




RELIANCE

Communications

Quarterly Report on the Financial Results for the Quarter ended June 30, 2015



Reliance Communications Limited
Registered office: H Block, 1st Floor,
Dhirubhai Ambani Knowledge City, Navi Mumbai – 400710
Corporate Identity Number (CIN) of the Company: L45309MH2004PLC147531
August 14, 2015



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Supplemental Disclosures

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

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

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

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

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

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

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

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

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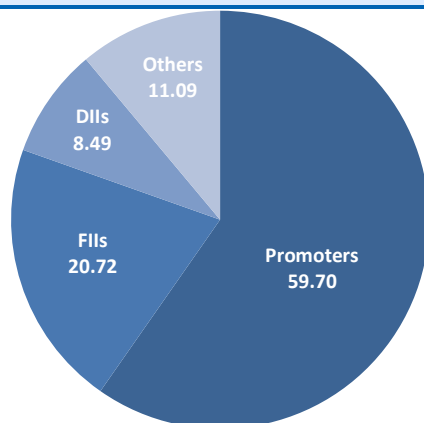
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1. Performance Snapshot & Shareholding Pattern

Particulars	Units	12 months period ended					Quarter ended
		March-2011	March-2012	March-2013	March-2014	March-2015	Jun 30, 2015 (Q1 FY16)
Consolidated financials							
Revenue	Rs. mn	231,076 ¹	203,823 ¹	217,780 ¹	223,213 ¹	220,980	55,413
EBITDA	Rs. mn	90,816 ¹	64,899 ¹	71,591 ¹	77,258 ¹	75,181	18,752
Cash profit from operations	Rs. mn	79,976 ¹	49,665 ¹	45,896 ¹	57,275 ¹	44,369	11,621
Profit before income taxes	Rs. mn	15,176 ¹	8,821 ¹	8,148 ¹	1,167 ¹	9,456	1,979
Net Profit	Rs. mn	13,457 ¹	9,285 ¹	6,716 ¹	10,477 ¹	7,135	1,766
Total Fixed Assets	Rs. mn	729,408 ¹	714,778 ¹	692,520 ¹	664,429 ¹	623,020	620,157
Shareholders' Equity	Rs. mn	357,518 ¹	317,123 ¹	287,247 ¹	271,087 ¹	325,128	323,287
Net Debt	Rs. mn	320,485 ¹	358,393 ¹	388,644 ¹	401,776 ¹	367,257	385,957
Key Ratios							
EBITDA Margin	%	39.3% ¹	31.8% ¹	32.9% ¹	34.6% ¹	34.0%	33.8%
Net Profit Margin	%	5.8% ¹	4.6% ¹	3.1% ¹	4.7% ¹	3.2%	3.2%
Net Debt to funded equity ratio	Times	0.90 ¹	1.13 ¹	1.35 ¹	1.48 ¹	1.13	1.19

Shareholding Pattern:

In %, as on Jun 30, 2015



Top Public Shareholders as on Jun 30, 2015

Shareholder name	Holding (%)
Life Insurance Corporation of India	6.62
EuroPacific Growth Fund	3.67
New World Fund Inc	2.21
CLSA (Mauritius) Ltd	1.70
Vanguard Funds	1.20
Smallcap World Fund INC	1.08
Ontario Teachers' Pension Plan Board	1.00

2. Overview

2.1. Introduction

Reliance Communications Limited (“Reliance Communications” or “the Company”) is India’s foremost integrated communications service provider in the private sector with over 118 million individual, enterprise, and carrier customers.

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

2.2. Strategic Business Units

From the second quarter of FY14 (2QFY14), the functions of business operations of Reliance Communications have been re-organized into two strategic customer-facing geographical business units, India Operations and Global Operations, with intent to provide financial reporting system for better performance evaluation and decision making. This does not change the consolidated financial of the Company including consolidated revenue and EBITDA. Only the segmental reporting has been re-stated.

These changes are in light of the implementation of Unified License Regime by the regulatory authorities, under which the entire revenue is Telecom Revenue and therefore, functional and/ or business segments would not be relevant.

This change in segment reporting will improve visibility and disclosures of the financial performance of business operations. This will assist in better understanding of the performance of the telecom operations of the Company in the domestic i.e. Indian telecom market and the global business operations ranging from carrier business to voice calling cards in the international markets. Risks and returns of the enterprise are also affected predominately by the fact that it operates in respective geographic locations.

With the change in segment reporting and consequent basis of segment allocation, Inter Segment revenue under the old segments become Intra Segment and hence, does not form part of Gross Revenue which results in significant reduction in eliminations.

2.2.1. India Operations

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

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

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

RCom provides gamut of services in mobile and fixed wireless voice, data, and value added services for individual consumers and enterprises.

