u>
<b>Note 2.32</b>		
<b>Finance Costs</b>		
Interest on financial liabilities measured at amortised cost	2,934	2,316
Other Financial Cost	<u>627</u>	<u>608</u>
	<u><b>3,561</b></u>	<u>2,924</u>

Notes on Accounts to the Consolidated Financial Statements

	For the year ended March 31, 2017		(₹ in crore) For the year ended March 31, 2016	
<b>Note 2.33</b>				
<b>Sales and General Administration Expenses</b>				
<b>Selling Expenses</b>				
Commission	598		584	
Selling and Marketing	633		713	
Advertisement	16		30	
Customer Acquisition and Customer Care	222		233	
Cost of Sale of Telecom Terminals and Accessories	84	1,553	218	1,778
<b>Provision for Doubtful Debts</b>		143		136
<b>General Administration Expenses</b>				
Insurance	13		19	
Rent, Rates and Taxes	161		129	
Repairs and Maintenance				
- Machinery	14		5	
- Buildings	4		2	
- Others	30		31	
Travelling	70		81	
Professional Fees	140		158	
Foreign Exchange (Gain)/ Loss (net)	(3)		24	
Loss on Sale/ discarding of PPE/ Intangible Assets and Capital	111		16	
Work in Progress				
CSR Expenses (Refer Note 2.47)	21		10	
Hire Charges	65		80	
Other General and Administrative Expenses	314		319	
Wealth Tax ₹ 3,00,000 (Previous year ₹ 36,00,000)	-	940	-	874
<b>Payment to Auditors</b>		11		9
		<b>2,647</b>		<b>2,797</b>

**Note : 2.34**

**Previous Year**

The figures for the previous year have been restated as required under by Ind AS 101 "First-time adoption". Amount in financial statements are presented in Rupees in crore, except as otherwise stated.

**Note 2.35**

**First Time Adoption of Indian Accounting Standards (Ind AS)**

These Financial Statements are the Company's first Ind AS Financial Statements. Transition to Ind AS has been carried out with effect from the transition date being April 1, 2015 and impact thereof of ₹ 4,991 crore is accounted as net reduction in Equity taking into account exemptions under Ind AS 101 "First-time adoption" and other changes, which are given below;

(a) Reconciliation of Other Equity/ Net Profit	Other Equity		Net Profit	Refer note below
	As at March, 31 2016	As at April, 1 2015	For the year ended March, 31 2016	
(i) Other Equity/ Net Profit as Previously reported as per Indian GAAP	35,622	36,692	681	
<b>Add/ (Less) :</b>				
1 Fair valuation/ Restatement of Property, Plant and Equipment including Intangibles	3,697	3,913	(211)	(b)
2 Restatement of Revenue and related cost	(1,636)	(1,646)	10	(c)
3 Fair valuation of Financial Instruments	(153)	(96)	(61)	(d)
4 Receivable assessed for future economic benefit and/ or collection expected to flow	(1,029)	(1,019)	(10)	(e)
5 Deferred Taxes	(1,691)	(1,919)	228	(f)
6 Restatement of Business Combinations and Combinations of Subsidiaries* and consequential recognition of fair valuation as on transaction date	(5,455)	(5,455)	-	(g)
7 Grossing up of Capital Reserve and Goodwill	1,384	1,384	-	(h)
8 Other Ind AS Adjustments	(400)	(153)	2	(i)
<b>(ii) Other Equity/ Net Profit before Other Comprehensive Income (OCI) as per Ind AS</b>	<b>30,339</b>	<b>31,701</b>	<b>639</b>	

\* Consequent upon merger of two subsidiary companies, Flag Telecom Group Services Limited into GCX Services Limited (GCXSL) in Bermuda and Vanco Benelux BV into Reliance Globalcom BV (RGBV) in the Netherlands, the networth of GCXSL and RGBV have reduced by ₹ 2,410 crore and ₹ 2,190 crore respectively.

## Notes on Accounts to the Consolidated Financial Statements

The Group has applied the following exemptions, available under Ind AS 101, for retrospective application, at the time of first time adoption of Ind AS.

**Business Combinations:** Business Combinations that occurred before April 1, 2008, were not restated retrospectively in accordance with Ind AS 103 "Business Combinations". Carrying amounts of assets acquired and liabilities assumed as a part of the past business combinations as well as the amounts of goodwill that arose from such transactions as they were determined under the previous GAAP are considered as their deemed cost under Ind AS as at the date of the transition.

**Investments in Subsidiaries and Associates:** The Group has elected to apply carrying amount of its investment in subsidiaries and associates as per the previous GAAP as the deemed cost on the date of the transition to Ind AS.

**Share based payments:** As permitted under Ind AS 101 "First-time Adoption of Indian Accounting Standards", Ind AS 102 "Share Based Payment" has not been retrospectively applied to all share-based payment awards. This exemption has been applied for all equity awards, which have been vested before April 1, 2015. All such equity awards exempted from Ind AS 102 continue to be accounted for under the intrinsic value approach as under the previous GAAP.

**Long Term Foreign Currency Monetary Items:** The Group has opted to apply Ind AS 101 exemption and continued with the accounting policy adopted under the previous GAAP for accounting of exchange differences arising from translation of long term foreign currency monetary items recognised in the financial statements upto March 31, 2016.

**Deemed cost:** In respect of Property, Plant and Equipment and Intangible Assets, certain assets have been fair valued and other assets have been retrospectively restated under Ind AS.

**Exchange Fluctuation Variation:** As permitted under Ind AS 101, the Group has elected, to reset cumulative translation differences (gains and losses) for all foreign operations, and deemed to zero by transferring it to opening retained earnings at its transition date.

The following mandatory exceptions have been applied in accordance with Ind AS 101 "First-time Adoption of Indian Accounting Standards":

**Derecognition of financial assets and liabilities:** The Group has elected to apply derecognition requirements for financial assets and liabilities under Ind AS 109 "Financial Instruments" prospectively for the transactions occurring on or after the date of the transition to Ind AS.

**Estimates:** Upon an assessment of the estimates made under the previous GAAP, the Company has concluded that there was no necessity to revise such estimates under Ind AS except as a part of the transition where following estimates were required by Ind AS and not required by the previous GAAP.

**Classification and measurement of financial assets:** The Group has classified the financial assets in accordance with Ind AS 109 "Financial Instruments" on the basis of the facts and circumstances that exist on the date of the transition to Ind AS.

### Notes to reconciliation

- (b) The Company has elected the option of adopting fair value as deemed cost for certain Land and Buildings, Plant and Machinery and Intangibles, as on the date of transition to Ind AS. Other Assets were restated retrospectively. This has resulted in, net increase in the value of Land and Buildings by ₹ 5,787 crore and Plant and Machinery by ₹ 530 crore and net decrease in value of Intangibles being CDMA (Telecom) Spectrum by ₹ 2,404 crore and consequent increase in depreciation for the year ended by ₹ 211 crore.
- (c) Restatement of Revenue from non cancellable right of use and other revenue, to be recognised over a period of underlying contract of services in line with applicable Ind AS, has resulted in reversal of revenue aggregating to ₹ 4,082 crore along with reversal of corresponding Depreciation of ₹ 2,395 crore and License Fees of ₹ 41 crore. Consequently revenue, depreciation and license fees have increased by ₹ 243 crore, ₹ 227 crore and ₹ 6 crore respectively for the year.
- (d) Fair valuation impact of ₹ 50 crore on borrowings, ₹ 30 crore on investment and ₹ 16 crore on deposits as at April 1, 2015. Corresponding reduction of profitability by ₹ 61 crore for the year.
- (e) Increase in provision for trade receivables and other receivables assessed considering future economic benefit and/ or collection expected to flow to the Company over the period of time due to the conditions existing prior to the date of transition has been accounted on the transition date, leaving consequent impact on profitability for the year.
- (f) Deferred Taxes are computed and recognised for temporary differences between carrying amount of an asset and liability in the balance sheet and tax base and consequent impact has been recognised in Statement of Profit and Loss.
- (g) The Company has opted to restate all Business Combination after April 1, 2008 as required under Ind AS.
- (h) Under Ind AS, capital reserve or goodwill arising on acquisition of subsidiaries have been disclosed separately, which were reflected net under previous GAAP.
- (i) Other Ind AS Adjustments includes net reduction in Equity by ₹ 387 crore for consolidation of RCOM ESOS Trust as required under Ind AS and disclosed as Treasury Equity net increase in Equity by ₹ 234 crore consequent to restatement of the financial statements of the subsidiaries of the Company under Ind AS based on restated networth and liability for Non Controlling Interest. Further, it includes ₹ 249 crore on account of impact of Foreign Currency Translation for the year ended March 31, 2016, relating to Ind As adjustment on the date of transition. ₹ 2 crore is due to reversal of adjustments relating to Non Controlling Interest and other expenses.
- (j) Other Comprehensive Income also comprises of actuarial gains and losses on employee benefits, exchange variation on translation of foreign operations/ subsidiaries and Fair valuation of Investments.

## Notes on Accounts to the Consolidated Financial Statements

**Statement of Cash flows:** The transition from Indian GAAP to Ind AS has no material impact on the statement of cash flows. The reconciliation of Cash and Cash Equivalent is as under:

	As at March 31, 2016	As at April 1, 2015
		(₹ in crore)
Cash and Cash Equivalents under previous GAAP	<b>842</b>	1,356
Less: Bank overdraft	<b>271</b>	369
Less: Earmarked Balance – Unpaid Dividend	<b>7</b>	8
Less: Balance held due to repatriation restrictions	<b>-</b>	7
Cash and Cash Equivalents under Ind AS	<b>564</b>	972

### Note 2.36 Consolidation

(a) The following subsidiary companies are included in the Consolidated Financial Statements.

Sr. No.	Name of the Subsidiary Company	Country of Incorporation	Proportion of ownership interest		
			As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
1	Reliance WiMax Limited	India	100.00%	100.00%	100.00%
2	Reliance Bhutan Limited	India	100.00%	100.00%	100.00%
3	Reliance Webstore Limited (RWL)	India	100.00%	100.00%	100.00%
4	Reliance Infocomm Infrastructure Limited (RIIL)	India	100.00%	100.00%	100.00%
5	Campion Properties Limited	India	100.00%	100.00%	100.00%
6	Reliance Big TV Limited (RBTv)	India	100.00%	100.00%	100.00%
7	Reliance Tech Services Limited	India	100.00%	100.00%	100.00%
8	Reliance Telecom Limited (RTL)	India	100.00%	100.00%	100.00%
9	Reliance Communications Infrastructure Limited (RCIL)	India	100.00%	100.00%	100.00%
10	Reliance IDC Limited (RIDC)	India	100.00%	100.00%	100.00%
11	Reliance Infratel Limited (RITL)	India	90.45%	90.45%	90.45%
12	Reliance Mobile Commerce Limited	India	100.00%	100.00%	100.00%
13	Reliance BPO Private Limited	India	100.00%	100.00%	100.00%
14	Reliance Globalcom Limited	India	100.00%	100.00%	100.00%
15	Reliance Communications Tamilnadu Limited	India	100.00%	100.00%	100.00%
16	Reliance Infra Realty Limited	India	100.00%	100.00%	100.00%
17	Reliance Infra Projects Limited	India	100.00%	100.00%	100.00%
18	Reliance Globalcom B.V. (RGBV)	The Netherlands	100.00%	100.00%	100.00%
19	Reliance Communications (UK) Limited	United Kingdom	100.00%	100.00%	100.00%
20	Reliance Communications (Hong Kong) Limited	Hong Kong	100.00%	100.00%	100.00%
21	Reliance Communications (Singapore) Pte. Limited	Singapore	100.00%	100.00%	100.00%
22	Reliance Communications (New Zealand) Pte. Limited	New Zealand	100.00%	100.00%	100.00%
23	Reliance Communications (Australia) Pty. Limited	Australia	100.00%	100.00%	100.00%
24	Anupam Global Soft (U) Limited	Uganda	90.00%	90.00%	90.00%
25	Gateway Net Trading Pte Limited	Singapore	100.00%	100.00%	100.00%
26	Global Cloud Xchange Limited	Bermuda	100.00%	100.00%	100.00%
27	GCX Limited	Bermuda	100.00%	100.00%	100.00%
28	Reliance Globalcom Limited	Bermuda	100.00%	100.00%	100.00%
29	FLAG Telecom Singapore Pte. Limited	Singapore	100.00%	100.00%	100.00%
30	FLAG Atlantic UK Limited	United Kingdom	100.00%	100.00%	100.00%
31	Reliance FLAG Atlantic France SAS	France	100.00%	100.00%	100.00%
32	FLAG Telecom Taiwan Limited	Taiwan	60.00%	60.00%	60.00%
33	Reliance FLAG Pacific Holdings Limited	Bermuda	100.00%	100.00%	100.00%
34	FLAG Telecom Group Services Limited (formerly known as GCX Services Limited)	Bermuda	100.00%	100.00%	100.00%
35	FLAG Telecom Deutschland GmbH	Germany	100.00%	100.00%	100.00%
36	FLAG Telecom Hellas AE	Greece	100.00%	100.00%	100.00%
37	FLAG Telecom Asia Limited	Hong Kong	100.00%	100.00%	100.00%

# Reliance Communications Limited

## Notes on Accounts to the Consolidated Financial Statements

Sr. No.	Name of the Subsidiary Company	Country of Incorporation	Proportion of ownership interest		
			As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
38	FLAG Telecom Nederland B.V.	The Netherlands	100.00%	100.00%	100.00%
39	Reliance Globalcom (UK) Limited	United Kingdom	100.00%	100.00%	100.00%
40	Yipes Holdings Inc.	USA	100.00%	100.00%	100.00%
41	Reliance Globalcom Services Inc.	USA	100.00%	100.00%	100.00%
42	YTV Inc.	USA	100.00%	100.00%	100.00%
43	Reliance Infocom Inc.	USA	100.00%	100.00%	100.00%
44	Reliance Communications Inc.	USA	100.00%	100.00%	100.00%
45	Reliance Communications International Inc.	USA	100.00%	100.00%	100.00%
46	Reliance Communications Canada Inc.	USA	100.00%	100.00%	100.00%
47	Bonn Investment Inc.	USA	100.00%	100.00%	100.00%
48	FLAG Telecom Development Limited	Bermuda	100.00%	100.00%	100.00%
49	FLAG Telecom Development Services Company LLC	Egypt	100.00%	100.00%	100.00%
50	FLAG Telecom Network Services Limited	Ireland	100.00%	100.00%	100.00%
51	Reliance FLAG Telecom Ireland Limited	Ireland	100.00%	100.00%	100.00%
52	FLAG Telecom Japan Limited	Japan	100.00%	100.00%	100.00%
53	FLAG Telecom Ireland Network Limited	Ireland	100.00%	100.00%	100.00%
54	FLAG Telecom Network USA Limited	USA	100.00%	100.00%	100.00%
55	FLAG Telecom Espana Network SAU	Spain	100.00%	100.00%	100.00%
56	Reliance Vanco Group Limited	United Kingdom	100.00%	100.00%	100.00%
57	Euronet Spain SA	Spain	100.00%	100.00%	100.00%
58	Net Direct SA (Proprietary) Ltd. (Under liquidation)	South Africa	100.00%	100.00%	100.00%
59	Vanco (Shanghai) Co Ltd.	China	100.00%	100.00%	100.00%
60	Vanco (Asia Pacific) Pte. Limited	Singapore	100.00%	100.00%	100.00%
61	Vanco Australasia Pty. Ltd.	Australia	100.00%	100.00%	100.00%
62	Vanco Sp Zoo	Poland	100.00%	100.00%	100.00%
63	Vanco GmbH	Germany	100.00%	100.00%	100.00%
64	Vanco Japan KK	Japan	100.00%	100.00%	100.00%
65	Vanco NV	Belgium	100.00%	100.00%	100.00%
66	Vanco SAS	France	100.00%	100.00%	100.00%
67	Vanco South America Ltda	Brazil	100.00%	100.00%	100.00%
68	Vanco Srl	Italy	100.00%	100.00%	100.00%
69	Vanco Sweden AB	Sweden	100.00%	100.00%	100.00%
70	Vanco Switzerland AG	Switzerland	100.00%	100.00%	100.00%
71	Vanco Deutschland GmbH	Germany	100.00%	100.00%	100.00%
72	Vanco BV	The Netherlands	100.00%	100.00%	100.00%
73	Vanco UK Ltd	United Kingdom	100.00%	100.00%	100.00%
74	Vanco International Ltd	United Kingdom	100.00%	100.00%	100.00%
75	Vanco Row Limited	United Kingdom	100.00%	100.00%	100.00%
76	Vanco Global Ltd	United Kingdom	100.00%	100.00%	100.00%
77	VNO Direct Ltd	United Kingdom	100.00%	100.00%	100.00%
78	Vanco US LLC	USA	100.00%	100.00%	100.00%
79	Vanco Solutions Inc	USA	100.00%	100.00%	100.00%

(b) The Company also consolidates the following companies as it exercises control over ownership and / or composition of Board of Directors.