Mobility/Wireless services:

The voice and non-voice business is driven by CDMA and GSM based wireless services to consumers on a nationwide basis. Following the roll-out of our GSM network, we are now the only player in the country offering both GSM and CDMA services on a nationwide basis. In the spectrum auction of March 2015, RCom further strengthened its spectrum portfolio by acquiring spectrum in the 800/850 MHz band increasing its holding to 5MHz or more, from 12 circles earlier to 21 circles. 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. Globally most of the operators have launched LTE services on this band. We believe this gives us the unique capability to launch LTE services in an efficient manner. In the immediate term, we intend to utilise this spectrum capability to broaden our RevB offerings. RevB offering provides a better indoor experience to consumers due to better in-wall propagation qualities. We clearly see future of business, from a long term perspective, not in 2G, or 3G but in 4G LTE.

As on date, we have rolled-out 3G services in all the 13 circles where we own 3G spectrum, covering 334 cities. We have also launched 3G services in five circles, Andhra Pradesh, Karnataka, Kerala, Tamil Nadu and Uttar Pradesh (East), through ICR arrangements, thus increasing our 3G coverage to 18 circles. On our CDMA technology we have upgraded many RevA networks to RevB networks in Metros and many cities in category 'A' circles. Rev B provides speeds of 14.7 Mbps on the 800MHz band which provides better in-house propagation than 3G on 2100MHz. Including on CDMA platform, we provide wireless broadband services on our own network in 1,624 cities and towns and offer internet connectivity in over 19,000 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, high-speed internet data cards and Blackberry services. Our primary brands are Reliance Mobile for the mobile portfolio of services, Reliance Hello for the fixed wireless portfolio of services, Reliance Pro and Reliance Pro3 for CDMA wireless data services and Reliance 3G for 3G 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 approximately 110 million as of June 30, 2015.

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 colocation, managed services and cloud offerings. The accent is on integrated, end-to-end solutions that help strengthen RCom's role as an 'ICT Partner of Choice' for the Large Enterprise segment. The Company has a long-standing experience of serving SMEs and combines innovation, deep knowledge of this segment with Reliance's countrywide network infrastructure to continually expand its solution portfolio for SMEs that address their ICT needs in a cost-efficient manner, largely through a pay-per-use model. Our enterprise clientele includes over 39,000 Indian and multinational corporations including SMEs and over 900 prominent enterprises in India.

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

Internet Data Center:

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

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

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 273 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 35,850 outlets across 8,350 cities in the country. The retail and distribution reach, as well as other elements of infrastructure established for our wireless network, have been leveraged to expand our DTH presence. Reliance Digital TV currently has 4.87 million subscribers, with 6% share of the DTH market in India. We launched India's first High definition cum Advanced Digital Video recorder (HD DVR), offering 200 hrs of recording, trick play functions & universal remote for operating three devices.

During the past 3 months, there has been a significant enhancement in the, already stable product quality. Our Set Top Box (STB) Failure Rate is 0.96%, which is amongst the best internationally & by far the best in India.

Key Developments

A. IPL and World Cup Data Recharge Promotion to drive Data Usage

RCom customers recharging on strategically selected data packs got 3MB extra for every run scored by the winning team on the day accelerating recharges on specific high ARPU packs.

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

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

PREPAID IS NOW FREE PAID

Now, call any Reliance and any fixed line number anywhere in India absolutely free, even while roaming. Also, get 30 mins free every day for calling all other numbers anywhere in India (including roaming and incoming roaming too!)

Category	Local	STD	Unlimited Price	Unlimited Price
Reliance to Reliance	Local	STD	Unlimited Price	Unlimited Price
Reliance to Landline	Local, STD, Roaming	Local, STD, Roaming	Unlimited Price	Unlimited Price
Reliance to Others	Local, STD, Roaming	Local, STD, Roaming	Unlimited Price	Unlimited Price
Roaming to Roaming	Local, STD, Roaming	Local, STD, Roaming	Unlimited Price	Unlimited Price
Reliance to Others	Local, STD, Roaming	Local, STD, Roaming	Unlimited Price	Unlimited Price
Reliance to Others	Local, STD, Roaming	Local, STD, Roaming	Unlimited Price	Unlimited Price
Reliance to Others	Local, STD, Roaming	Local, STD, Roaming	Unlimited Price	Unlimited Price
Reliance to Others	Local, STD, Roaming	Local, STD, Roaming	Unlimited Price	Unlimited Price

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

C. MyStore *129# : Customer and Retailer

RCom had launched the MyStore *129# portal, a OneStop Mall for subscribers to choose single/multiple pack from the list and enjoy calls at best rates, get higher Talktime, higher data benefits along with personalized offerings for each subs under special offers

DIAL *129#
DISCOVER THE SPECIAL OFFERS
HIDDEN IN YOUR NUMBER

SMARTER NUMBER
AMERI DEAL
895-6702

Dial *129# (toll-free) for 'MyStore' and check your offer before every recharge.

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

D. 'Ramadan Mubarak' Live Portal on Mobile



and Mahim Dargah as well.