1	Seoul Telenet Inc.	Korea	49.00%	49.00%	49.00%
2	FLAG Holdings (Taiwan) Limited	Taiwan	50.00%	50.00%	50.00%
3	Reliance Telecom Infrastructure (Cyprus) Holdings Limited	Cyprus	-	-	-
4	Lagerwood Investments Limited	Cyprus	-	-	-

(c) The associate companies considered in the Consolidated Financial Statements are :

1	Warf Telecom International Private Limited	Maldives	20.00%	20.00%	20.00%
2	Mumbai Metro Transport Private Limited	India	26.00%	26.00%	26.00%



**Notes on Accounts to the Consolidated Financial Statements**

(d) The following subsidiary companies/ associates acquired/ incorporated during the period also form part of Consolidated Financial Statements

Sr. No.	Name of the Subsidiary Company	Country of Incorporation	Proportion of ownership interest		
			As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
1	Internet Exchangenext.com Limited w.e.f. November 10, 2015	India	100.00%	100.00%	-
2	Realsoft Cyber Systems Private Limited w.e.f. November 10, 2015	India	100.00%	100.00%	-
3	Worldtel Tamilnadu Private Limited w.e.f. November 10, 2015	India	100.00%	100.00%	-
4	Aircom Holdco B.V. w.e.f. July 18, 2016	The Netherland	100.00%	-	-
5	Onyx NewCo LLC w.e.f. November 15, 2016	USA	-	-	-
6	Towercom Infrastructure Private Limited w.e.f. November 17, 2016	India	99.52%	-	-

(e) The following subsidiary companies/companies controlled/ companies consolidated/ associates ceased to remain subsidiaries/ controlled / consolidated during the year

1	Onyx NewCo LLC upto November 16, 2016 (wholly owned subsidiary)	USA	-	-	-
2	Vanco Benelux BV (merged with RGBV w.e.f. March 31, 2015)	The Netherlands	-	-	-

**Note 2.37**

**Foreign Currency Monetary Items; Long Term**

In view of the Option allowed pursuant to the notification dated December 29, 2011 issued by the MCA, GoI, for the year ended on March 31, 2017, the Company has reduced by ₹ 210 crore (Previous year added ₹ 909 crore), of exchange differences on long term borrowings relating to the acquisition of depreciable capital assets to the cost of capitalised assets. Further, the Company has reduced foreign currency variations of ₹ 113 crore (Previous year accumulated ₹ 421 crore) arising on other long term foreign currency monetary items in FCMITDA and has been amortised ₹ 231 crore (Previous year ₹ 424 crore) during the year, leaving balance to be amortised over the balance period of such loans.

**Note 2.38**

**Disclosure in respect of Specified Bank Notes**

Sr.	Particulars	(₹ in crore)		
		Specified Bank Notes (SBN)	Other denomination notes & Coins	Total
(i)	Closing cash in hand as on November 8, 2016	0.63	-	0.63
(ii)	Add permitted receipts	-	5.90	5.90
(iii)	Less permitted payments	-	-	-
(iv)	Less amount deposited in banks	0.63	5.83	6.46
(v)	Closing cash in hand as on December 30, 2016	-	0.07	0.07

Specified bank notes are defined as the bank notes of denominations of the existing series of the value of five hundred rupees and one thousand rupees.

**Note 2.39**

**Schemes of Amalgamation and Arrangement**

1. Pertaining to earlier years,

The Company, in the earlier years, underwent various restructuring Schemes through Court including restructuring of ownership of telecom business so as to align the interest of shareholders. Accordingly, pursuant to the Schemes of Amalgamation and Arrangement ("the Schemes") under Sections 391 to 394 of the Companies Act, 1956 approved by Hon'ble High Court of respective judicature, the Company, during the respective years, recorded all necessary accounting effects, along with requisite disclosure in the notes to the accounts, in accordance with the provisions of the said Schemes. The cumulative effects of the Schemes in case of Equity Share Capital of the Company have been disclosed below the respective Notes to the Accounts. Reserves, pursuant to the said Schemes, include:

(i) ₹ 8,047 crore being Securities Premium Account, which was part of the Securities Premium of erstwhile Reliance Infocomm Limited (RIC), the transferor company.

# Reliance Communications Limited

## Notes on Accounts to the Consolidated Financial Statements

- (ii) ₹ 12,345 crore, being part of General Reserve, on fair valuation of assets and liabilities of the Company in accordance with the Scheme of Amalgamation, amalgamating Reliance Gateway Net Limited (RGNL) into the Company.
  - (iii) ₹ 1,287 crore, being the balance was transferred to Reserve for Business Restructuring in accordance with the Scheme of Arrangement for demerger of passive infrastructure assets in to RITL.
  - (iv) During the earlier year, ₹ 7 crore being Goodwill arising on consolidation pursuant to the Scheme of Amalgamation between the subsidiaries debited to General Reserve.
  - (v) Additional depreciation of ₹ 1,205 crore (Previous year ₹ 1,190 crore) arising on fair value of the assets has been adjusted, consistent with the practice followed in earlier years, to General Reserve as permitted pursuant to the Scheme of Arrangement sanctioned vide an order dated July 3, 2009 by the Hon'ble High Court and as determined by the Board of Directors.
  - (vi) During the earlier year, additional depreciation consequent upon fair valuation of assets carried out has been adjusted to General Reserve by the subsidiaries.
  - (vii) During the earlier year, ₹ 470 crore being excess of liabilities over assets has been adjusted from General Reserve pursuant to demerger of BPO division into RCIL.
  - (viii) Pursuant to the said Scheme of Amalgamation (Refer Note (ii) above), on account of the fair valuation during the year ended on March 31, 2009, additions/ adjustments to the fixed assets included increase in Freehold Land by ₹ 225 crore, Buildings by ₹ 130 crore and Telecom Licenses by ₹ 14,145 crore.
  - (ix) Pursuant to the demerger, the Company computed goodwill of ₹ 2,659 crore arising on consolidation using the step up method based on date of original investment by Reliance Industries Limited (RIL) prior to demerger instead of considering the date of demerger as the date of investment in absence of specific guidance in Accounting Standard (AS) 21 "Consolidated Financial Statements" in a demerged scenario.
  - (x) Also refer note 2.45 "Exceptional Items" below.
2. The Scheme of Arrangement between the Company and Sistema Shyam Teleservices Limited (SSTL or the Transferor Company) for demerger of the Telecom Business Undertaking into the Company has been approved by the Hon'ble High Courts of Rajasthan and Bombay on September 30 and October 7, 2016 respectively. Pursuant to the Scheme, the Company will, towards consideration of the said Undertaking, issue and allot to SSTL, 27,65,53,305 fully paid up equity shares of ₹ 5 each aggregating to 10% of the fully diluted paid up share capital of the Company and perform its obligations under transaction documents. Further, the Scheme of Arrangement between RTL, a wholly owned subsidiary (the Transferor Company) and the Company for demerger of the Telecom Undertaking comprising of 5 License Service Areas into the Company has been approved by the Hon'ble High Court of Bombay on October 27, 2016. The effects shall be considered when the aforesaid Schemes become effective upon regulatory compliance.
  3. Pursuant to an approval by BSE Limited and National Stock Exchange of India Limited, the Company has filed the Scheme of Arrangement ("the Scheme") on March 10, 2017 with the Mumbai Bench of the National Company Law Tribunal ("NCLT") for demerger of the Wireless Business Undertaking of the Company and RTL, a Subsidiary of the Company into Aircel Limited (AL) and its subsidiary, Dishnet Wireless Limited (DWL), and on the basis that in accordance with the Scheme, the Company would hold 50% ownership interest in AL.
  4. Pursuant to execution of the Acquisition Agreement dated December 21, 2016 between the Company and Brookfield Infrastructure Group ("Brookfield") in relation to the transfer of RITL's nationwide tower business and related infrastructure to Brookfield, a Scheme of Arrangement ("the Scheme") under Section 230 to 240 of the Companies Act, 2013 has been filed on January 30, 2017 with the Mumbai Bench of the NCLT for demerger of Tower Business of RITL, a subsidiary into another subsidiary namely Towercom Infrastructure Private Limited ("Towercom"), which on transfer thereof upon completion of the said Scheme will be wholly owned and independently managed by affiliates of Brookfield. The consideration subject to adjustment as per the Acquisition Agreement shall be discharged by issue of Non Convertible Debentures of the face value of ₹ 6,900 crore and Redeemable Preference Shares of the face value of ₹ 100 crore (subject to adjustment as per the Acquisition Agreement between the Company, RITL a subsidiary of the Company and Brookfield). plus takeover of debt of upto ₹ 4,000 crore. Also, in accordance with the Share Subscription Agreement dated December 21, 2016, the Company will be entitled to subscribe by itself or through eligible nominees specified non voting shares of Towercom which based on certain conditions will entitle the holder of the said shares to 49% of the future economic upside from the said Tower Business. Considering that the Agreements are subject to various conditions precedent, no effect is given to these agreements and Scheme in the Accounts.

Notes on Accounts to the Consolidated Financial Statements

Note 2.40

(₹ in crore)

Movement of Provisions

	Current		Non Current	
	For the year ended		For the year ended	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
<b>Provision for Employee Benefits</b>	<b>29</b>	27	<b>106</b>	70
<b>Asset Retirement Obligation (ARO)</b>				
Balances at the beginning of the period	-	-	<b>327</b>	295
Unwinding of discount on account of ARO	-	-	<b>24</b>	21
Exchange Fluctuation	-	-	<b>(6)</b>	11
Balances at the close of the period	-	-	<b>345</b>	327
<b>Others - Disputed and Other claims/ wealth tax</b>				
Balances at the beginning of the period	<b>1,216</b>	1,216	-	-
Additional provision/(reduction)	-	-	-	-
Balances at the close of the period	<b>1,216</b>	1,216	-	-

Provisions include provision for disputed claims for verification of customer ₹ 9 crore (₹ 9 crore as on March 31, 2016 and April 1, 2015) and others of ₹ 1,206 crore (₹ 1,206 crore as on March 31, 2016 and April 1, 2015). The aforesaid provisions shall be utilised on settlement of the claims, if any, thereagainst. Provisions for ARO has been made by the Company's subsidiary in respect of undersea cables and equipments.

Note 2.41

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

	(₹ in crore)			
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015	As at April 1, 2015
(i) Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for	<b>892</b>	1,055		1,258
(ii) Disputed Liabilities not provided for				
- Sales Tax and VAT	<b>55</b>	43		65
- Custom, Excise and Service Tax	<b>156</b>	160		1,364
- Entry Tax and Octroi	<b>112</b>	79		70
- Income Tax	<b>761</b>	755		730
- Other Litigations	<b>3,263</b>	3,089		2,934
(iii) Claims against the Company not acknowledged as debts	<b>918</b>	446		1,090
(iv) Guarantees given including on behalf of other companies for business purpose	-	-		10
(v) Consequent to the investigations by an investigative agency (CBI) in relation to the entire telecom sector in India, certain preliminary charges have been framed by a Trial Court in October, 2011 against Reliance Telecom Limited (RTL), a wholly owned subsidiary of the Company and three of the executives of the group. The charges so framed are preliminary in nature based on investigations only, and the persons named are presumed to be innocent, unless their alleged guilt is established after a fair trial. As legally advised, the persons so named deny all charges. Presently the trial is in progress. These preliminary charges have no impact on the business, operations, and/ or licenses of RTL and the Company and, even more so, are not connected in any manner to any other group companies.				

# Reliance Communications Limited

## Notes on Accounts to the Consolidated Financial Statements

(vi) Spectrum Charges

DoT had, during the earlier years, issued demand on the Company for ₹ 1,758 crore towards levy of one time Spectrum Charges, being the prospective charges for holding CDMA spectrum beyond 2.5 MHz for the period from January 1, 2013 till the expiry of the initial terms of the respective Licenses. Based on a petition filed by the Company and its subsidiary, the Hon'ble High Court of Kolkata, vide its orders dated February 14 and April 19, 2013 has stayed the operation of the impugned demand till further order. The Company is of the view that the said demands, inter alia, are an alteration of financial terms of the licenses issued in the past and has also been legally advised, accordingly, no provision in this regard is required.

(vii) License Fees and Special Audit

Pursuant to the Telecom License Agreement, DoT directed audit of various Telecom companies including of the Company. The Special Auditors appointed by DoT were required to verify records of the Company and some of its subsidiaries for the years ended March 31, 2007 and March 31, 2008 relating to license fees and revenue share. The Company has received show cause notice dated January 31, 2012 and subsequently, received demand note dated November 8, 2012 based on report of the Special Audit directed by DoT relating to alleged shortfall of license fees of ₹ 314 crore and interest thereon as applicable. The Company challenged the said notices, inter alia demanding license fee on non telecom revenue based on Special Audit Report before the Hon'ble Telecom Disputes Settlement and Appellate Tribunal (TDSAT) and also before the Hon'ble High Court of Kerala. The impugned demand has been stayed by Hon'ble High Court of Kerala during the pendency of the Petition. Meanwhile, Hon'ble TDSAT vide its judgment dated April 23, 2015 has set aside all License fee related demands and directed DoT to rework the license fees payable by the operators for the past periods, in light of the findings, observations and directions as per in the said judgment and to issue fresh demands, which the operators will pay within the time prescribed under the law. DoT has challenged TDSAT judgement in Hon'ble Supreme Court. The matter is pending before Hon'ble Supreme Court, though Hon'ble Supreme Court vide its order dated February 29, 2016 allowed DoT to raise demand as per its understanding but not to enforce the same till the appeals are finally decided by the Supreme Court. As per the judgement of Hon'ble TDSAT dated April 23, 2015 which is operative as on date and other judicial pronouncements directly applicable to the issues of License fee dues raised by Special Auditors, there shall not be any liability of License fee and hence, no provision is required in the accounts of the Company.

### Note 2.42

#### Leases

(a) Operating Lease

(₹ in crore)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Estimated future minimum payments under non cancellable operating leases.			
(i) Not later than one year	15	26	35
(ii) Later than one year and not later than five years	18	40	28
(iii) Later than five years	2	4	5

(b) Finance Lease

(i) The details of gross investments and minimum lease rentals outstanding as at March 31, 2016 in respect of Property, Plant and Equipment acquired on or after April 1, 2001.

	Minimum Lease Payments		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Not later than one year	15	19	21
Later than one year and not later than five years	58	70	82
Later than five years	48	65	89
<b>Total</b>	<b>121</b>	<b>154</b>	<b>192</b>
Less: Finance Cost	31	43	56
Present Value of Minimum Lease Payments	90	111	136
Disclosed Under			
Other Long Term Liabilities	88	101	125
Other Current Liabilities	2	10	11
<b>Total</b>	<b>90</b>	<b>111</b>	<b>136</b>
	Present Value of Minimum Lease Payments		
Not later than one year	2	10	11
Later than one year and not later than five years	49	47	53
Later than five years	39	54	72
<b>Total</b>	<b>90</b>	<b>111</b>	<b>136</b>

**Notes on Accounts to the Consolidated Financial Statements**

- (ii) General description of the significant leasing arrangements is as mentioned below.
- (a) The lease agreement is valid for a fixed non cancellable period from the date of commencement of lease rentals.
- (b) Upon termination of the lease agreement, the Company shall return the assets to the lessor.
- (c) In the event, the claim of lessor for depreciation is disallowed partly or fully in their tax assessment, the lease rentals will increase to the extent of depreciation disallowed to the lessor.

**Note 2.43**

**2.43.1 Financial Instruments**

The fair value of financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between the willing parties, other than in a forced or liquidation sale.

The following methods and assumptions have been used to estimate the fair values:

Fair value of cash and short-term deposits, trade and other short term receivables, trade payables, other current liabilities, short term loans from banks and other financial institutions approximate their carrying amounts largely due to the short term maturities of these instruments

Financial Instruments with fixed and variable interest rates are evaluated by the Group based on parameters such as interest rates and individual credit worthiness of the counterparty. Based on this evaluation, allowances are taken to account for the expected losses of these receivables.

Fair value hierarchy

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 – Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The carrying value and fair value of the financial instruments by categories were as follows:

Particulars	(₹ in crore)		
	As at March 31 2017	As at March 31 2016	As at April 1, 2015
<b>Financial assets at amortised cost:</b>			
Cash and cash equivalents (Refer Note 2.12)	1,024	835	1,341
Bank Balances (Refer Note 2.13)	295	689	67
Trade Receivables (Refer Note 2.11)	3,251	2,981	4,119
Other Financial Assets (Refer Note 2.14 and 2.06)	961	460	618
<b>Total</b>	<b>5,531</b>	4,965	6,145
<b>Financial assets at fair value through Profit and Loss</b>			
Investments (Refer Note 2.10)	-	-	638
<b>Financial assets at fair value through Other Comprehensive Income:</b>			
Investments (fair valued under hierarchy-Level 1)(Refer Note 2.05)	11	12	9
<b>Financial liabilities at amortised cost:</b>			
Trade Payables (Refer note 2.24)	4,746	5,775	6,099
Deferred Payment Liabilities	3,328	3,295	-
Other Financial Liabilities (Refer Note 2.20 and 2.25)	4,166	2,787	1,820
Borrowings (Refer Note 2.19, 2.23 and 2.25)	45,733	43,617	39,452
<b>Total</b>	<b>57,973</b>	55,474	47,371
<b>Financial liabilities at fair value through Statement of Profit and Loss</b>	<b>Nil</b>	Nil	Nil
<b>Financial liabilities at fair value through Other Comprehensive Income</b>	<b>Nil</b>	Nil	Nil

**2.43.2 Financial Risk Management Objectives and Policies**

Activities of the Company expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Company's primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance.

The Company's financial liabilities comprise of borrowings, trade payable and other liabilities to manage its operation and the financial assets include trade receivables, deposits, cash and bank balances, other receivables etc. arising from its operation.

The Company has constituted a Risk Management Committee consisting of majority of the directors and senior managerial personnel. The Company has a robust Business Risk Management framework to identify, evaluate business risks and opportunities. This framework seeks to create transparency, minimize adverse impact on the business objectives and enhance competitive advantage. It defines the risk management

# Reliance Communications Limited

## Notes on Accounts to the Consolidated Financial Statements

approach across the enterprise at various levels including documentation and reporting and contains different risk models, which help in identifying risks trend, exposure and potential impact analysis at the Company level as also separately for the business segments.

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

### Financial risk management

The Company's business activities expose it to a variety of financial risks, namely liquidity risk, market risks and credit risk.

Risk	Exposure arising from	Measurement	Management
Credit Risk	Cash and cash equivalents, trade receivables, financial assets measured at amortised cost	Ageing analysis	Diversification of bank deposits, letters of credit
Liquidity Risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities
Market risk – foreign exchange	Recognised financial assets and liabilities not denominated in functional currency.	Sensitivity analysis	Un hedged
Market risk – interest rate	Long-term borrowings at variable rates	Sensitivity analysis	Un hedged
Market risk- price risk	Unquoted investment in equity shares – not exposed to price risk fluctuations	-	-

### Market risk

The Company also operates internationally and hence, a portion of the business is transacted in several currencies. Consequently the Company is exposed to foreign exchange risk to the extent that there is mismatch between the currencies in which it sells and services, purchases from overseas suppliers and borrowings in various foreign currencies. Market Risk is the risk that changes in market prices such as foreign exchange rates, interest rates will affect income or value of its holding financial assets/ instruments. The exchange rate between rupee and foreign currencies has changed substantially in recent years and may fluctuate significantly in the future.

As a result, operations of the Company are adversely affected as the rupee appreciates/ depreciates against US dollar. Euro. GB pound etc..

### Foreign Currency Risk from financial instruments as of :

Particulars	U.S. dollars	Euro	GB Pound	Other Currency	(₹ in crore)
					Total
					<b>March 31, 2017</b>
Trade Receivables	1,561	-	-	1	<b>1,562</b>
Other Financial Assets	278	223	37	30	<b>568</b>
Cash and Cash Equivalents	34	25	38	24	<b>121</b>
Borrowings	(17,869)	-	-	-	<b>(17,869)</b>
Trade Payables and other financial Liabilities	(1,945)	(188)	(150)	(181)	<b>(2,464)</b>
<b>Net Assets/ (Liabilities)</b>	<b>(17,941)</b>	<b>60</b>	<b>(75)</b>	<b>(126)</b>	<b>(18,082)</b>
					<b>March 31, 2016</b>
Trade Receivables	1,251	-	-	1	1,252
Other Financial Assets	383	289	34	62	768
Cash and Cash Equivalents	-	66	23	97	186
Borrowings	(21,659)	-	-	-	(21,659)
Trade Payables and other financial Liabilities	(2,001)	(203)	(125)	(147)	(2,476)
<b>Net Assets/ (Liabilities)</b>	<b>(22,026)</b>	<b>152</b>	<b>(68)</b>	<b>13</b>	<b>(21,929)</b>
					<b>April 1, 2015</b>
Trade Receivables	905	-	-	-	905
Other Financial Assets	230	260	50	23	563
Cash and Cash Equivalents	-	28	13	29	70
Borrowings	(22,153)	-	-	-	(22,153)
Trade Payables and other financial Liabilities	(1,402)	(257)	(120)	(112)	(1,891)
<b>Net Assets/ (Liabilities)</b>	<b>(22,420)</b>	<b>31</b>	<b>(57)</b>	<b>(60)</b>	<b>(22,506)</b>

Notes on Accounts to the Consolidated Financial Statements

**Sensitivity Analysis**

A sensitivity of profit or loss to change in the exchange rates arises mainly from foreign currency denominated financial instruments as mentioned below:

Movement in Exchange Rate	(₹ in crore)	
	For the year ended March 31, 2017	For the year ended March 31, 2016
Impact of 2% increase in exchange rate of USD INR	(359)	(441)
Impact of 2% increase in exchange rate of EURO INR	1	3
Impact of 2% increase in exchange rate of GBP INR	(2)	(1)

If exchange rate is positively affected with decrease by 2%, profit shall also accordingly be affected.

**Interest Rate Risk**

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing investments because of fluctuations in the interest rates, in cases where the borrowings are measured at fair value through profit or loss. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing investments will fluctuate because of fluctuations in the interest rates.

**Exposure to interest rate risk**

Interest rate risk of the Company arises from borrowings. The Company endeavors to adopt a policy of ensuring that maximum of its interest rate risk exposure is at fixed rate.

The Group's interest bearing financial instruments are reported as below:

	(₹ in crore)		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<b>Fixed Rate Instruments</b>			
Financial Assets	388	812	1,519
Financial Liabilities	12,493	12,333	7,188
<b>Variable Rate Instruments</b>			
Financial Assets	Nil	Nil	Nil
Financial Liabilities	36,878	34,999	32,640

**Fair value sensitivity analysis for fixed-rate instruments**

The Company does not account for any fixed rate financial assets or financial liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

**Cash flow sensitivity analysis for variable rate instruments**

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased/ (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

Impact on Profit and Loss / Equity	(₹ in crore)	
	For the year ended March 31, 2017	For the year ended March 31, 2016
Impact of increase in interest rate by 100 basis point	(369)	(350)

If the interest rate is positively affected with decrease by 100 basis point, profit shall also accordingly be affected.

The risk estimates provided assume a parallel shift of 100 basis points interest rate across all yield curves. This calculation also assumes that the change occurs at the balance sheet date and is calculated based on risk exposures outstanding as at that date. The period end balances are not necessarily representative of the average debt outstanding during the period.

**Derivative financial instruments**

The Company does not hold derivative financial instruments.

The Company offsets financial asset and a financial liability when it currently has a legally enforceable right to set off the recognized amounts and the Company intends either to settle on a net basis, or realise the asset and settle the liability simultaneously.

**Credit risk**

Credit risk refers to the risk of default on its obligation by the customer/ counter party resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is carrying value of respective financial assets.



# Reliance Communications Limited

## Notes on Accounts to the Consolidated Financial Statements

Trade receivables and unbilled revenue are typically unsecured and are derived from revenue earned from the customers. Credit risk has always been managed by each business segment through credit approvals, establishing credit limits and continuously monitoring the credit worthiness of customers to which the Company grants credit terms in the normal course of business. On account of adoption of Ind AS 109, the Company uses expected credit loss (ECL) model to assess the impairment loss or gain. ECL methodology depends on whether there is any significant increase in credit risk. In case of significant increase in credit risk, life time ECL is used; otherwise twelve month ECL is used. The group uses a provision matrix to compute the expected credit loss allowance for trade receivables and unbilled revenues. The provision matrix takes into account available external and internal credit risk factors such as default risk of industry, credit default swap quotes, credit ratings from international credit rating agencies and historical experience for the customers.

Credit risk on cash and cash equivalents is limited as the Group generally invests in deposits with banks and financial institutions with high credit ratings assigned by international and/ or domestic credit rating agencies. Investments primarily include investment in liquid mutual fund units, quoted bonds issued by the Government and Quasi Government organizations and certificates of deposits which are funds deposited at a bank for a specified time period.

### Ageing of Trade Receivable

Particulars	As at March 31, 2017			As at March 31, 2016			As at April 1, 2015		
	Gross Amount	Weighted Average Rate	Provision for doubtful debts	Gross Amount	Weighted Average Rate	Provision for doubtful debts	Gross Amount	Weighted Average Rate	Provision for doubtful debts
(₹ in crore)									
<b>India Operation</b>									
Not Due	501	1%	7	324	-	-	919	-	-
0-90	1,191	3%	35	725	-	-	1,847	1%	17
91-180	245	48%	117	509	19%	95	271	26%	69
181-365	114	47%	54	181	31%	56	222	42%	94
Above 365	2,141	77%	1,650	2,424	82%	1,977	2,036	89%	1,817
<b>Subtotal</b>	<b>4,192</b>		<b>1,863</b>	<b>4,163</b>		<b>2,128</b>	<b>5,295</b>		<b>1,997</b>
<b>Global Operation</b>									
Not Due	207	-	-	336	-	-	316	-	-
0-90	353	1%	3	348	1%	2	285	-	1
91-180	62	2%	1	87	3%	3	29	6%	2
181-365	127	1%	1	174	1%	2	141	4%	6
Above 365	453	61%	275	289	97%	281	320	81%	261
<b>Subtotal</b>	<b>1,202</b>		<b>280</b>	<b>1,234</b>		<b>288</b>	<b>1,091</b>		<b>270</b>
<b>Total</b>	<b>5,394</b>		<b>2,143</b>	<b>5,397</b>		<b>2,416</b>	<b>6,386</b>		<b>2,267</b>

### Liquidity risk

The Company's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. Competitive intensity has adversely impacted revenue and consequent cash accruals during the year. This, coupled with current level of debt and imminent repayment obligations, has led to stress on liquidity profile. The Company closely monitors its liquidity position and is attempting to enhance its sources of funding by increasing cash flow generated from its operations and realisations from other proposed measures.

Liquidity risk is the financial risk that is encountered due to uncertainty resulting in difficulty in meeting its obligations. An entity is exposed to liquidity risk if markets on which it depends are subject to loss of liquidity for any reason; extraneous or intrinsic to its business operations, affecting its credit rating or unexpected cash outflows. A position can be hedged against market risk but still entail liquidity risk.

Prudence requires liquidity risk to be managed in addition to market, credit and other risks as it has tendency to compound other risks. It entails management of asset, liabilities focused on a medium to long-term perspective and future net cash flows on a day by day basis in order to assess liquidity risk.

Current and prospective liquidity risk is encountered when the Company is required to meet its obligations. The Company's approach to managing liquidity, that it will have sufficient cash and financial assets to meet its obligations and collateral needs, both expected and unexpected, under normal and stressed conditions, without incurring unacceptable losses. Dynamic nature of the underlying businesses necessitates that the treasury function ensures flexibility in funding by maintaining adequate working capital and its availability under committed credit lines, for uninterrupted business operations. Existing operations of the Company are primarily funded through long term loans. The Company is seeking to maintain/ enhance the level of working capital credit lines so that operations are performed at optimum level.

**Notes on Accounts to the Consolidated Financial Statements**

Periodic budgets and rolling forecasts are prepared as regular practice and in accordance with limits specified by the Company. 51% of the total debt will be payable in less than one year i.e. during the financial year ended as at March 31, 2018. Apart from this, there is an outstanding principal of ₹ 22,720 crore for the loans and interest as applicable thereon, payable to the lenders. The Company believes that working capital credit lines need significant enhancement pending infusion of funds from the proposed strategic transactions/ sale of assets, securitisation of customer contracts and rolling over of loans with existing lenders.

The table below provides details regarding the contractual maturities of significant financial liabilities:

(₹ in crore)						
Particulars	As at March 31, 2017	Total	Less than 1 year	1-2 years	2-5 years	Above 5 years
Trade Payables	4,746	4,746	4,746	-	-	-
Borrowings	45,733	46,042	23,322	16,788	5,324	608
Deferred Payment Liabilities	3,328	3,328	-	16	757	2,555
Interest on Borrowing	1,295	7,286	3,934	1,758	1,245	349
Interest on Deferred Payment Liabilities	290	3,206	400	910	1,208	688
Other Financial Liabilities	2,581	2,571	2,411	13	31	116

Particulars	As at March 31, 2016	Total	Less than 1 year	1-2 years	2-5 years	Above 5 years
Trade Payables	5,775	5,775	5,775	-	-	-
Borrowings	43,617	44,037	14,536	16,464	12,429	608
Deferred Payment Liabilities	3,295	3,295	-	5	382	2,908
Interest on Borrowing	262	8,849	3,465	2,471	2,563	350
Interest on Deferred Payment Liabilities	316	3,195	22	666	1,566	941
Other Financial Liabilities	2,209	2,208	2,007	43	35	123

Particulars	As at April 01, 2015	Total	Less than 1 year	1-2 years	2-5 years	Above 5 years
Trade Payables	6,099	6,099	6,099	-	-	-
Borrowings	39,452	39,828	9,472	12,768	17,582	6
Interest on Borrowing	185	9,104	2,969	2,414	3,665	56
Other Financial Liabilities	1,635	1,634	1,415	55	40	124

**Note 2.44**

**Earnings per Share (EPS)**

**For the year ended  
March 31, 2017**      For the year ended  
March 31, 2016

**Basic and Diluted EPS (before and after Exceptional Items)**

(a) Profit/ (Loss) attributable to Equity Shareholders (₹ in crore) (used as numerator for calculating Basic EPS)	<b>(1,403)</b>	639
(b) Weighted average number of Equity Shares (used as denominator for calculating Basic EPS)	<b>2,467,700,745</b>	2,467,700,745
(c) Profit/ (Loss) attributable to Equity Shareholders (₹ in crore) (used as numerator for calculating Diluted EPS)	<b>(1,403)</b>	639
(d) Weighted average number of Equity Shares (used as denominator for calculating Diluted EPS)	<b>2,467,700,745</b>	2,467,700,745
(e) Basic Earnings per Share of ₹ 5 each (₹)	<b>(5.69)</b>	2.59
(f) Diluted Earnings per Share of ₹ 5 each (₹)	<b>(5.69)</b>	2.59

**Reconciliation of weighted average number of Equity Shares**

Issued equity shares	<b>2,488,979,745</b>	2,488,979,745
Less: Effect of Treasury equity held	<b>(21,279,000)</b>	(21,279,000)
Weighted average number of Equity Shares for basic and diluted EPS	<b>2,467,700,745</b>	2,467,700,745

### Note 2.45

#### Exceptional Items

Pursuant to the direction of the Hon'ble High Court of Judicature at Bombay and option exercised by the Boards of the respective companies, in accordance with and as per the Scheme of Arrangements ("the Scheme") approved by the Hon'ble High Court under different Schemes of Arrangement binding on the Company and two of its subsidiaries, namely, RCIL and RITL, expenses and/ or losses, identified by the Boards of the respective companies as being exceptional or otherwise, subject to the accounting treatment prescribed in the Schemes and comprising of ₹ 467 crore (Previous year ₹ 505 crore) of depreciation consequent to addition of exchange differences on long term borrowing relating to capital assets to the cost of capitalised assets, as also ₹ 9 crore (Previous year ₹ 42 crore) of exchange variations (net) on items other than long term monetary items, ₹ 238 crore (Previous year ₹ 424 crore) being amortisation of FCMITDA, excluding the portion added to the cost of fixed assets or carried forward as FCMITDA in accordance with Para 46 A inserted into the then applicable AS 11 "The Effects of Changes in Foreign Exchange Rates" in context of unprecedented volatility in exchange rates during the year, leaving no impact on profit for the year ended March 31, 2017. Such withdrawals have been included/ reflected in the Statement of Profit and Loss. Had such write off of expenses, losses and depreciation/ amortisation (refer note 2.39.1 (v)) not met from General Reserve, the consolidated financial statements would have reflected a loss after tax of ₹ 3,202 crore (Previous year ₹ 1,499 crore).