On the auspicious religious event of Ramadhan RCom offered live streaming from Mecca and Medina. Customers were able to watch live-cast from Haji Ali Dargah

E. Launch of Smart Fixed Wireless Phone



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

F. Launch of Wi-Pod Mini – Portable Wi-Fi device offering 14.7 Mbps speeds



RCom launched the Wi-Pod Mini, a portable Wi-Fi device that can be used to create a hotspot to connect multiple devices like smartphones, laptops etc to the internet anytime, anywhere. The device can connect upto 6 users and offers consistent speeds upto 14.7 Mbps on Pro 3 technology. Its inbuilt rechargeable battery helps you stay connected to the Internet for minimum 8 hours while on the move.

G. Launch of e shop seller Module for all channel partners



RCom launched the seller module for all smartphone outlets which is a surrogate for keeping physical inventory of multiple SKU's at the counter. Rather than building up smartphone inventory the retailer can use the portal to sell any smartphone of customer's choice which will be delivered and fulfilled by the seller module partner. The advantages of this portal are –

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

H. Reliance Digital TV Android App Upgraded

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

I. RCom launched Next Gen Content & Cloud Delivery Network in Five Cities across India

RCom launched Cloud X[®], its content and cloud eco-system, across its network in Delhi, Mumbai, Chennai, Bangalore and Hyderabad. Cloud X[®] is designed to access and deliver infrastructure and off-site storage across multiple public clouds including its own, and to allow customers to deploy complex multi-tiered enterprise applications directly on to enterprise networks, in a user-friendly, fast and simple manner. The Cloud X[®] platform supports network transparency and cloud orchestration, allowing the movement of virtual machines and data between the various public and private clouds in the Cloud X[®] eco-system.

2.2.2. Global Operations

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

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

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

Our International Data business is underpinned by our ownership of one of the largest private submarine cable system in the world, spanning 68,698 route 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 route kilometres fibre optic cables within India. We have 650 enterprise customers spread over developed markets such as the United States, the United Kingdom, the Netherlands and Singapore.

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

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

2.3. Network and Operating Facilities

We have India's widest network coverage covering over 21,000 cities and towns and over 400,000 villages.

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

Our network operating centre in Navi Mumbai, India is one of the most advanced in the world. It has been designed and built to provide converged services, which is going to be the key differentiator going forward. The entire range of our products and services is enabled by streamlined, fully integrated, flow through operating and business support systems. These

facilities provide us with by far the most superior platform in India for offering bandwidth intensive, feature rich, converged services and solutions for consumers, enterprises, and carrier customers with virtually limitless scalability. Our national networks are integrated with our international networks.

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

Our consumer and SME offerings are supported by one of the most extensive and powerful distribution networks in India. The backbone of our retail presence is combination of exclusively franchised Reliance Mobile Store along with strong independent 3rd party retailer network. We have recently adopted an initiative to launch full-serviced franchise owned and operated retail outlets offering a full suite of services, including innovative self-care options, to our customers. We have 1,046 franchised Reliance Mobile exclusive stores spread across 169 cities and towns, offering customer activation and after-sales services. We also intend to increase these retail outlets to other cities. Our third-party retailer presence includes more than 680,000 outlets.

2.4. Major Rewards & Recognition during the quarter

- **AC Nielsen's Corporate Image Monitor (CIM) – RCom in Top 10:** Reliance Communications was among the top 10 most reputed companies in India according to the Nielsen CIM 2014-15 survey. Some of the parameters for the study included transparency, trust, demonstration of vision and leadership, perceptions of company product and services, financial performance, workplace environment.
- **Economic Times India's Most Exciting Brands – Reliance in Top 14:** Reliance ranked 14th among the top 20 most exciting brands 2015 according to Nielsen's survey exclusively for Brand Equity shows. The survey provides a great insight into the brands and categories that teens and twenty something find exciting.
- **Telecom Leadership Award 2015:** RCom was awarded Telecom Leadership Award 2015 - CIO of the Year award from CyberMedia (Voice&Data) Group. The award was given in acknowledgement for being a Catalyst of Change, Out-of-box Solutions, contribution in International Telco landscape and Innovative Strategies in managing Premier Telco's IT with agility.
- **Dataquest Business Technology Award 2015:** RCOM was awarded by Dataquest for innovative implementation in BigData Predictive Analysis and Campaign Management.
- **Global Business CIOs 2015:** RCOM CIO was awarded by iCMG Forum for the new way of thinking and effective decision making in business scenario.
- **CIO Power List 2015:** RCOM CIO was placed in "CIO POWER LIST 2015" by Centre for Recognition & Excellence for being one of the most powerful & influential CIOs of 2015.

2.6. Principal Operating Companies

Reliance Communications Limited is the Flagship Company and is also the holding company for the other major operating companies in the Group. Reliance Communications provides wireless, wireline, broadband, multimedia and Internet access services and long distance services in India and overseas. Its major assets are the wireless network, transmission networks used in its business, and the contact centres. Following the roll-out of our GSM network, we now provide CDMA based wireless services in 20 Circles and GSM based wireless services in 14 Circles.

Reliance Telecom Limited (“RTL”) is a wholly owned subsidiary of Reliance Communications. RTL provides GSM-based wireless services in the remaining 8 service areas, and owns the GSM wireless networks in its service areas. We have received requisite Government approvals and spectrum to roll-out CDMA services in additional 2 Circles.

Reliance Infratel Limited owns, operates, and develops telecom infrastructure, primarily consisting of wireless communication sites and towers. It currently owns all of the towers used by Reliance Communications’ CDMA and GSM wireless networks and is developing additional towers to meet the needs of Reliance Communications and other customers. Reliance Infratel is currently a subsidiary of Reliance Communications through RCIL.

Reliance Communications Infrastructure Limited (“RCIL”) is a wholly owned subsidiary of Reliance Communications and provides marketing and collection services.

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

Reliance Big TV Limited (RBTV) is a wholly owned subsidiary of Reliance Communications. RBTV is offering fully Digital Home Entertainment Service on the world's most advanced MPEG4 Direct-To-Home (DTH) Platform to deliver 273 channels including High Definition (HD) channels. We also offer 4 exclusive movie channels & 4 Interactive services, to our subscribers.

3. Financial Highlight

Financial results for the quarter ended June 30, 2015 as per Indian GAAP. In the tables below, “Qtr ended 31/03/15” refers to the three month period ended March 31, 2015, “Qtr ended 30/06/14” refers to the three month period ended June 30, 2014 and “Qtr ended 30/06/15” refers to the three month period ended June 30, 2015. Exchange rate for conversion of Indian Rupees to United States Dollars is Rs 62.5 = US\$ 1.00 for the quarter ended March 31, 2015, Rs 60.18 = US\$ 1.00 for the quarter ended June 30, 2014 and Rs 63.65 = US\$ 1.00 for the quarter ended June 30, 2015, being the revaluation rate as announced by FEDAI.

3.1. Summarized Consolidated Statement of Operations

(Rs Million, except ratios)

Particulars	Qtr ended	Qtr ended	Qtr ended	Y-on-Y Growth (%)
	31-03-15	30-06-14	30-06-15	
Total revenue	57,034	55,230	55,413	0.3%
Net revenue	47,443	45,258	46,233	2.2%
EBITDA	19,764	18,629	18,752	0.7%
Cash profit from operations	10,043	10,945	11,621	6.2%
Profit before tax	3,148	1,645	1,979	20.3%
Net profit	2,275	1,316	1,766	34.2%
<i>EBITDA margin (%)</i>	34.7%	33.7%	33.8%	

(US\$ Million)

Particulars	Qtr ended	Qtr ended	Qtr ended	Y-on-Y Growth (%)
	31-03-15	30-06-14	30-06-15	
Total revenue	913	918	871	-5.1%
Net revenue	759	752	726	-3.4%
EBITDA	316	310	295	-4.8%
Cash profit from operations	161	182	183	0.4%
Profit before tax	50	27	31	13.7%
Net profit	36	22	28	26.9%
<i>EBITDA margin (%)</i>	34.7%	33.7%	33.8%	

Exchange rate for conversion: Rs 62.5 = US\$ 1.00 for the quarter ended March 31, 2015, Rs 60.18 = US\$ 1.00 for the quarter ended June 30, 2014 and Rs 63.65 = US\$ 1.00 for the quarter ended June 30, 2015
Due to this difference the percentage change in US\$ will not be comparable with the percentage change in rupee table above.

3.2. Summarized Consolidated Balance Sheet

(Rs Million, except ratios)

Particulars	As at	As at
	31-03-15	30-06-15
Assets		
Net fixed assets, including capital work-in-progress	623,020	620,157
Investments	864	878
Total current assets (excluding cash & cash equivalents)	207,563	228,193
Total assets	831,447	849,228
Liabilities and stockholders equity		
Total current liabilities and provisions	133,938	134,735
Net debt	367,257	385,957
Total liabilities	501,195	520,692
Stockholders equity (Net of Goodwill)	325,128	323,287
Minority interest	5,124	5,249
Total liabilities and stockholders equity	831,447	849,228
<i>Net debt to stockholders equity (x)</i>	<i>1.13</i>	<i>1.19</i>
<i>Book value per equity share (Rs)</i>	<i>137</i>	<i>137</i>

(US\$ Million)

Particulars	As at	As at
	31-03-15	30-06-15
Assets		
Net fixed assets, including capital work-in-progress	9,968	9,744
Investments	14	14
Total current assets (excluding cash & cash equivalents)	3,321	3,585
Total assets	13,303	13,343
Liabilities and stockholders equity		
Total current liabilities and provisions	2,143	2,117
Net debt	5,876	6,064
Total liabilities	8,019	8,181
Stockholders equity (Net of Goodwill)	5,202	5,080
Minority interest	82	82
Total liabilities and stockholders equity	13,303	13,343

Exchange rate for conversion: Rs 62.5 = US\$ 1.00 for the quarter ended March 31, 2015, Rs 60.18 = US\$ 1.00 for the quarter ended June 30, 2014 and Rs 63.65 = US\$ 1.00 for the quarter ended June 30, 2015

Due to this difference the percentage change in US\$ will not be comparable with the percentage change in rupee table above.