### Note 2.46

#### General Reserve

The Company has, from the year ended on March 31, 2008 onwards, combined the balances of General Reserve I, II and III and disclosed as General Reserve in Consolidated Accounts. General Reserve I and II have been pursuant to the Schemes of Demerger of 'Telecommunication Undertaking' of RIL into the Company and the Scheme of Amalgamation and Arrangement of Group Companies respectively in earlier years. General Reserve III represents the reserve arising pursuant to the Schemes of Amalgamation with RGNL.

### Note 2.47

#### Corporate Social Responsibility (CSR) Expenses

(a) Gross amount required to be spent by a Subsidiary during the year ₹ 21 crore (Previous year ₹ 10 crore).

	For the year ended March 31, 2017		For the year ended March 31, 2016	
	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	21	-	10	-

## Notes on Accounts to the Consolidated Financial Statements

### Note 2.48

#### Related Parties

As per the Ind AS 24 of "Related Party Disclosures" as referred to in the Accounting Standards Rules, disclosure of the transactions with the related parties as defined therein are given below. All transactions entered into by the Company with related parties, were in ordinary course of business and on arms' length basis.

#### A List of related parties

##### Holding Company

- 1 Reliance Innoventures Private Limited

##### Fellow subsidiaries

- 2 Reliance Telecom Infrainvest Private Limited
- 3 Reliance Big Entertainment Private Limited
- 4 Reliance Big Broadcasting Private Limited
- 5 Big Animation (India) Private Limited
- 6 Big Flicks Private Limited
- 7 Zapak Digital Entertainment Limited
- 8 Zapak Mobile Games Private Limited
- 9 Ralston Trading Private Limited
- 10 Reliance Transport and Travels Private Limited
- 11 Reliance Infrastructure Management Private Limited
- 12 Nationwide Communications Private Limited
- 13 MedyBiz Private Limited

##### Person having control during the year

- 14 Shri Anil D. Ambani

##### Enterprises over which individual described in Sr. No. 14 above having control

- 15 Reliance Capital Limited (RCL)
- 16 Reliance Nippon Life Asset Management Limited (RCAML) (Formerly Reliance Capital Asset Management Limited)
- 17 Reliance General Insurance Company Limited (RGICL)
- 18 Reliance Commodities Limited
- 19 Reliance Equity Advisors (India) Limited
- 20 Reliance Money Precious Metals Private Limited
- 21 Reliance Money Express Limited
- 22 Reliance Home Finance Limited
- 23 Reliance Securities Limited
- 24 Reliance Composite Insurance Broking Limited
- 25 Reliance Financial Limited
- 26 Reliance Money Solutions Private Limited
- 27 Reliance Exchangenext Limited
- 28 Reliance Infrastructure Limited (RIFL)
- 29 Mumbai Metro One Private Limited
- 30 Reliance Sealink One Private Limited
- 31 HK Toll Road Private Limited
- 32 Parbati Koldam Transmission Company Limited
- 33 GF Toll Road Private Limited
- 34 KM Toll Road Private Limited
- 35 DA Toll Road Private Limited
- 36 Reliance Energy Limited (REL)
- 37 DS Toll Road Limited

##### Enterprises over which individual described in Sr. No. 14 above having control

- 38 Reliance Defence Limited
- 39 Vidarbha Industries Power Limited
- 40 Reliance Power Limited
- 41 BSES Kerala Power Limited
- 42 Sasan Power Limited
- 43 Rosa Power Supply Company Limited
- 44 Jharkhand Integrated Power Limited
- 45 Tato Hydro Power Private Limited
- 46 Rajasthan Sun Technique Energy Private Limited
- 47 Chitrangi Power Private Limited
- 48 Reliance Cleangen Limited (RCGL)
- 49 Delhi Airport Metro Express Private Limited
- 50 SU Toll Road Private Limited
- 51 NK Toll Road Limited
- 52 TD Toll Road Private Limited
- 53 BSES Rajdhani Power Limited
- 54 Reliance Coal Resources Private Limited
- 55 Coastal Andhra Power Limited
- 56 Reliance Corporate Advisory Services Limited (formerly Reliance Spot Exchange Infrastructure Limited)
- 57 Reliance Wealth Management Limited

##### Key Managerial Personnel

- 58 Shri Prakash Shenoy – Company Secretary and Manager

##### Employee Benefits Trust

- 59 Reliance Infocomm Limited Employees Provident Fund
- 60 Reliance Communications Infrastructure Limited Employees Provident Fund
- 61 Reliance Telecom Limited Employees Provident Fund
- 62 Chemicals and Fibers of India Limited Provident Fund
- 63 Reliance Infocomm Limited Employees Superannuation Scheme
- 64 Reliance Communications Infrastructure Limited Employees Superannuation Scheme
- 65 Reliance Telecom Limited Employees Superannuation Scheme
- 66 Reliance Infocomm Limited Employees Gratuity Fund
- 67 Reliance Communications Infrastructure Limited Employees Gratuity Fund
- 68 Reliance Telecom Limited Employees Gratuity Fund
- 69 Reliance Globalcom Limited Employees Group Gratuity Assurance Scheme
- 70 Reliance Globalcom Limited Employees Superannuation Scheme
- 71 Reliance Tech Services Private Limited Employees Group Gratuity Assurance Scheme

# Reliance Communications Limited

## Notes on Accounts to the Consolidated Financial Statements

### B Transactions during the year with related parties

	(₹ in crore)					
	Holding Company	Fellow Subsidiaries	Enterprises over which person having control	Employee Benefits Trust	Others	Total
(i) <b>Investments</b>						
Opening Balance as on April 1, 2016	-	-	-	-	-	-
	(-)	(-)	(638)	(-)	(-)	(638)
Purchases during the year	-	-	-	-	-	-
	(-)	(-)	(2,607)	(-)	(-)	(2,607)
Redemption during the year	-	-	-	-	-	-
	(-)	(-)	(3,247)	(-)	(-)	(3,247)
Balance as on March 31, 2017	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)
(ii) <b>Trade Receivable</b>	-	<b>8</b>	<b>118</b>	-	-	<b>126</b>
	(-)	(5)	(160)	(-)	(-)	(166)
	[-]	[9]	[182]	[-]	[-]	[191]
(iii) <b>Loans and Advances</b>	-	-	<b>13</b>	-	-	<b>13</b>
	(-)	(-)	(20)	(1)	(-)	(21)
	[-]	[-]	[19]	[1]	[-]	[20]
(iv) <b>Trade Payable</b>	-	<b>3</b>	<b>13</b>	-	-	<b>16</b>
	(-)	(3)	(2)	(-)	(-)	(5)
	[-]	[6]	[1]	[-]	[-]	[7]
(v) <b>Borrowing - Current</b>	-	-	<b>1,764</b>	-	-	<b>1,764</b>
	(-)	(-)	(-)	(-)	(-)	(-)
	[-]	[-]	[-]	[-]	[-]	[-]
(vi) <b>Other Liabilities</b>	-	-	<b>33</b>	-	-	<b>33</b>
	(-)	(-)	(5)	(-)	(-)	(5)
	[-]	[-]	[6]	[-]	[-]	[6]
(vii) <b>Borrowing - Non Current</b>						
Opening Balance as on April 1, 2016	-	-	106	-	-	106
	(-)	(-)	(-)	(-)	(-)	(-)
Add: Taken/Adjusted during the year	-	-	861	-	-	861
	(-)	(-)	(2,104)	-	(-)	(2,104)
Less: Repayment during the year	-	-	106	-	-	106
	(-)	(-)	(1,998)	(-)	(-)	(1,998)
Balance as on March 31, 2017	-	-	<b>861</b>	(-)	-	<b>861</b>
	(-)	(-)	(106)	(-)	-	(106)
(viii) <b>Income</b>						
Revenue from Operation	-	<b>2</b>	<b>61</b>	-	-	<b>63</b>
	(-)	(-)	(74)	(-)	(-)	(74)
Other Income	-	-	<b>1</b>	-	-	<b>1</b>
	(-)	(-)	(4)	(-)	(-)	(4)

Notes on Accounts to the Consolidated Financial Statements

	(₹ in crore)					
	Holding Company	Fellow Subsidiaries	Enterprises over which person having control	Employee Benefits Trust	Others	Total
(ix) <b>Expenditure</b>						
Network Operation Expenses	-	-	<b>26</b>	-	-	<b>26</b>
	(-)	(-)	(22)	(-)	(-)	(22)
General and Administration Expenses	-	-	<b>21</b>	-	-	<b>21</b>
	(-)	(-)	(2)	(-)	(-)	(2)
Finance Cost	-	-	<b>135</b>	-	-	<b>135</b>
	(-)	-	(31)	(-)	(-)	(31)
(x) <b>Employee Benefits Expenses</b>	-	-	-	<b>20</b>	-	<b>20</b>
	(-)	(-)	(-)	(19)	(-)	(19)
(xi) <b>Person having control during the year</b>						
Shri Anil D. Ambani - Sitting fees	-	-	-	-	-	-
₹ 5,60,800 (Previous year ₹ 5,60,000)	(-)	(-)	(-)	(-)	(-)	(-)
(xii) <b>Key Managerial Personnel</b>						
Shri Prakash Shenoy - Managerial Remuneration	-	-	-	-	-	-
₹ 77,41,620 (Previous year ₹ 27,14,893)	(-)	(-)	(-)		(-)	(-)

(Figures relating to current year are reflected in Bold, relating to previous year are reflected in bracket and figures as at April 1, 2015 are reflected in box brackets.)

The following table describes the components of compensation paid or payable to key management personnel for the services rendered during the year ended:

	<b>For the year ended March 31, 2017</b>	For the year ended March 31, 2016
Salaries and other benefits	<b>72,86,249</b>	23,43,358
Contributions to defined contribution plans	<b>4,55,371</b>	3,71,535
Commission to directors	-	-
Share-based payments expense	-	-
<b>Total</b>	<b>77,41,620</b>	27,14,893

Some of the key management personnel of the Company are also covered under the Company's Gratuity Plan along with the other employees of the Company. Proportionate amounts of gratuity accrued under the Company's Gratuity Plan have not been separately included in the above disclosure.

**Terms and conditions of transactions with related parties**

Transactions with related parties are made on terms equivalent to those that prevail in case of arms' length transactions. Outstanding balances at the year end are unsecured and interest free and settlement occurs in cash. There has been no guarantee provided or received for any related party receivables and/ or payables. For the year ended March 31, 2017, the Group has not recorded any impairment of receivables relating to the amounts owed by the related parties (March 31, 2016: ₹ Nil, April 1, 2015: ₹ Nil). This assessment is undertaken each financial year by examining financial position of the related parties and the market in which the related parties operate.

# Reliance Communications Limited

## Notes on Accounts to the Consolidated Financial Statements

### Note 2.49

#### Employee Stock Option Scheme

The Company operates two Employee Stock Option Plans; ESOS Plan 2008 and ESOS Plan 2009, which cover eligible employees of the Company and its Subsidiaries. ESOS Plans are administered through an ESOS Trust. Vesting of the options is on expiry of one year from the date of Grant as per respective ESOS plan. In respect of the Options granted, the accounting value of the Options (based on market price of share on the date of the Grant of Option) is accounted as deferred employee compensation, which is amortised on a straight line basis over the Vesting Period. Each Option entitles the holder thereof to apply for and be allotted/ transferred one Equity Share of the Company of ₹ 5 each upon payment of the Exercise Price during the Exercise Period. The maximum Exercise Period is 10 years from the date of Grant of Options.

The Company has established a Trust for the implementation and management of ESOS Plans for the benefit of its present and future employees. Advance of ₹ 387 crore (₹ 387 crore as on March 31, 2016 and April 1, 2015) has been granted to the Trust and the said amount has been utilised by the Trust for purchasing 2.13 crore ( 2.13 crore as on March 31, 2016 and 2.13 crore as on April 1, 2015 ) Equity Shares during the period upto March 31, 2017. The fall in the value of these underlying shares on account of market volatility and the loss, if any, can be determined only at the end of the exercise period under ESOS Scheme.

Amortization of compensation includes write back of ₹ 3,27,600 (₹ 13,09,300 as on March 31, 2016 and ₹ 2 crore as on April 1, 2015) based on intrinsic value of Options which has been vested under ESOS Plan 2008 and reflected in Statement of Profit and Loss under Employees Benefits Expenses. No amount is chargeable in respect of Options granted under ESOS Plan 2009.

#### Particulars

	Employees Stock Option Plans			
	ESOS Plan 2008		ESOS Plan 2009	
	Number of Options	Weighted average exercise price [₹]	Number of Options	Weighted average exercise price [₹]
Number of Options Outstanding at the beginning of the year	52,798	422	6,49,642	206
Number of Options granted	Nil	-	Nil	-
Total number of Options surrendered	-	-	-	-
Number of Options vested during the year	Nil	-	Nil	-
Total number of Options exercised	Nil	-	Nil	-
Total number of Options forfeited/ lapsed	4,674	471	96,188	206
Number of Options outstanding at the end of the year	48,124	417	5,53,454	206

The weighted average remaining contractual life for the share options outstanding as at 31 March 2017 was 2.94 years (31 March 2016: 2.60 years).

If the entity would have estimated fair value computed on the basis of Black-Scholes pricing model, the compensation cost for the year ended March 31, 2017 for ESOS Plan 2008 and ESOS Plan 2009 would have been ₹ 0.35 crore and ₹ 1.22 crore respectively. The key assumptions used to estimate the fair value of options are given below.

Particulars	ESOS Plan 2008	ESOS Plan 2009
Risk-free interest rate	6.36%	6.56%
Expected life	1 year	2 years
Expected volatility	42.22%	42.22%
Expected dividend yield	0.02%	0.07%
Price of the underlying share in market at the time of grant of option	₹ 541	₹ 174

The expected life of the share options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

### Note 2.50

#### Employee Benefits

The gratuity plan is governed by the Payment of Gratuity Act, 1972 (Gratuity Act). The Company is bound to pay the statutory minimum gratuity as prescribed under Gratuity Act. There are no minimum funding requirements for a gratuity plan in India. The Company's philosophy is to fund the benefits based on its own liquidity and tax position as well as level of underfunding of the plan vis-à-vis settlements. The management is responsible for the overall governance of the plan. The management has outsourced the investment management of the fund to insurance company which in turn manages these funds as per the mandate provided to them by the trustees and applicable insurance and other regulations.

The Company operates its gratuity and superannuation plans through separate trusts which is administered and managed by the Trustees. As on March 31, 2017 and March 31, 2016, the contributions towards the plans have been invested in Insurer Managed Funds.



Notes on Accounts to the Consolidated Financial Statements

The plan is in the nature of defined benefit plan which is sponsored by the Company and hence it underwrites all the risks pertaining to the plan. In particular, there is a risk for the Company that any significant change in salary growth or demographic experience or inadequate returns on underlying plan assets can result in an increase in cost of providing these benefits to employees in future.

The defined benefit plan exposes the Group to actuarial risk such as longevity risk, interest risk and market (Investment) risk.