3.3. Summarized Statement of Operations by Segment

3.3.1. India Operations

(Rs Million, except ratios)

Particulars	Qtr ended	Qtr ended	Qtr ended	Y-on-Y Growth (%)
	31-03-15	30-06-14	30-06-15	
Gross Revenue	49,065	47,182	47,909	1.5%
Net Revenue	39,478	37,206	38,729	4.1%
EBITDA	17,132	16,930	16,949	0.1%
EBIT	7,156	8,837	8,332	-5.7%
EBITDA margin %	34.9%	35.9%	35.4%	
EBIT margin %	14.6%	18.7%	17.4%	

3.3.2. Global Operations

(Rs Million, except ratios)

Particulars	Qtr ended	Qtr ended	Qtr ended	Y-on-Y Growth (%)
	31-03-15	30-06-14	30-06-15	
Gross Revenue	12,944	10,731	11,173	4.1%
EBITDA	2,632	1,702	1,804	6.0%
EBIT	2,659	485	688	41.9%
EBITDA margin %	20.3%	15.9%	16.1%	
EBIT margin %	20.5%	4.5%	6.2%	

Note: "Net revenue" in 3.3.1 and 3.3.2 above represents gross segment revenue less license fees and access charges.

3.4 Additional Information

3.4.1. India Operations

(Rs Million, except ratios)

Particulars	Qtr ended	Qtr ended	Qtr ended	Y-on-Y Growth (%)
	31-03-15	30-06-14	30-06-15	
Telecom Revenue				
- Voice	35,920	34,293	34,405	0.3%
- Non Voice	12,110	10,879	12,321	13.3%
Others	1,035	2,010	1,183	-41.1%
Total	49,065	47,182	47,909	1.5%

3.4.2. Global Operations

(Rs Million, except ratios)

Particulars	Qtr ended	Qtr ended	Qtr ended	Y-on-Y Growth (%)
	31-03-15	30-06-14	30-06-15	
Data	7,771	7,286	7,951	9.1%
Voice	5,173	3,445	3,222	-6.5%
Total	12,944	10,731	11,173	4.1%

3.5. Contribution to Revenue by Segment

(Rs Million, except ratios)

Segment	Qtr ended 31-03-15		Qtr ended 30-06-14		Qtr ended 30-06-15	
	Revenue	% of total	Revenue	% of total	Revenue	% of total
India Operations	49,065	79%	47,182	81%	47,909	81%
Global Operations	12,944	21%	10,731	19%	11,173	19%
Sub Total	62,009	100%	57,913	100%	59,082	100%
Less: Eliminations	(4,975)		(2,683)		(3,669)	
Total	57,034		55,230		55,413	

3.6. Contribution to EBITDA by Segment

(Rs Million, except ratios)

Segment	Qtr ended 31-03-15		Qtr ended 30-06-14		Qtr ended 30-06-15	
	Revenue	% of total	Revenue	% of total	Revenue	% of total
India Operations	17,132	87%	16,930	91%	16,949	90%
Global Operations	2,632	13%	1,702	9%	1,803	10%
Sub Total	19,764	100%	18,632	100%	18,752	100%
Less: Eliminations	-		(3)		-	
Total	19,764		18,629		18,752	

3.7. Investment in Projects by Segment

(Rs Million, except ratios)

Segment	Cumulative to 30-06-15		Qtr ended 30-06-15	
	Amount	% of total	Amount	% of total
India Operations	834,098	86%	5,471	94%
Global Operations	138,511	14%	331	6%
Total	972,609	100%	5,802	100%

4. Key Performance Indicators

The financial figures used for computing ARPU and RPM are based on Indian GAAP. Definitions of terms are set out in Section 9. "Qtr ended 31/03/15" refers to the three month period ended March 31, 2015; "Qtr ended 30/06/14" refers to the three month period ended June 30, 2014 and "Qtr ended 30/06/15" refers to the three month period ended June 30, 2015.