The following table set out the status of the Gratuity Plan as required under Ind AS 19 "Employee Benefits":

Particulars	(₹ in crore)	
	As at March 31, 2017	March 31, 2016
<b>(i) Reconciliation of opening and closing balances of the present value of the defined benefit obligation</b>		
Obligation at beginning of the year	48	41
Service cost	6	6
Interest cost	4	3
Liability transfer in from other company		
Liability transfer out to other company		
Actuarial (gain)/ loss recognised in other comprehensive income	5	4
Change in financial assumption		1
Experience adjustments		
Benefits paid	(6)	(7)
Liabilities Extinguished on Settlement	-	-
Obligation at end of the year	57	48
Defined benefit obligation liability is wholly funded by the Company		
<b>(ii) Change in plan assets</b>		
Plan assets at beginning of the year, at fair value	9	10
Expected return on plan assets	1	1
Actuarial (gain)/ loss recognised in other comprehensive income	-	-
Contributions	5	5
Assets transferred in from other company		
Assets transferred out to other company		
Benefits paid from the fund	(5)	(6)
Assets distributed on settlement	-	-
Plan assets at year end, at fair value	10	10
<b>(iii) Reconciliation of present value of the obligation and the fair value of the plan assets</b>		
Fair value of plan assets at the end of the year	10	9
Present value of the defined benefit obligations at the end of the year	57	48
Liability recognised in the Balance Sheet	47	39
<b>(iv) Expense recognised in Profit or Loss</b>		
Service Cost	6	6
Interest Cost	4	3
Total	10	9
<b>(v) Amount recognised in other comprehensive income</b>		
Actuarial (gain)/ loss recognised in other comprehensive income	1	1
Expected return on plan assets ₹ 23,97,951 (Previous year ₹ 38,26,577)	-	-
Total	1	1
<b>(vi) Experience adjustment</b>		
On Plan Liabilities (Gain)/Loss	1	1
On Plan Assets Gain / (Loss)	-	-

# Reliance Communications Limited

## Notes on Accounts to the Consolidated Financial Statements

Particulars	(₹ in crore)	
	As at March 31, 2017	March 31, 2016
(vii) <b>Investment details of plan assets</b>		
100% of the plan assets are invested in balanced Fund Instruments		
(viii) <b>Actual return on plan assets</b> (₹ 8,79,752 (Previous year: ₹ 10,18,749))	-	-
(ix) <b>Assumptions</b>		
Interest rate	<b>6.82%</b>	7.79%
Estimated return on plan assets	<b>6.82%</b>	7.79%
Salary Growth rate	<b>8.00%</b>	8.00%
Employee turn over rate	<b>For service 4 year and below 35% and 2% thereafter</b>	For service 4 year and below 35% and 2% thereafter

Mortality in Retirement: LIC Buy-out Annuity Rates & UK Published PA (90) Annuity Rates suitably adjusted for Indian Lives. The estimates of future salary increases, considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market.

(ix) **Particulars of the amounts for the year and previous years**

	As at March 31,				
	2017	2016	2015	2014	2013
Present Value of benefit obligation	<b>57</b>	48	41	41	39
Fair value of plan assets	<b>10</b>	9	10	16	29
Excess of (obligation over plan assets) / plan assets over obligation	<b>(47)</b>	(39)	(31)	(25)	(10)

The expected contribution is based on the same assumptions used to measure the company's gratuity obligations as of March 31, 2017.

**Sensitivity analysis**

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	(₹ in crore)	
	As at March 31, 2017	As at March 31, 2016
Discount rate (+1% movement)	<b>(5)</b>	(4)
Discount rate (-1% movement)	<b>5</b>	5
Future salary growth (+1% movement)	<b>5</b>	5
Future salary growth (-1% movement)	<b>(5)</b>	(4)
Employee turnover (+1% movement) (amount in ₹)	<b>(64,07,390)</b>	(18,28,337)
Employee turnover (-1% movement) (amount in ₹)	<b>70,02,009</b>	20,33,392

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

(x) **Maturity analysis defined benefit plan (fund)**

Project benefit payable in future from the date of reporting

1st following year	<b>2</b>	1
2nd following year	<b>2</b>	1
3rd following year	<b>2</b>	2
4th following year	<b>3</b>	2
5th following year	<b>3</b>	2
sum of 6 to 10 years	<b>22</b>	20

Notes on Accounts to the Consolidated Financial Statements

**Provident Fund :** Under this scheme, the employee and employer each make monthly contribution to the plan equal to 12% of the covered employee's basic salary. Contributions are made to the trust established by the Company. As at March 31, 2017, Fair value of plan assets is ₹ 235 crore (Previous year ₹ 270 crore), the present value of defined benefit obligation is ₹ 213 crore (Previous year ₹ 249 crore). For the year ended March 31, 2017, the Company has contributed ₹ 5 crore (Previous year ₹ 4 crore) towards Provident Fund. The Employee Benefits as disclosed herein pertain to the Company and its significant subsidiaries.

The assumptions made for the above are Discount rate of 7.52%, average remaining tenure of Investment Portfolio is 5 years and guaranteed rate of return is 8.65%.

**Note 2.51**

**Capital Management**

Capital of the Group, for the purpose of capital management, include issued equity capital, securities premium and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to maximise shareholders value.

The funding requirement is met through a mixture of equity, internal accruals, long term borrowings and short term borrowings.

The Company monitors capital using gearing ratio, which is debt divided by total capital plus debt.

	As at March 31, 2017	(₹ in crore) As at March 31, 2016
(a) Equity	<b>28,569</b>	31,583
(b) Debt	<b>45,733</b>	43,617
(c) Equity and Debt ( a + b )	<b>74,302</b>	75,200
(d) Capital Gearing Ratio ( b / c )	<b>62%</b>	58%

Increasing capital gearing ratio reflects reduction in equity on account of net losses incurred during the year and withdrawal of depreciation/ amortisation of fair value of assets and loss on account of change in exchange rates from General Reserve as permitted by the Court Scheme.

**Note 2.52**

**Post Reporting Events**

No adjusting or significant non adjusting events have occurred between the reporting date and the date of authorisation.

**Note 2.53**

**Consolidated Segment Information:**

The Group has identified and disclosed segment information, as "India Operations" and "Global Operations". The operating segment has been identified and reported taking into account its internal financial reporting, performance evaluation and organisational structure by geographical locations of its operations, where its service rendering activities are based. Operating Segment is reported in the manner evaluated by Board, considered as Chief Operating Decision Maker under Ind AS 108 "Operating Segment". The accounting policies adopted for segment reporting are in line with the accounting policy of the Group 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 the 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 the assets and liabilities in respective segments. Tax related assets and other assets and liabilities that cannot be allocated to a segment on reasonable basis have been disclosed as "Unallocable".

**Segment Information**

Particulars	(₹ in crore)				
	India Operations	Global Operations	Unallocable	Eliminations	Total
<b>Segment Revenue</b>					
External Revenue	<b>16,303</b>	<b>3,646</b>	-	-	<b>19,949</b>
	18,405	3,951	-	-	22,356
<b>Inter Segment Revenue</b>	<b>1,061</b>	<b>748</b>	-	<b>(1,809)</b>	-
	1,034	750	-	(1,784)	-
Total	<b>17,364</b>	<b>4,394</b>	-	<b>(1,809)</b>	<b>19,949</b>

# Reliance Communications Limited

## Notes on Accounts to the Consolidated Financial Statements

Particulars	(₹ in crore)				
	India Operations	Global Operations	Unallocable	Eliminations	Total
	19,439	4,701	-	(1,784)	22,356
<b>Segment Result before Exceptional and non recurring items, interest &amp; taxes</b>	<b>988</b>	<b>183</b>	-	-	<b>1,171</b>
	3,002	152	-	-	3,154
Less: Finance Expense	-	-	<b>3,561</b>	-	<b>3,561</b>
	-	-	2,924	-	2,924
<b>Segment Result before Exceptional and non recurring items, taxes</b>	<b>988</b>	<b>183</b>	<b>(3,561)</b>	-	<b>(2,390)</b>
	3,002	152	(2,924)	-	230
Less: Provision for Taxation	-	-	<b>(1,104)</b>	-	<b>(1,104)</b>
	-	-	(428)	-	(428)
Segment Result after Tax	<b>988</b>	<b>183</b>	<b>(2,457)</b>	-	<b>(1,286)</b>
	3,002	152	(2,496)	-	658
<b>Other Information</b>					
Segment Assets	<b>83,947</b>	<b>12,139</b>	<b>6,232</b>	<b>(2,587)</b>	<b>99,731</b>
	88,430	11,407	5,798	(2,181)	1,03,454
	[77,499]	[11,630]	[5,581]	[(1,537)]	[93,173]
Segment Liabilities	<b>16,017</b>	<b>6,465</b>	<b>50,294</b>	<b>(2,014)</b>	<b>70,762</b>
	19,288	6,594	47,622	(1,916)	71,588
	[11,390]	[6,370]	[43,226]	[(1,036)]	[59,950]
Capital Expenditure	<b>3,405</b>	<b>174</b>	-	-	<b>3,579</b>
	18,090	174	-	-	18,264
Depreciation	<b>3,529</b>	<b>692</b>	-	-	4,221
	3,725	759	-	-	4,484

(Figures relating to current year are reflected in Bold, relating to previous year are reflected in italic and figures as at April 1, 2015 are reflected in box brackets.)

(c) The reportable Segments are further described below:

- The India Operations include operations of the Company and its subsidiaries in India, Reliance Communications Infrastructure Limited, Reliance Telecom Limited, Reliance Infratel Limited, Reliance Webstore Limited, Reliance Big TV Limited, Reliance IDC Limited and Reliance Infocomm Infrastructure Limited.
- The Global Operations include the retail operations outside India of Reliance Communications (UK) Limited, Reliance Communications International Inc., Reliance Communications Canada Inc., Reliance Communications (Australia) Pty. Limited, Reliance Communications (New Zealand) Pte. Limited and wholesale operations outside India of its subsidiary viz. Reliance Globalcom BV and its subsidiaries.

(d) Revenue from Major Customer

During the year, revenue under the segment 'India Operations' include ₹ 3,105 crore from one customer having more than 10% revenue of total revenue.

### Note 2.54

#### Authorisation of Financial Statements

The financial statements for the year ended March 31, 2017 were approved by the Board of Directors on May 27, 2017.

Notes on Accounts to the Consolidated Financial Statements

Note: 2.55

Additional Information of Subsidiaries/ Associates as required under Schedule III to the Companies Act, 2013

Sl. No.	Name of the Company	Net Assets i.e. total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income (OCI)		Share in Total Comprehensive Income (TCI)	
		As % of consolidated net assets	Amount (₹ in crore)	As % of consolidated profit o loss	Amount (₹ in crore)	As % of consolidated OCI	Amount (₹ in crore)	As % of consolidated TCI	Amount (₹ in crore)
<b>Parent Company</b>									
1	Reliance Communications Limited	84.30	24,083.50	140.00	(1,796.00)	(2.68)	(1.00)	136.12	(1,797.00)
<b>Indian Subsidiaries</b>									
2	Reliance Communications Infrastructure Limited	4.79	1,367.98	1.34	(17.19)	-	-	1.30	(17.19)
3	Reliance Infratel Limited	7.24	2,068.63	43.10	(552.92)	-	-	41.88	(552.92)
4	Reliance WiMax Limited	0.01	4.08	0.01	(0.08)	-	-	0.01	(0.08)
5	Reliance IDC Limited	0.08	23.86	(3.90)	50.15	(0.30)	(0.11)	(3.79)	50.04
6	Reliance Bhutan Limited	0.00	0.01	(0.00)	0.00	-	-	(0.00)	0.00
7	Campion Properties Limited	(0.14)	(39.19)	0.36	(4.64)	-	-	0.35	(4.64)
8	Reliance Webstore Limited	(0.28)	(78.69)	(2.84)	36.49	-	-	(2.76)	36.49
9	Reliance Infocomm Infrastructure Limited	1.06	301.87	2.32	(29.70)	-	-	2.25	(29.70)
10	Reliance Telecom Limited	(6.95)	(1,984.12)	77.27	(991.24)	(0.13)	(0.05)	75.08	(991.19)
11	Reliance Big TV Limited	(2.04)	(583.73)	1.00	(12.78)	(0.80)	(0.30)	0.99	(13.08)
12	Reliance Tech Services Limited	(0.01)	(3.22)	0.42	(5.45)	2.10	0.78	0.47	(6.23)
13	Reliance Mobile Commerce Limited	0.00	0.18	0.00	(0.00)	-	-	0.00	(0.00)
14	Reliance Globalcom Limited	0.01	2.78	(0.02)	0.25	-	-	(0.02)	0.25
15	Reliance Communications Tamilnadu Limited	(0.01)	(1.62)	0.00	(0.02)	-	-	0.00	(0.02)
16	Reliance BPO Private Limited	(0.00)	(0.87)	0.01	(0.07)	-	-	0.01	(0.07)
17	Reliance Infra Reality Limited	0.00	0.04	-	-	-	-	-	-
18	Reliance Infra Projects Limited	0.00	0.04	-	-	-	-	-	-
19	Internet Exchangenext.com Ltd.	0.00	0.06	-	-	-	-	-	-
20	Realsoft Cyber Systems Private Limited	(0.00)	(0.89)	-	-	-	-	-	-
21	Worldtel Tamilnadu Private Limited	(0.01)	(1.91)	-	-	-	-	-	-
<b>Foreign Subsidiaries</b>									
22	Gateway Net Trading Pte. Limited	(0.40)	(113.81)	0.54	(6.93)	-	-	0.52	(6.93)
23	Reliance Globalcom BV	1.45	413.65	2.61	(33.50)	(0.00)	(0.00)	2.54	(33.50)
24	Reliance Infocom Inc.	(0.04)	(11.58)	0.06	(0.77)	-	-	0.06	(0.77)
25	Reliance Communications Inc.	0.62	178.51	(0.49)	6.29	-	-	(0.48)	6.29
26	Reliance Communications International Inc.	0.16	47.04	(0.14)	1.86	-	-	(0.14)	1.86
27	Reliance Communications Canada Inc.	(0.00)	(0.37)	(0.01)	0.08	-	-	(0.01)	0.08
28	Bonn Investment Inc.	(0.02)	(6.66)	0.16	(2.10)	-	-	0.16	(2.10)
29	Reliance Communications (U.K.) Limited	0.41	116.70	(1.36)	17.49	-	-	(1.33)	17.49
30	Reliance Communications (Hong Kong) Limited	0.07	19.26	(0.95)	12.22	-	-	(0.93)	12.22
31	Reliance Communications (Australia) Pty. Limited	0.01	2.59	(0.00)	0.04	-	-	(0.00)	0.04
32	Reliance Communications (New Zealand) Pte. Limited	(0.00)	(0.78)	0.01	(0.10)	-	-	0.01	(0.10)
33	Reliance Communications (Singapore) Pte. Limited	5.69	1,624.90	0.06	(0.82)	-	-	0.06	(0.82)
34	Anupam Globalsoft (U) Limited	0.01	2.04	-	-	-	-	-	-
35	Reliance Globalcom Limited, Bermuda	21.11	6,032.07	(353.42)	4,533.91	(493.61)	(183.99)	(329.50)	4,349.92
36	FLAG Telecom Asia Limited	0.42	120.11	(5.20)	66.67	(9.16)	(3.41)	(4.79)	63.26
37	FLAG Telecom Japan Limited	(1.73)	(494.79)	(0.19)	2.47	28.71	10.70	(1.00)	13.17
38	FLAG Telecom Singapore Pte. Limited	(0.33)	(93.62)	(0.07)	0.93	5.42	2.02	(0.22)	2.95
39	Seoul Telenet Inc.	(0.33)	(94.76)	(0.10)	1.35	6.32	2.35	(0.28)	3.70