Metric	Unit	Qtr ended 31-03-15	Qtr ended 30-06-14	Qtr ended 30-06-15
Voice				
Total customer base	Mn	110.7	110.1	111.1
Net adds	Mn	3.2	(2.0)	0.4
VLR	%	97.6	98.6	97.6
Pre-paid % of customer base	%	96.4	95.1	96.5
Churn	%	2.8	3.6	3.2
Total Minutes of Usage	Bn mins	108.1	103.1	105
ARPU	Rs/Sub	147	136	140
Revenue per minute	Rs/Sub	0.444	0.438	0.445
Voice ARPU	Rs/Sub	110	103	103
Voice Usage per customer/ month	Min/Sub	330	311	316
Voice revenue per minute	Rs/min	0.332	0.333	0.328
Network Statistics				
Total NLD minutes	Mn Mins	15,328	14,626	15,196
Total ILD minutes	Mn Mins	5,062	4,701	5,099
Data				
Total data customers *	Mn	33.7	28.6	35.4
3G customers #	Mn	17.4	13.0	17.9
Total data traffic	Mn MBs	87,211	55,276	92,793
Data usage per customer	MBs	893	666	895
Non-Voice as % of Telecom revenue	%	25.2	24.1	26.4
Network Statistics				
Service areas operational \$	Nos	22	22	22
3G towns coverage	Nos	334	334	334
Total sites on network	Nos	86,792	86,792	86,792
Total 3G sites	Nos	11,659	11,659	11,659

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

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

\$ Considering Tamil Nadu and Chennai as one combined circle

5. Basis of Presentation of Financial Statements

5.1. Reporting Periods

The financial year end of Reliance Communications Limited is March 31. Each financial year ("FY") is referred to by the calendar year in which the particular financial year end occurs. The current financial year will be for a period of 12 months, commenced on April 1, 2015 and ending on March 31, 2016.

5.2. Consolidated and Segment Financial Results

5.2.1. Revenues

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

- Consolidated Revenues and Segment Gross Revenues

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

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

- Elimination of Inter Segment Revenues

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

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

5.2.2. Net Revenues by Segment

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

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

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

5.2.3. Operating Expenses

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

- Consolidated and Segment Gross Operating Expenses

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

- Elimination of Inter Segment Expenses

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

5.3. Composition of Segments

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

- India Operations
- Global Operations

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

5.3.1. India Operations

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

Since the voice market in the Indian telecom market remains dominant contributor to the sector, its performance review at an independent level has become essential.

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

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

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

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

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

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

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

5.3.2. Global Operations

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

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

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

6. Financial Statements

Financial results for the quarter ended June 30, 2015 as per Indian GAAP. An explanation of the basis of presentation is set out in Section 5. In the tables below, "Qtr ended 31/03/15" refers to the three month period ended March 31, 2015, "Qtr ended 30/06/14" refers to the three month period ended June 30, 2014 and "Qtr ended 30/06/15" refers to the three month period ended June 30, 2015. Previous quarter's figures have been re-grouped, re-arranged and re-classified wherever necessary.

6.1. Consolidated Results of Operations

(Rs. Million, except ratios)

Particulars	Qtr ended	Qtr ended	Qtr ended
	31-03-15	30-06-14	30-06-15
Total revenues	57,034	55,230	55,413
Services and sales	57,034	55,230	55,413
Total operating expenses	37,270	36,601	36,661
Access charges and license fees	9,591	9,972	9,180
Network operations	17,268	17,443	17,527
Employees	2,391	2,754	2,590
SG&A	8,020	6,432	7,364
EBITDA	19,764	18,629	18,752
Finance charges (net)	6,664	7,674	7,042
Depreciation / amortization	9,952	9,310	9,731
Profit before tax	3,148	1,645	1,979
Provision for tax (including Deferred tax)	3,057	10	89
Net profit after tax (before adjustment of share of Minority Interest/ Associates)	91	1,635	1,890
Share of Minority and associates	(2,184)	319	124
Net profit after tax (after adjustment of share of Minority Interest/ Associates)	2,275	1,316	1,766
Ratios			
<i>EBITDA margin (%)</i>	34.7%	33.7%	33.8%
<i>Net profit margin (%)</i>	4.0%	2.4%	3.2%

6.2. Consolidated Balance Sheet

(Rs. Million)

Particulars	As at	As at
	31-03-15	30-06-15
ASSETS		
Current assets		
Inventories	4,006	3,932
Debtors	49,164	46,417
Other current assets	25,265	25,189
Loans and advances	129,128	152,655
Total current assets (excluding cash and cash equivalents)	207,563	228,193
Fixed assets		
Gross block	1,117,213	1,125,280
Less: Depreciation	521,139	535,891
Net block	596,074	589,389
Capital work-in-progress	26,946	30,768
Total fixed assets	623,020	620,157
Investments	864	878
Total assets	831,447	849,228
LIABILITIES AND STOCKHOLDERS EQUITY		
Stockholders equity		
Share capital	12,441	12,441
Reserves and surplus (net of Goodwill)	312,687	310,846
Total Stockholders equity	325,128	323,287
Minority interest	5,124	5,249
Current liabilities and provisions		
Current liabilities	118,316	119,181
Provisions	15,622	15,554
Total current liabilities and provisions	133,938	134,735
Debt		
Foreign currency loans	248,136	257,888
Rupee loans	146,280	154,160
Gross debt	394,416	412,048
Less: Cash and cash equivalents including investments	27,159	26,091
Net debt	367,257	385,957
Total liabilities and stockholders equity	831,447	849,228

6.3. Consolidated Statement of Cash Flows

(Rs. Million)

Particulars		Qtr ended	Qtr ended
		31-03-15	30-06-15
Cash flows from operating activities:			
Net profit/(loss) before tax	A	3,148	1,979
Add: Non cash/non operating items	B	15,585	16,571
Depreciation and amortization		9,960	9,731
Provision for doubtful debts		273	167
Finance charges (net)		5,350	6,607
(Profit)/loss on sale of investments		2	66
Cash generated from operations before working capital changes	A+B	18,733	18,550
(Increase)/decrease in working capital		(10,402)	(806)
Cash generated from operations		8,331	17,744
Tax paid		(1,687)	(918)
Net cash provided/used by/in operating activities	C	6,644	16,826
Cash flows from investing activities:			
(Purchase)/sale of property, plant, and equipment (net)		(8,574)	(29,791)
(Purchase)/sale of investments (net)		(31)	141
Interest income / (expense) (net)		(7,967)	(4,392)
Net cash provided/used by/in investing activities	D	(16,572)	(34,042)
Cash flows from financing activities:			
Net cash provided/used by/in financing activities	E	17,857	16,148
Cash and cash equivalents:			
Beginning of the period	F	19,230	27,159
End of the period	C+D+E+F	27,159	26,091

7. Accounting Policies

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

7.1. Principles of Consolidation

Consolidation has been carried out in compliance with the applicable Accounting Standards, viz., AS 21 and AS 23, issued by the Institute of Chartered Accountants of India.

7.2. Other Significant Accounting Policies

7.2.1. Basis of Preparation of Financial Statements

The financial statements have been prepared under the historical cost convention in accordance with the generally accepted accounting principles in India and the provisions of the Companies Act, 1956 and Companies Act, 2013 wherever applicable.

7.2.2. Use of Estimates

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

7.2.3. Fixed Assets

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

- ❑ All costs including financing cost until commencement of commercial operations relating to borrowings attributable to fixed assets, are capitalized.
- ❑ Expenses incurred relating to projects prior to commencement of commercial operation are considered as project development expenditure and shown under capital work-in-progress.
- ❑ In respect of operating leases, rentals are expensed with reference to lease terms and other considerations in compliance with provisions of the AS 19 issued by The Institute of Chartered Accountants of India, except for rentals pertaining to the period up to the date of commencement of commercial operations, which are capitalized.
- ❑ In respect of finance leases, the lower of the fair value of the assets and present value of the minimum lease rentals is capitalized as fixed assets with corresponding amount shown as liabilities for leased assets in compliance with the provisions of the AS 19 issued by The Institute of Chartered Accountants of India. The principal component in the lease rental in respect of the above is adjusted against liabilities for leased assets and the interest component is recognized as an expense in the year in which the same is incurred except in case of assets used for capital projects where it is capitalized.
- ❑ Entry fees paid for telecom licenses and indefeasible right of connectivity are stated at cost for acquiring the same less accumulated amortization. These are classified as part of fixed assets.

7.2.4. Depreciation/Amortization

- Depreciation on fixed assets is provided on straight line method at the rates and in the manner prescribed in Schedule II to the Companies Act 2013 except in cases of cable systems, customer premises equipment and certain other assets for which useful life has been considered based on technical assessment. Depreciation is net of the amount adjusted from Provision for Business Restructuring/ General Reserve in accordance with the Scheme.
- Depreciation on assets taken on finance lease is provided over the remaining period of lease from the commencement of commercial operations.
- Leasehold land is depreciated over the period of the lease term.
- Intangible assets, namely entry fees for telecom licenses are amortized equally over the balance period of licenses from the date of commencement of commercial services or acquisition. Indefeasible rights of use are amortized on matching principle basis for the upfront revenue recognition.
- The depreciation schedule for various classes of assets is as follows:

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

7.2.5. Impairment of Assets

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

7.2.6. Investments

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

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

7.2.7. Inventories

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

7.2.8. Employee Retirement Benefits

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

7.2.9. Borrowing Cost

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

7.2.10. Foreign Currency Transactions

- ❑ Transactions denominated in foreign currencies are normally recorded at the exchange rates prevailing at the time of the transaction.
- ❑ Monetary items denominated in foreign currencies at the year end are restated at year end rates. In case of monetary items, which are covered by forward exchange contracts, the difference between the year end rate and the rate on the date of the contract is recognized as exchange difference and the premium paid on forward contracts has been recognized over the life of the contract.
- ❑ Non monetary foreign currency items are carried at cost.
- ❑ All long term foreign currency monetary items consisting of loans which relate to acquisition of depreciable capital assets at the end of the period/ year have been restated at the rate prevailing at the Balance Sheet date. The exchange difference arising as a result has been added or deducted from the cost of the assets as per the notification issued by the Ministry of Company Affairs (MCA) dated 29th December, 2011. Exchange difference on other long term foreign currency loans is accumulated in "Foreign Currency Monetary item Translation Difference account" which will be amortized over the balance period of loans.
- ❑ Any income or expense on account of currency exchange difference, either on settlement or on translation, is recognized in the profit and loss account. The Company follows AS-11 in respect of forex loss/gain in case of monetary items other than mentioned above, and is therefore being debited/credited to Profit and Loss Account.
- ❑ Any income or loss arising out of marking derivative contracts to market price is recognized in the profit and loss account.