# Reliance Communications Limited

## Notes on Accounts to the Consolidated Financial Statements

Sl. No.	Name of the Company	Net Assets i.e. total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income (OCI)		Share in Total Comprehensive Income (TCI)	
		As % of consolidated net assets	Amount (₹ in crore)	As % of consolidated profit or loss	Amount (₹ in crore)	As % of consolidated OCI	Amount (₹ in crore)	As % of consolidated TCI	Amount (₹ in crore)
40	FLAG Holdings (Taiwan) Limited	0.11	30.92	0.02	(0.29)	0.24	0.09	0.02	(0.20)
41	FLAG Telecom Taiwan Limited	0.36	101.90	0.29	(3.69)	(1.08)	(0.40)	0.31	(4.09)
42	Reliance Globalcom (UK) Limited	0.26	74.03	(1.99)	25.54	(5.14)	(1.92)	(1.79)	23.62
43	FLAG Telecom Deutschland GmbH	(0.00)	(1.31)	(0.02)	0.21	0.08	0.03	(0.02)	0.24
44	FLAG Telecom Network Services Limited	(0.02)	(6.04)	-	-	0.35	0.13	(0.01)	0.13
45	Reliance FLAG Telecom Ireland Limited	(0.09)	(25.11)	(4.51)	57.83	(0.44)	(0.16)	(4.37)	57.67
46	FLAG Telecom Ireland Network Limited	(0.09)	(25.29)	0.00	(0.05)	1.47	0.55	(0.04)	0.50
47	FLAG Atlantic UK Limited	(2.60)	(743.33)	(0.06)	0.80	43.18	16.09	(1.28)	16.89
48	Reliance FLAG Atlantic France SAS	(3.82)	(1,091.41)	(0.72)	9.20	63.15	23.54	(2.48)	32.74
49	FLAG Telecom Nederland BV	(0.01)	(2.20)	(0.00)	0.01	0.13	0.05	(0.00)	0.06
50	FLAG Telecom Hellas AE	(0.01)	(1.82)	(0.00)	0.03	0.12	0.05	(0.01)	0.08
51	FLAG Telecom Espana Network SAU	(0.23)	(64.91)	0.01	(0.08)	3.80	1.41	(0.10)	1.33
52	FLAG Telecom Development Services Company LLC	(0.01)	(1.65)	(0.01)	0.17	0.10	0.04	(0.02)	0.21
53	Reliance FLAG Pacific Holdings Limited	(1.53)	(437.66)	0.00	(0.00)	25.44	9.48	(0.72)	9.48
54	FLAG Telecom Network USA Limited	(1.37)	(390.74)	(3.97)	50.89	21.04	7.84	(4.45)	58.73
55	FLAG Telecom Group Services Limited (formerly known as GCX Services Limited)	2.28	650.45	21.98	(281.93)	210.10	78.32	15.42	(203.61)
56	FLAG Telecom Development Limited	0.02	4.43	-	-	(247.14)	(92.12)	6.98	(92.12)
57	Yipes Holdings Inc.	(0.00)	(0.08)	11.50	(147.48)	123.93	46.19	7.67	(101.29)
58	Reliance Globalcom Services Inc.	0.03	9.19	(30.65)	393.21	97.39	36.30	(32.54)	429.51
59	YTV Inc.	-	-	-	-	-	-	-	-
60	Reliance Vanco Group Limited	1.35	384.27	5.94	(76.20)	(112.95)	(42.10)	8.96	(118.30)
61	Vanco UK Limited	(1.22)	(348.38)	(0.10)	1.25	205.59	76.63	(5.90)	77.88
62	Vanco (Asia Pacific) Pte. Limited	0.01	3.71	0.20	(2.52)	0.78	0.29	0.17	(2.23)
63	Vanco Sweden AB	0.00	1.01	(0.12)	1.58	0.02	0.01	(0.12)	1.59
64	Vanco GmbH	(0.35)	(99.56)	(0.49)	6.28	26.74	9.97	(1.23)	16.25
65	Vanco Deutschland GmbH	(0.26)	(74.78)	(0.48)	6.14	17.76	6.62	(0.97)	12.76
66	Vanco SRL (Italy)	(0.10)	(27.93)	0.00	(0.06)	7.63	2.84	(0.21)	2.78
67	Vanco BV (Holland)	(0.17)	(49.35)	(0.02)	0.31	13.15	4.90	(0.39)	5.21
68	Euronet Spain SA	0.05	14.14	0.10	(1.24)	1.22	0.45	0.06	(0.79)
69	Vanco SAS (France)	(1.13)	(323.52)	(0.06)	0.75	75.55	28.16	(2.19)	28.91
70	Vanco Sp Zoo	0.00	0.46	(0.03)	0.36	0.03	0.01	(0.03)	0.37
71	Vanco Australasia Pty Limited	(0.07)	(18.65)	(0.41)	5.21	2.49	0.93	(0.47)	6.14
72	Vanco NV	(0.17)	(47.84)	(0.39)	4.97	12.31	4.59	(0.72)	9.56
73	Vanco Japan KK	0.00	1.24	(0.01)	0.10	(0.05)	(0.02)	(0.01)	0.08
74	Vanco South America Ltda	(0.07)	(20.35)	(0.64)	8.23	(4.72)	(1.76)	(0.49)	(6.47)
75	Net Direct SA (Proprietary) Limited	(0.01)	(2.52)	-	-	-	-	0.00	-
76	Vanco (Shanghai) Co. Ltd.	(0.00)	(0.34)	(0.00)	0.06	0.35	0.13	(0.01)	0.19
77	Vanco Solutions Inc.	(0.03)	(7.24)	(0.19)	2.49	0.46	0.17	(0.20)	2.66
78	Vanco US LLC	(0.36)	(104.04)	(0.28)	3.64	8.02	2.99	(0.50)	6.63
79	Vanco International Limited	0.02	5.88	(0.15)	1.94	(1.80)	(0.67)	(0.10)	1.27
80	Vanco Switzerland A.G.	0.03	7.77	0.00	(0.03)	(1.13)	(0.42)	0.03	(0.45)
81	Vanco Benelux BV	-	-	(0.00)	0.02	(0.11)	(0.04)	0.00	(0.02)
82	Vanco Global Limited	(0.00)	(1.16)	(0.85)	10.96	4.21	1.57	(0.95)	12.53
83	Vanco ROW Limited	0.02	6.60	0.33	(4.20)	(4.18)	(1.56)	0.44	(5.76)
84	VNO Direct Limited	(0.09)	(27.11)	0.00	(0.04)	15.12	5.64	(0.42)	5.60
85	Lagerwood Investments Limited	0.01	2.40	-	-	-	-	-	-
86	Reliance Telecom Infrastructure (Cyprus) Holdings Limited	0.10	27.89	-	-	-	-	-	-

Notes on Accounts to the Consolidated Financial Statements

Sl. No.	Name of the Company	Net Assets i.e. total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income (OCI)		Share in Total Comprehensive Income (TCI)	
		As % of consolidated net assets	Amount (₹ in crore)	As % of consolidated profit or loss	Amount (₹ in crore)	As % of consolidated OCI	Amount (₹ in crore)	As % of consolidated TCI	Amount (₹ in crore)
87	Global Cloud Xchange Limited	7.70	2,201.23	0.03	(0.41)	(32.38)	(12.07)	0.95	(12.48)
88	GCX Limited	7.10	2,027.86	14.61	(187.38)	(16.18)	(6.03)	14.65	(193.41)
89	Aircom Holdingco B.V	0.00	0.01	-	-	-	-	-	-
90	Towercom Infrastructure Private Limited	(0.00)	(0.01)	-	-	-	-	0.00	(0.02)
<b>Minority Interests in subsidiaries</b>		(1.40)	(400.13)	(9.10)	120.09	-	-	(9.10)	120.09
<b>Associates</b> (Investment as per the equity method)									
<b>Indian</b>									
1	Mumbai Metro Transport Private Limited	(0.00)	(0.00)	-	-	-	-	-	-
<b>Foreign</b>									
2	Warf Telecom International Private Limited	0.07	20.74	(0.26)	3.39	-	-	(0.26)	3.39

As per our report of even date

For **Pathak H.D. & Associates**  
Chartered Accountants  
Firm Reg. No.: 107783W

**Parimal Kumar Jha**  
Partner  
Membership No: 124262  
Mumbai  
May 27, 2017

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

**Vijay Bhatt**  
Partner  
Membership No: 036647

Chief Financial Officer **Manikantan V.**

For and on behalf of the Board

Chairman

Directors

Company Secretary and Manager

**Anil D. Ambani**

**J. Ramachandran**  
**Manjari Kacker**  
**A. K. Purwar**  
**R. N. Bhardwaj**

**Prakash Shenoy**



# Reliance Communications Limited

## Statement containing salient features of the financial statement of subsidiaries/ associate companies /joint ventures (Pursuant to first proviso to sub section (3) of Section 129 read with rule 5 of the Companies (Accounts) Rules, 2014

### Part 'A' - Subsidiaries

Sl. No.	Name of the Subsidiary	Date from which they became subsidiary company	Share Capital	Reserves and Surplus	Total Assets	Total Liabilities	Investment	Turnover*	Profit / (Loss) before Taxation*	Provision for Taxation*	Profit / (Loss) after Taxation*	Proposed Dividend	% of Shareholding
1	Reliance Communication Infrastructure Limited	1st January 2006	93,800.00	42,996.51	4,28,400.00	2,91,602.00	1.00	1,43,307.00	31,180.19	32,898.72	(1,718.53)	-	100.00
2	Reliance Infratel Limited	1st January 2006	2,79,300.00	(72,536.89)	18,92,230.61	16,85,367.50	-	6,09,100.00	7,400.00	62,692.07	(55,292.07)	-	90.45
3	Reliance Wilmax Limited	1st January 2006	68.71	339.29	526.63	118.64	-	-	(8.29)	-	(8.29)	-	100.00
4	Reliance DC Limited	1st January 2006	210.00	2,176.59	47,296.49	44,910.90	-	50,695.20	4,461.12	(554.34)	5,015.47	-	100.00
5	Reliance Bhuan Limited	1st January 2006	5.00	(4.63)	30,005.29	30,004.92	-	0.37	0.16	0.12	0.04	-	100.00
6	Campion Properties Limited	1st January 2006	356.36	(4,275.71)	11,680.81	15,600.16	-	94.26	(444.35)	19.60	(463.95)	-	100.00
7	Reliance Webstore Limited	1st January 2006	5.00	(7,875.76)	84,335.41	92,206.37	-	1,37,871.35	3,015.51	(633.37)	3,649.15	-	100.00
8	Reliance Infocomm Infrastructure Limited	1st January 2006	500.00	29,687.15	2,78,441.27	2,48,254.11	-	18,707.21	(2,423.66)	546.38	(2,970.04)	-	100.00
9	Reliance Infocomm Limited	1st January 2006	8,500.00	(2,06,912.99)	7,98,274.00	9,96,686.99	-	1,78,901.00	(99,119.00)	5.00	(99,124.00)	-	100.00
10	Reliance Big TV Limited	25th October 2007	1,000.00	(59,373.00)	42,586.11	1,00,959.10	0.34	38,519.69	(1,278.00)	-	(1,278.00)	-	100.00
11	Reliance Tech Services Limited	30th July 2007	5.00	(327.53)	52,885.45	53,207.08	0.23	32,260.53	(471.01)	73.63	(544.63)	-	100.00
12	Reliance Mobile Commerce Limited	6th December, 2010	200.00	(182.17)	51.39	33.56	-	-	(0.45)	-	(0.45)	-	100.00
13	Reliance Globalcom Limited	17th March, 2008	5.00	2,282.09	272.62	3,004.47	-	8,382.47	57.21	32.65	24.56	-	100.00
14	Reliance Communications Tamilnadu Limited	15th November, 2013	5.00	(166.92)	26,005.48	26,167.40	-	-	(2.24)	-	(2.24)	-	100.00
15	Reliance BPO Private Limited	30th April, 2012	1.00	(87.79)	770.63	857.42	-	18.29	(9.88)	3.00	(6.88)	-	100.00
16	Reliance Infratech Limited	11th November 2014	5.00	(0.96)	4.60	0.55	-	-	(0.22)	-	(0.22)	-	100.00
17	Reliance Infratech Projects Limited	31st October 2014	5.00	(0.96)	4.59	0.55	-	-	(0.23)	-	(0.23)	-	100.00
18	Internet Exchange.net Ltd.	10th November 2015	15.07	(8.99)	64.82	58.74	-	0.16	(0.23)	-	(0.23)	-	100.00
19	Realsoft Cyber Systems Private Limited	10th November 2015	1.00	(89.52)	4.14	92.66	-	-	(0.37)	-	(0.37)	-	100.00
20	Wordtel Tamilnadu Private Limited	10th November 2015	1.00	(192.42)	9935.02	10,126.44	-	-	(0.26)	-	(0.26)	-	100.00
21	Gateway Net Trading Pte. Limited	1st Oct. 2008	16,926.50	(28,307.81)	7,359.64	18,740.95	-	0.01	(29.42)	663.30	(692.73)	-	100.00
22	Reliance Globalcom BV	1st January 2006	2,61,01,000.00	(4,36,51,211.56)	1,13,48,712.44	2,88,99,924.00	1,161.51	14.07	(43,868.17)	9,88,909.20	(10,32,777.37)	-	100.00
23	Reliance Infocomm Inc.	1st January 2006	583.65	(1,741.98)	3,945.74	5,104.07	17,91,067.56	128.52	(49,93,734.57)	-	(49,93,734.57)	-	100.00
24	Reliance Communications Inc.	1st January 2006	9,00,000.00	(26,86,163.36)	60,84,416.26	78,70,579.62	-	-	(7,531.28)	1,07,042.10	(1,14,573.38)	-	100.00
25	Reliance Communications International Inc.	1st January 2006	50,00,000.00	2,25,25,844.03	22,05,99,741.42	19,30,73,897.39	-	1,39,407.23	899.88	270.62	629.26	-	100.00
26	Reliance Communications Canada Inc.	1st January 2006	6.49	(43.48)	232.96	269.95	-	20,78,400.61	13,41,613.20	4,03,465.35	9,38,148.35	-	100.00
27	Bonn Investment Inc.	1st January 2006	6.49	(672.40)	4,218.72	4,884.64	-	9,038.69	202.13	16.39	185.75	-	100.00
28	Reliance Communications (U.K.) Limited	1st January 2006	10,000.00	(10,36,861.26)	65,05,350.57	75,32,211.83	-	1,34,75,658.83	3,01,358.61	24,430.98	2,76,927.63	-	100.00
29	Reliance Communications (Hong Kong) Limited	1st January 2006	0.00	1,166.97	30,092.42	18,422.45	-	389.23	9.05	0.72	8.34	-	100.00
30	Reliance Communications (Australia) Pty. Limited	29th August 2006	0.87	29,70,182.21	95,87,009.48	66,16,827.14	-	5,80,297.96	13,498.96	1,068.37	12,430.59	-	100.00
31	Reliance Communications (New Zealand) Pte. Limited	17th August 2006	1.00	(78.20)	15.90	94.11	-	-	(209.16)	1.28	(210.44)	-	100.00
32	Reliance Communications (Singapore) Pte. Limited	22nd August 2006	2.00	(1,72,605.56)	35,102.38	2,07,705.94	-	-	(3,118.32)	1,907.00	(3,13,739.77)	-	100.00
33	Anupam Globalsoft (U) Limited	5th March, 2008	3,00,00,000.00	(1,85,66,51,919.90)	10,42,48,85,846.20	9,28,17,537,766.10	-	18,076.04	1,749.48	-	1,749.48	-	100.00
34	Reliance Globalcom Limited, Bermuda	1st January 2006	2,04,961.77	3,98,245.45	11,64,496.45	5,61,289.24	-	2,06,08,326.57	19,94,563.47	-	19,94,563.47	-	100.00
35	FLAG Telecom Asia Limited	1st January 2006	31,60,55,153.00	61,41,02,463.65	1,79,56,76,875.56	86,55,19,258.98	-	32,247.54	1,221.86	-	1,221.86	-	100.00
			6.53	12,004.23	27,388.50	15,377.75	-	4,80,77,438.87	18,21,659.04	-	18,21,659.04	-	100.00
			10,063.87	1,85,10,758.75	4,22,33,613.77	2,37,12,791.15	-	99,407.57	11,400.32	3,420.10	7,980.23	-	100.00
							-	1.09	(9.52)	-	(9.52)	-	100.00
							-	2,303.96	(20,123.42)	-	(20,123.42)	-	100.00
							-	11.84	(82.08)	-	(82.08)	-	100.00
							-	17,656.00	(1,22,375.16)	-	(1,22,375.16)	-	90.00
							-	49.95	5.73	1.72	4.01	-	100.00
							-	99,407.57	11,400.32	3,420.10	7,980.23	-	100.00
							-	2,303.96	(20,123.42)	-	(20,123.42)	-	100.00
							-	11.84	(82.08)	-	(82.08)	-	100.00
							-	17,656.00	(1,22,375.16)	-	(1,22,375.16)	-	90.00
							-	49.95	5.73	1.72	4.01	-	100.00
							-	99,407.57	11,400.32	3,420.10	7,980.23	-	100.00
							-	2,303.96	(20,123.42)	-	(20,123.42)	-	100.00
							-	11.84	(82.08)	-	(82.08)	-	100.00
							-	17,656.00	(1,22,375.16)	-	(1,22,375.16)	-	90.00
							-	49.95	5.73	1.72	4.01	-	100.00
							-	99,407.57	11,400.32	3,420.10	7,980.23	-	100.00
							-	2,303.96	(20,123.42)	-	(20,123.42)	-	100.00
							-	11.84	(82.08)	-	(82.08)	-	100.00
							-	17,656.00	(1,22,375.16)	-	(1,22,375.16)	-	90.00
							-	49.95	5.73	1.72	4.01	-	100.00
							-	99,407.57	11,400.32	3,420.10	7,980.23	-	100.00
							-	2,303.96	(20,123.42)	-	(20,123.42)	-	100.00
							-	11.84	(82.08)	-	(82.08)	-	100.00
							-	17,656.00	(1,22,375.16)	-	(1,22,375.16)	-	90.00
							-	49.95	5.73	1.72	4.01	-	100.00
							-	99,407.57	11,400.32	3,420.10	7,980.23	-	100.00
							-	2,303.96	(20,123.42)	-	(20,123.42)	-	100.00
							-	11.84	(82.08)	-	(82.08)	-	100.00
							-	17,656.00	(1,22,375.16)	-	(1,22,375.16)	-	90.00
							-	49.95	5.73	1.72	4.01	-	100.00
							-	99,407.57	11,400.32	3,420.10	7,980.23	-	100.00
							-	2,303.96	(20,123.42)	-	(20,123.42)	-	100.00
							-	11.84	(82.08)	-	(82.08)	-	100.00
							-	17,656.00	(1,22,375.16)	-	(1,22,375.16)	-	90.00
							-	49.95	5.73	1.72	4.01	-	100.00
							-	99,407.57	11,400.32	3,420.10	7,980.23	-	100.00
							-	2,303.96	(20,123.42)	-	(20,123.42)	-	100.00
							-	11.84	(82.08)	-	(82.08)	-	100.00
							-	17,656.00	(1,22,375.16)	-	(1,22,375.16)	-	90.00
							-	49.95	5.73	1.72	4.01	-	100.00
							-	99,407.57	11,400.32	3,420.10	7,980.23	-	100.00
							-	2,303.96	(20,123.42)	-	(20,123.42)	-	100.00
							-	11.84	(82.08)	-	(82.08)	-	100.00
							-	17,656.00	(1,22,375.16)	-	(1,22,375.16)	-	90.00
							-	49.95	5.73	1.72	4.01	-	100.00
							-	99,407.57	11,400.32	3,420.10	7,980.23	-	100.00
							-	2,303.96	(20,123.42)	-	(20,123.42)	-	100.00
							-	11.84	(82.08)	-	(82.08)	-	100.00
							-	17,656.00	(1,22,375.16)	-	(1,22,375.16)	-	90.00
							-	49.9					