7.2.11. Revenue Recognition

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

7.2.12. Provision for Doubtful Debts

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

7.2.13. Miscellaneous Expenditure

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

7.2.14. Taxes on Income

Provision for income tax is made on the basis of estimated taxable income for the year at current rates. Tax expenses comprise both current tax and deferred tax at the applicable enacted or substantively enacted rates. Current tax represents the amount of income tax payable/recoverable in respect of the taxable income/loss for the reporting period. Deferred tax represents the effect of timing difference between taxable income and accounting income for the reporting period that originate in one period and are capable of reversal in one or more subsequent periods.

7.2.15. Government Grants

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

7.2.16. Provisions, Contingent Liabilities and Contingent Assets

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

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

1. Figures of the previous period have been regrouped and reclassified, wherever required
2. Pursuant to the Schemes of Arrangement ("the Schemes") sanctioned by the Hon'ble High Court of Judicature at Bombay, exchange variation on account of changes in exchange rates including amortisation of the balance in "Foreign Currency Monetary Item Translation Difference Account (FCMITDA)" and depreciation consequent to addition of exchange differences to the cost of capitalised assets aggregating to ₹ 187 crore during the quarter ended June 30, 2015, are withdrawable from General Reserve. These withdrawable items are not considered in the accounts for the quarter ended on June 30, 2015 and consequently, no withdrawal has been made. The necessary effects, if any, will be carried out at the year end. The Company has, as permitted under the said Schemes, adjusted additional depreciation of ₹ 294 crore, arising on fair value of the assets, for the quarter by withdrawing an equivalent amount from General Reserve.
3. Pursuant to the Companies Act, 2013 (the Act) becoming effective from April 1, 2014, the Company and a subsidiary company have adopted, based on technical assessment, estimated useful life of fixed assets as stipulated under Schedule II to the Act, except in case of some of its telecommunication equipments, as legally advised and as permitted by the said Schedule, where, based on condition of such telecommunication equipments, regular maintenance schedule, material of construction and past experience.
4. The Company has, on May 6, 2015, issued Senior Secured Notes of USD 300 million bearing 6.5% p.a. interest, with a maturity of 5 ½ years.
5. The Company has won spectrum in 13 service areas at a total cost of ₹ 4,291 crore pursuant to auction conducted by Department of Telecommunications (DoT) during March, 2015. The Company has opted for deferred payment option and accordingly, made upfront payment of ₹ 1,104 crore on April 8, 2015 as Capital Advance. DoT has not allotted earmarked spectrum to the Company and hence, balance of deferred payment liability of ₹ 3,187 crore has been considered as part of capital commitments.

9. Glossary

Key Performance Indicators and Financial Terms

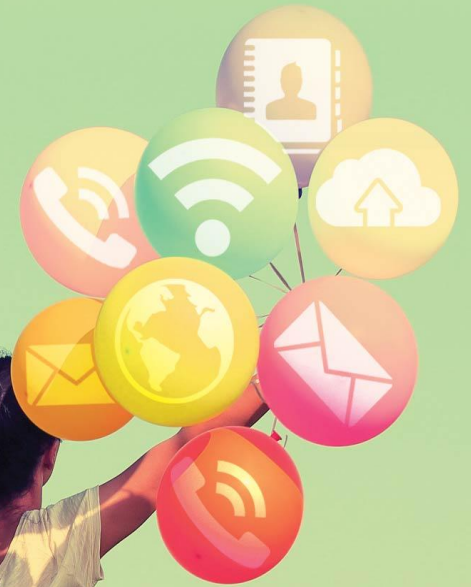
Key Performance Indicators	
ARPU	Computed by dividing total India telecom operations revenue for the relevant period by average customers; and dividing the result by the number of months in the relevant period.
Voice ARPU	Computed by dividing total India voice revenue for the relevant period by average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

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

WHAT CAN A ZERO GET YOU?

A free wi-fi enabled fixed wireless phone with

- Unlimited calls (Local + STD)
- Unlimited data
- Unlimited SMS
- Zero billing with ZERO PLAN



Choose your Reliance ZERO PLAN

Product	Duration	Plan MRP
FWP	1 Year	₹10,499
FWP	2 Years	₹16,499
Smart FWP	1 Year	₹12,500
Smart FWP	2 Years	₹18,500



Smart FWP