**Part 'A' - Subsidiaries**  
**Statement containing salient features of the financial statement of subsidiaries/ associate companies /joint ventures**  
(Pursuant to first proviso to sub section (3) of Section 129 read with rule 5 of the Companies (Accounts) Rules, 2014

Sl. No.	Name of the Subsidiary	Date from which they became subsidiary company	Share Capital	Reserves and Surplus	Total Assets	Total Liabilities	Investment	Turnover*	Profit / (Loss) before Taxation*	Provision for Taxation*	Profit / (Loss) after Taxation*	Proposed Dividend	% of Shareholding
36	FLAG Telecom Japan Limited Unit of Currency - USD	1st January 2006	59.28 91,405.00	(49,538.34) (7,63,891,130.01)	1,0025.45 1,54,59,445.40	59,504.51 9,17,57,153.01	-	5,117.98 76,30,343.03	247.48 3,68,967.85	0.93 1,387.77	246.55 3,67,580.08	-	100.00
37	FLAG Telecom Singapore Pte. Limited Unit of Currency - USD	1st January 2006	18.49 28,504.68	(9,380.10) (1,44,64,296.59)	4,071.87 62,78,903.33	13,433.48 2,07,14,695.38	-	2,723.07 40,59,801.54	93.02 1,38,686.10	-	93.02 1,38,686.10	-	100.00
38	Seoul TeleNet, Inc. Unit of Currency - USD	1st January 2006	1,469.19 22,65,518.80	(10,945.13) (1,68,77,602.94)	4,606.66 71,03,558.80	14,082.59 2,17,15,642.69	-	3,243.76 48,36,097.25	134.68 2,00,789.60	-	134.68 2,00,789.60	-	49.00
39	FLAG Holdings (Taiwan) Limited Unit of Currency - USD	1st January 2006	3,490.22 53,81,987.56	(398.63) (6,14,689.86)	6,588.74 1,01,59,967.04	3,497.15 53,92,669.34	-	14.86 22,153.67	0.62 921.44	29.73 44,323.56	(29.11) (43,402.12)	-	50.00
40	FLAG Telecom (Taiwan) Limited Unit of Currency - USD	1st January 2006	8,127.49 1,25,32,745.19	2,062.39 31,80,240.54	24,810.72 3,82,58,624.31	14,620.85 2,25,45,638.29	-	2,525.52 37,65,276.62	(473.48) (7,05,902.24)	(104.18) (1,55,326.71)	(369.29) (5,50,575.53)	-	60.00
41	Reliance Globalcom (UK) Limited Unit of Currency - USD	1st January 2006	3.00 14.81	1,141,15,855.03 (145.37)	1,49,07,726.49 48.39	34,91,866.22 178.95	-	94,55,925.63 65,580.50	38,08,439.60 31,342.29	0.04 66.75	20.98 31,275.54	-	100.00
42	FLAG Telecom Deutschland GmbH Unit of Currency - USD	1st January 2006	22,835.00 0.01	(2,24,166.94) (604.16)	74,620.08 0.66	2,75,951.98 604.81	-	65,580.50 32.63	31,342.29 -	-	31,342.29 -	-	100.00
43	FLAG Telecom Network Services Limited Unit of Currency - USD	1st January 2006	17.66 0.01	(9,31,629.31) (2,510.93)	1,010.30 1,33,340.22	932,621.95 1,35,851.13	-	48,652.16 62,234.44	5,886.89 87,767,066.68	103.63 1,54,500.00	5,783.26 86,22,206.66	-	100.00
44	Reliance FLAG Telecom Ireland Limited Unit of Currency - USD	1st January 2006	17.66 0.01	(38,71,896.04) (2,529.04)	20,561,329.70 14,913.74	20,94,851,173.09 17,442.77	-	9,278,474.97 1,42,54,203.52	87,767,066.68 (7,390.28)	-	(4.96) (7,390.28)	-	100.00
45	FLAG Telecom Ireland Network Limited Unit of Currency - USD	1st January 2006	17.66 0.00	(38,99,831.82) (74,332.73)	2,29,97,288.43 12,853.16	2,68,97,102.58 87,185.89	-	1,42,54,203.52 3,324.07	(7,390.28) 79.58	-	(7,390.28) 79.58	-	100.00
46	FLAG Atlantic UK Limited Unit of Currency - USD	1st January 2006	24.05 0.00	(11,46,22,552.88) (1,09,164.55)	1,98,19,832.99 71,464.86	13,44,42,384.14 1,80,605.36	-	49,55,819.38 30,897.02	1,18,643.66 1,278.46	-	1,18,643.66 920.49	-	100.00
47	Reliance FLAG Atlantic France SAS Unit of Currency - USD	1st January 2006	37,079.97 9.91	(16,83,33,919.66) (230.28)	11,02,00,241.62 95.41	27,84,97,081.31 315.78	-	4,60,64,071.17 57.80	19,06,048.58 1.27	533,692.27 0.63	13,72,356.31 0.64	-	100.00
48	FLAG Telecom Nederland BV Unit of Currency - USD	1st January 2006	15,282.00 33.07	(3,55,089.01) (214.81)	1,47,128.23 50.41	4,86,935.24 232.14	-	86,179.96 9.20	1,895.66 3.35	934.77 0.75	960.89 2.60	-	100.00
49	FLAG Telecom Helms AE Unit of Currency - USD	1st January 2006	50,996.00 34.62	(3,31,236.17) (6,525.24)	7,772.39 248.38	3,57,969.56 6,739.00	-	13,710,006 321.78	4,999.99 (8.18)	1,120.64 -	3,879.35 (8.18)	-	100.00
50	FLAG Telecom Espana Network SAU Unit of Currency - USD	1st January 2006	53,389.00 8.56	(1,00,62,049.87) (173.36)	3,830.1208 228.77	1,03,91,672.95 393.57	-	4,79,743.67 239.74	(12,194.27) 17.11	-	(12,194.27) 17.04	-	100.00
51	FLAG Telecom Development Services Company LLC Unit of Currency - USD	1st January 2006	13,201.00 7.78	(2,67,330.38) (43,774.01)	3,52,769.96 439.57	6,06,899.34 44,205.80	-	3,57,423.98 -	25,506.24 (0.18)	96.00 -	25,410.24 (0.18)	-	100.00
52	Reliance FLAG Pacific Holdings Limited Unit of Currency - USD	1st January 2006	12,000.00 1.00	(6,75,000,011) (39,074.36)	6,77,831.75 17,412.67	6,81,66,231.86 56,487.03	-	44,205.80 19,506.97	(266.24) 5,089.18	-	(266.24) 5,089.18	-	100.00
53	FLAG Telecom Network USA Limited Unit of Currency - USD	1st January 2006	1.00 0.00	(6,02,53,440.41) 65,045.01	2,68,50,687.19 68,994.89	8,71,04,126.60 3,949.88	-	2,90,82,762.38 2.55	75,874,136.69 (28,193.03)	-	75,874,136.69 (28,193.03)	-	100.00
54	FLAG Telecom Group Services Limited ( formerly known as GCX services limited ) Unit of Currency - USD	1st January 2006	1.00 7.78	10,03,00,704.50 434.76	10,63,91,504.69 442.55	60,90,799.19 -	-	3,799.00 -	(4,20,32,727.30) -	-	(4,20,32,727.30) -	-	100.00
55	FLAG Telecom Development Limited Unit of Currency - USD	1st January 2006	12,000.00 0.00	6,70,414.16 (7.91)	6,82,414.16 7.91	-	-	-	-	-	-	-	100.00
56	Yipes Holdings Inc. Unit of Currency - USD	17th December 2007	1.00 0.00	(12,201.00) 919.25	- 24,102.23	12,200.00 23,182.98	-	20,000.00 59,089.96	(14,748.23) (2,19,88,000.00)	-	(14,748.23) (2,19,88,000.00)	-	100.00
57	Reliance Globalcom Services Inc. Unit of Currency - USD	17th December 2007	1.00 0.00	14,17,505.00 -	3,71,66,127.00 0.00	3,57,48,621.00 -	-	8,80,96,663.00 -	5,86,23,404.00 -	-	5,86,23,404.00 -	-	100.00
58	YTV Inc. Unit of Currency - USD	17th December 2007	0.00 89.05	- 38,337.94	1.00 1,07,832.72	- 69,405.73	-	15,732.99 -	(7,619.68) -	-	(7,619.68) -	-	100.00
59	Reliance Vancor Group Limited Unit of Currency - GBP	25th May 2008	1,10,072.00	4,73,87,826.00	13,32,87,248.00	8,57,89,350.00	-	1,79,37,043.00	(86,87,127.00)	-	(86,87,127.00)	-	100.00

# Reliance Communications Limited

## Statement containing salient features of the financial statement of subsidiaries/ associate companies /joint ventures (Pursuant to first proviso to sub section (3) of Section 129 read with rule 5 of the Companies (Accounts) Rules, 2014

Part 'A' - Subsidiaries		(₹ in lakh unless otherwise stated)											
Sl. No.	Name of the Subsidiary	Date from which they became subsidiary company	Share Capital	Reserves and Surplus	Total Assets	Total Liabilities	Investment	Turnover*	Profit / (Loss) before Taxation*	Provision for Taxation*	Profit / (Loss) after Taxation*	Proposed Dividend	% of Shareholding
60	Vanco UK Limited Unit of Currency - GBP	25th May, 2008	29.68 36,690.00	(34,866.05) (4,30,98,852.00)	21,707.12 2,68,31,209.00	56,545.49 6,98,93,371.00	-	30,131.32 3,43,52,447.00	125.02 1,42,533.00	-	125.02 1,42,533.00	-	100.00
61	Vanco (Asia Pacific) Pre Limited Unit of Currency - GBP	25th May, 2008	929.17 11,48,501.21	(557.95) (6,89,662.01)	5,817.38 71,90,830.47	5,446.17 67,31,977.18	-	6,578.56 75,00,154.98	(232.20) (2,87,530.23)	-	(232.20) (2,87,530.23)	-	100.00
62	Vanco Sweden AB Unit of Currency - GBP	25th May, 2008	36.31 44,880.48	64.54 79,770.01	1,405.15 17,36,844.19	1,304.31 16,12,193.70	-	1,189.54 13,56,179.75	69.88 79,669.03	(88.19) (1,00,544.21)	158.07 1,80,213.24	-	100.00
63	Vanco GmbH Unit of Currency - GBP	25th May, 2008	7,66,795.20	(1,30,73,571.00)	64,58,332.00	1,81,65,108.00	-	2,06,79,973.00	71,572.00	(494.00)	71,162.00	-	100.00
64	Vanco Deutschland GmbH Unit of Currency - GBP	25th May, 2008	17.33 21,422.45	(7,495.40) (92,64,732.07)	298.55 3,69,020.18	7,776.62 96,12,329.80	-	2,403.87 27,40,620.00	613.78 6,99,766.46	-	613.78 6,99,766.46	-	100.00
65	Vanco SRL (Italy) Unit of Currency - GBP	25th May, 2008	68.63 84,832.90	(2,861.17) (35,36,567.02)	8,679.14 1,07,27,903.88	11,471.68 1,41,79,638.00	-	8,284.06 94,44,585.08	(75.98) (86,621.10)	(69.84) (79,624.03)	(6,164) (6,997.07)	-	100.00
66	Vanco BV (Holland) Unit of Currency - GBP	25th May, 2008	17,137.96 86.66	(4,949.34) 1,326.99	25,707,68.32 2,274.45	86,71,288.46 86,801	-	79,10,338.96 2,360.92	34,787.95 (118.19)	-	34,787.95 (124.23)	-	100.00
67	EuroNet Spain SA Unit of Currency - GBP	25th May, 2008	1,07,112.25 207.98	(32,560.11) (4,02,46,117.21)	37,58,858.14 3,78,858.14	4,37,49,141.68 4,37,49,141.68	-	1,59,77,285.99 250.09	2,36,522.84 35.33	1,50,806.01 (371.00)	85,716.83 35.66	-	100.00
68	Vanco S/S (France) Unit of Currency - GBP	25th May, 2008	2,57,069.41 22,619.00	(18.30) 34,232.00	18,30 2,34,759.00	143.93 1,77,908.00	-	2,85,131.00 10,528.93	40,278.00 520.86	-	40,278.00 520.86	-	100.00
69	Vanco Sp Zoo Unit of Currency - GBP	25th May, 2008	19,03,592.00 389.26	(42,08,466.51) (5,173.19)	44,90,899.00 1,258.93	67,95,774.00 6,042.85	-	1,20,03,941.00 1,669.83	5,93,824.00 496.80	-	5,93,824.00 496.80	-	100.00
70	Vanco Australasia Pty Limited Unit of Currency - GBP	25th May, 2008	4,81,148.00 52.22	(63,94,343.00) 88,352.96	15,56,105.00 2,65,318.03	74,69,300.00 1,12,418.77	-	19,03,752.00 2,58,514.36	5,66,392.00 9,639.20	-	5,66,392.00 9,639.20	-	100.00
71	Vanco Japan KK Unit of Currency - GBP	25th May, 2008	64,546.30 164.84	(2,199.80) (2,199.80)	663.61 663.61	2,698.57 2,698.57	-	1,145.87 1,145.87	823.32 823.32	(1,388.79) (0.94)	11,027.98 823.32	1,388.72	100.00
72	Vanco South America Ltda Unit of Currency - GBP	25th May, 2008	2,03,748.98 0.00	(27,19,073.08) (252.27)	8,202,612.22 -	33,335,585.32 252.27	-	13,06,395.36 -	9,37,522.99 -	(1,074.62) -	9,38,597.61 -	15,832,698.81	100.00
73	Net Direct SA (Proprietary) Limited Unit of Currency - GBP	25th May, 2008	6.00 105.78	(3,11,822.00) (1,40.04)	- 18.49	3,11,816.00 52.75	-	41.61 47,439.83	5.38 6,131.66	(0.96) (1,089.49)	6.33 7,221.15	-	100.00
74	Vanco (Shanghai) Co. Ltd. Unit of Currency - GBP	25th May, 2008	1,30,750.53 32.44	(1,73,094.01) (755.97)	22,855.48 7,085.75	65,198.80 7,809.28	-	47,439.83 6,813.37	6,131.66 248.87	-	7,221.15 248.87	-	100.00
75	Vanco Solutions Inc. Unit of Currency - GBP	25th May, 2008	40,103.00 1,362.65	(9,34,426.00) (11,766.87)	87,58,387.00 12,341.71	96,52,710.00 22,745.93	-	77,67,658.00 17,291.81	2,83,735.00 364.20	-	2,83,735.00 364.20	-	100.00
76	Vanco US LLC Unit of Currency - GBP	25th May, 2008	16,84,312.00 81.97	(1,45,44,503.00) 505.89	1,52,55,047.00 1,467.03	2,81,15,238.00 879.16	-	1,97,14,234.00 2,233.89	4,15,225.00 193.68	-	4,15,225.00 193.68	-	100.00
77	Vanco International Limited Unit of Currency - GBP	25th May, 2008	1,01,325.00 80,166.75	6,25,309.00 8,80,226.62	18,13,325.00 9,89,840.80	10,86,691.00 29,447.44	-	25,46,837.00 56,205.65	2,208,16.00 (1,062.81)	1.82 2,069.99	2,208,16.00 (3,132.80)	-	100.00
78	Vanco Switzerland AG Unit of Currency - GBP	25th May, 2008	15,553.56 218.54	(15,553.56) (334.09)	- 4,130.01	- 4,245.55	-	17,422.74 4,741.87	2,133.94 1,096.23	-	2,133.94 1,096.23	250,660.92	100.00
79	Vanco Borelux BV Unit of Currency - GBP	25th May, 2008	2,70,126.00 0.00	(4,12,949.85) 660.00	51,04,916.78 1,840.13	52,47,741.00 1,180.13	-	54,06,161.00 3,119.29	12,49,802.30 (419.67)	-	12,49,802.30 (419.67)	-	100.00
80	Vanco ROW Limited Unit of Currency - GBP	25th May, 2008	2,00 420.69	815,793.00 (3,132.12)	22,74,503.00 0.66	14,58,708.00 2,712.08	-	35,56,272.00 81.00	(4,78,458.00) (3.58)	-	(4,78,458.00) (3.58)	-	100.00
81	VNO Direct Limited Unit of Currency - GBP	25th May, 2008	5,20,000.00 1.47	(38,71,477.00) 238.43	810.00 260.21	33,52,287.00 20.31	-	4,01,245.00 -	- -	-	-	-	-
82	Lagewood Investments Limited Unit of Currency - USD	15th June, 2007	2,268.00	3,67,666.00	4,01,245.00	31,311.00	-	-	-	-	-	-	-

**Statement containing salient features of the financial statement of subsidiaries/ associate companies /joint ventures**  
(Pursuant to first proviso to sub section (3) of Section 129 read with rule 5 of the Companies (Accounts) Rules, 2014

**Part "A" : Subsidiaries**

Sl. No.	Name of the Subsidiary	Date from which they became subsidiary company	Share Capital	Reserves and Surplus	Total Assets	Total Liabilities	Investment	Turnover*	Profit / (Loss) before Taxation*	Provision for Taxation*	Profit / (Loss) after Taxation*	Proposed Dividend	% of Shareholding
85	Reliance Telecom Infrastructure (Cyprus) Holdings Limited	15th June, 2007	1.46	2,787.43	3,217.53	428.65	-	-	-	-	-	-	-
	Unit of Currency - USD		2,246.00	42,98,267.00	49,61,501.00	6,60,988.00	-	-	-	-	-	-	-
86	Global Cloud Xchange Limited	26th March, 2014	1,52,606.83	67,516.24	2,201,74.03	50.96	-	51.75	(40.94)	-	(40.94)	-	100.00
	Unit of Currency - USD		23,53,22,790.00	10,41,11,394.00	33,95,12,763.00	78,579.00	-	77,149.00	(61,034.00)	-	(61,034.00)	-	-
87	GCX Limited	26th March, 2014	1,52,606.83	50,179.30	4,38,872.02	2,34,085.89	-	34.24	(18,737.70)	-	(18,737.70)	-	100.00
	Unit of Currency - USD		23,53,22,790.00	7,73,77,483.00	67,36,65,409.00	36,09,65,136.00	-	51,055.00	(2,79,35,784.00)	-	(2,79,35,784.00)	-	-
88	Aircom Holdingco BV	18th July 2016	0.69	(5.68)	0.72	5.70	-	-	(6.03)	-	(6.03)	-	-
	Units of currency - Euro		1,000.00	(8,192.00)	1,036.00	8,228.00	-	-	(8,193.00)	-	(8,193.00)	-	-
89	Towercom Infrastructure Private Limited	17th November, 2016	1.00	(2.38)	0.77	2.15	-	-	(2.38)	-	(2.38)	-	100.00

**Notes**

- The Financial Year of the Subsidiaries is for 12 months from April 1, 2016 to March 31, 2017
- Investment exclude investment in Subsidiaries
- Exchange rate as of March 31, 2017 1 USD = ₹ 64.8500 1 GBP = ₹ 80.9025 1 AUD = ₹ 49.47 1 NZD = ₹ 45.26 1 Ushs = ₹ 0.0176 (\* converted at average rate)

**Name of subsidiaries which are yet to commence operations**

- Reliance Mobile Commerce Limited
- Reliance Infra Reality Limited
- Reliance Infra Projects Limited

**Name of subsidiaries which have been liquidated or sold during the year – Nil**

**Part "B" : Associates**

Sr. No.	Name of Associates	Date from which they became associate	Latest audited Balance Sheet Date	Shares of Associate held by the company on the year end	Amount of Investment in Associates	Networth attributable to Shareholding as per latest audited Balance Sheet	Profit / (Loss) for the year		Description of how there is significant influence	Reason why the associate is not consolidated
							Considered in Consolidation	Not Considered in Consolidation		
1	Mumbai Metro Transport Private Limited	18th January, 2010	31.03.2017	13000	-	(1.68)	-	(2.14)		
2	Warf Telecom International Private Limited	1st January, 2006	31.12.2016	65025000	2,230.00	(1,987.03)	338.90	1,355.60		

**Name of associates which are yet to commence operations – Nil**

**Name of associates which have been liquidated or sold during the year – Nil**

**Notes**

- There is significant influence due to percentage (%) of Share Capital.
- The Company does not have any Joint Venture during the year.

For and on behalf of the Board  
Chairman

Anil D. Ambani

Directors

J. Ramachandran  
Manjari Kacker  
A. K. Purwar  
R. N. Bhardwaj

Mumbai  
May 27, 2017

Company Secretary and Manager  
Chief Financial Officer

Prakash Shenoy  
Manikantan V.





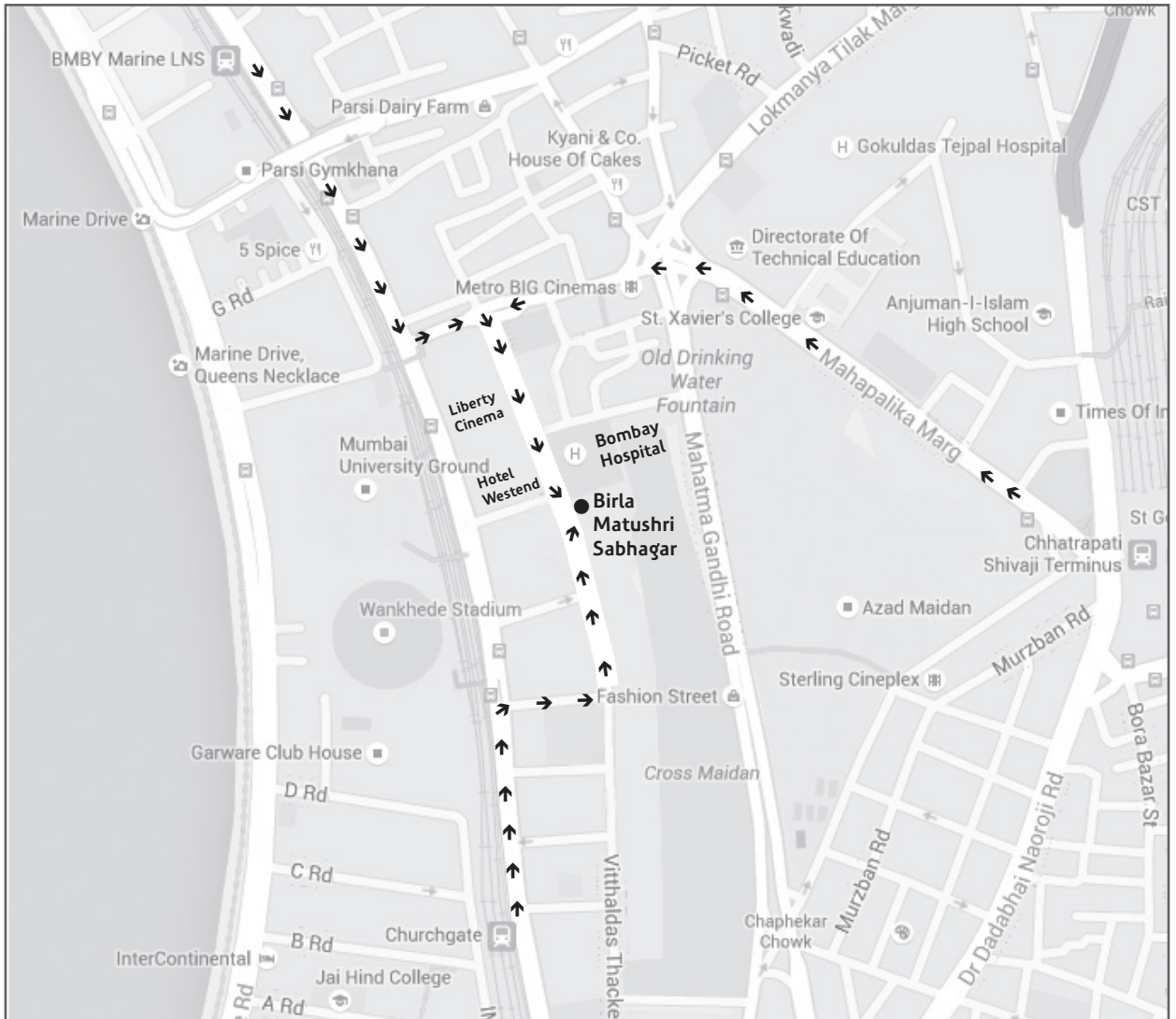






## Route Map to the AGM Venue

Venue : Birla Matushri Sabhagar, 19, New Marine Lines, Mumbai 400 020



**Landmark : Next to Bombay Hospital**

**Distance from Churchgate Station : 1 km**

**Distance from Chhatrapati Shivaji Terminus : 1.2 km**

**Distance from Marine Lines Station : 0.8 km**

**RELIANCE****Communications****Reliance Communications Limited**

Registered Office: H Block, 1<sup>st</sup> Floor, Dhirubhai Ambani Knowledge City, Navi Mumbai 400 710.  
 Tel: +91 22 3038 6286, Fax: +91 22 3037 6622,  
 Website: www.rcom.co.in, E-mail id: Rcom.Investors@relianceada.com  
 CIN:L45309MH2004PLC147531

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL.

**ATTENDANCE SLIP**

*DP Id.		Name & Address of the registered Shareholder
Regd. Folio No. / *Client Id.		
No. of Share(s) held		

(\*Applicable for Members holding Shares in electronic form)

I hereby record my presence at the **13<sup>th</sup> ANNUAL GENERAL MEETING** of the Members of Reliance Communications Limited held on Tuesday, September 26, 2017 at 4.00 p.m. or soon after the conclusion of the Annual General Meeting of Reliance Power Limited convened on the same day, whichever is later, at Birla Matushri Sabhagar, 19, New Marine Lines, Mumbai 400 020,

Member's / Proxy's Signature

TEAR HERE

**PROXY FORM****RELIANCE****Communications****Reliance Communications Limited**

Registered Office: H Block, 1<sup>st</sup> Floor, Dhirubhai Ambani Knowledge City, Navi Mumbai 400 710.  
 Tel: +91 22 3038 6286, Fax: +91 22 3037 6622  
 Website: www.rcom.co.in, E-mail id: Rcom.Investors@relianceada.com  
 CIN:L45309MH2004PLC147531

**FORM NO. MGT-11**

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the Member(s):	
Registered Address:	
E-mail Id:	
*DP Id.	
Regd. Folio No. / *Client Id.	

(\*Applicable for Members holding Shares in electronic form)

I/ We, being the member(s) of \_\_\_\_\_ shares of the above named company, hereby appoint:

- (1) Name: \_\_\_\_\_ Address: \_\_\_\_\_  
 E-mail id: \_\_\_\_\_ Signature \_\_\_\_\_ or failing him;
- (2) Name: \_\_\_\_\_ Address: \_\_\_\_\_  
 E-mail id: \_\_\_\_\_ Signature \_\_\_\_\_ or failing him;
- (3) Name: \_\_\_\_\_ Address: \_\_\_\_\_  
 E-mail id: \_\_\_\_\_ Signature \_\_\_\_\_

as my / our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the 13<sup>th</sup> Annual General Meeting of the Company, to be held on Tuesday, September 26, 2017 at 4.00 p.m. or soon after the conclusion of the Annual General Meeting of Reliance Power Limited convened on the same day, whichever is later, at Birla Matushri Sabhagar, 19, New Marine Lines, Mumbai 400 020 and at any adjournment thereof in respect of such resolution as are indicated below:

Resolution No.	Matter of Resolution	For	Against
1.	To consider and adopt: a) the audited financial statement of the Company for the financial year ended March 31, 2017 and the reports of the Board of Directors and Auditors thereon. b) the audited consolidated financial statement of the Company for the financial year ended March 31, 2017 and the reports of the Auditors thereon.		
2.	To appoint a Director in place of Smt. Manjari Kacker (DIN 06945359), who retires by rotation under the provisions of the Companies Act, 2013 and being eligible, offers herself for re-appointment.		
3.	To ratify the appointment of the Auditors		
4.	Private Placement of Non-Convertible Debentures and/ or other Debt Securities.		
5.	Payment of remuneration to Cost Auditors for the financial year ending March 31, 2018.		
6.	Increase in Authorised Share Capital and Alteration of Memorandum of Association of the Company.		
7.	Adoption of new Articles of Association of the Company		
8.	Approval for issue and allotment of equity shares to the lenders by way of conversion of loans in terms of Strategic Debt Restructuring Scheme.		

Signed this ..... day of ..... 2017.

Signature of Shareholder(s) : \_\_\_\_\_

Signature of Proxy holder(s) : \_\_\_\_\_

Affix  
Revenue  
Stamp**Note:**

This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.



Let's take a step  
**together**  
towards a greener environment

Dear Shareholders,

At Reliance Communications, we take immense pride in promoting the cause of sustainability and green energy as an integral part of all our businesses and our corporate social responsibility initiatives.

As you are already aware, the more we consume paper, more are the number of trees that are needed to be cut. We therefore request you to join us in preserving the environment for our future generations by reducing the use of paper. One positive step in this direction will be to opt for getting the Annual Reports of the Company by email.

This is a welcome move for the society at large, as this will reduce paper consumption to a great extent and allow shareholders to contribute towards a Greener Environment.

Reliance also strongly supports our honourable Prime Minister – Sh. Narendra Modi's Digital India vision, and is working on many fronts in parallel to enable a seamless digital connect with all our stakeholders - suppliers, bankers, customers, shareholders and employees.

In addition, this initiative aims to open up a more personalized connect with you as we start to integrate our shareholders more into the Reliance family and enable us to offer you better products and services through our Reliance Group Loyalty Program (RGLP).

You can do this by registering your details at [www.RGLP.co.in](http://www.RGLP.co.in) and opting for our e-communication channels.

Whenever any shareholder communication is published, we will send you an e-mail with a link to the information on the Reliance Communications website.

Please note that as a member of the Company you will be entitled to receive all such communication in physical form, upon request.

Thank you for helping Reliance to contribute more to our Green initiatives and making this planet a better place to live!

Please register your details at [www.RGLP.co.in](http://www.RGLP.co.in) to opt for our e-communication channels

If undelivered please return to :

**Karvy Computershare Private Limited**  
**(Unit: Reliance Communications Limited)**

Karvy Selenium Tower – B, Plot No. 31 & 32 Survey No. 116/22, 115/24, 115/25  
Financial District, Nanakramguda Hyderabad 500 032  
Tel. no.: +91 40 6716 1500 Fax no.: +91 40 6716 1791  
Email: [rcom@karvy.com](mailto:rcom@karvy.com), Website: [www.karvy.com](http://www.karvy.com)