Reliance Communications Limited
Dhirubhai Ambani Knowledge City
Navi Mumbai - 400 710

CIN - L45309MH2004PLC147531

Tel: +91 22 303 86286
Fax:+91 22 303 76622
www.rcom.co.in

May 31, 2016

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
BSE Scrip Code: 532712

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
NSE Symbol: RCOM

Dear Sir,

Sub: Quarterly Report.

Further to our letters dated May 30, 2016, we enclose herewith a Quarterly Report on the financial results of the Comapny for the Quarter ended March 31, 2016.

We request you to kindly inform your members accordingly.

Thanking you.

Yours faithfully,
For Reliance Communications Limited

Prakash Shenoy
Company Secretary

Encl.: As above.

Quarterly Report on the Financial Results for the Quarter ended March 31, 2016

Reliance Communications Limited
Registered office: H Block, 1st Floor,
Dhirubhai Ambani Knowledge City, Navi Mumbai – 400710
Corporate Identity Number (CIN) of the Company: L45309MH2004PLC147531
May 30, 2016

RELIANCE

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And an experience that will change the way you surf, play games, watch TV, make video calls, listen to or download music and stream films, forever.
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*T&C Apply.

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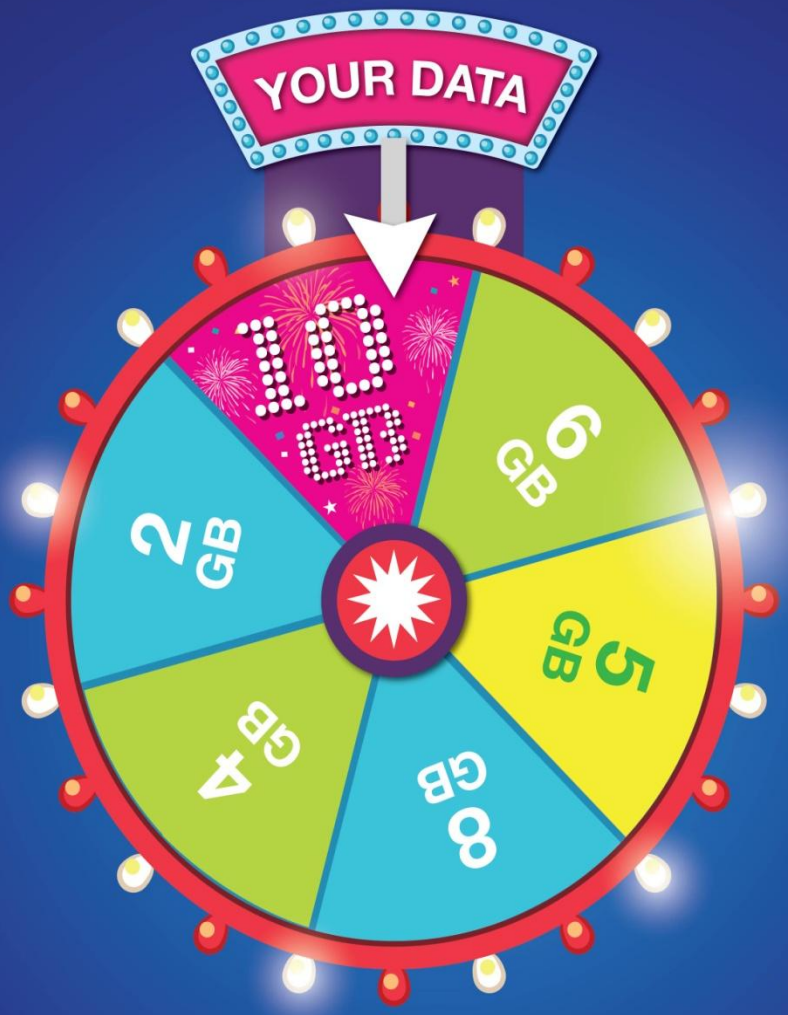

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DATA SUPERCHARGE

Pack	MRP	Data GBs		
		Normal Assured	Maximum up to	Validity
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2G	₹ 175	3 GB	10 GB	28 days

simply better

*T&C apply. After data quota gets over normal data charges apply. The extra data over & above the normal data will be credited in the Promo Bucket and the unused promo data cannot be carried forward upon subsequent recharge.

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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, or the rates stated in this report, or at all.

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

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

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

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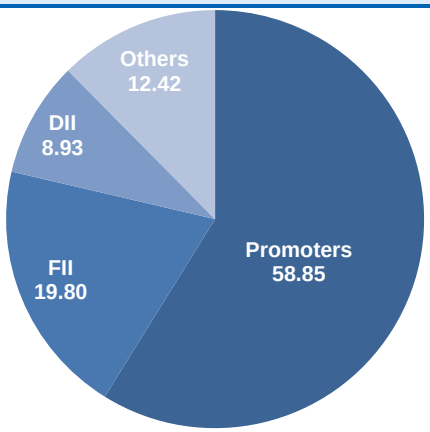
1. Performance Snapshot & Shareholding Pattern

Particulars	Units	12 months period ended					Quarter ended			
		March 2012	March 2013	March 2014	March 2015	March 2016	Jun 30, 2015 (Q1 FY16)	Sep 30, 2015 (Q2 FY16)	Dec 31, 2015 (Q3 FY16)	Mar 31, 2016 (Q4 FY16)
Consolidated financials										
Revenue	Rs. mn	2,03,823	2,17,780	2,23,213	2,20,980	2,21,130	55,413	53,553	52,983	59,189
EBITDA	Rs. mn	64,899	71,591	77,258	75,181	74,190	18,752	17,819	18,033	19,587
Cash profit from operations	Rs. mn	49,665	45,896	57,275	44,369	47,488	11,621	10,858	10,876	14,129
Profit before income taxes	Rs. mn	8,821	8,148	1,167	9,456	5,042	1,979	1,465	2,323	-734
Net Profit	Rs. mn	9,285	6,716	10,477	7,135	6,815	1,766	1,559	1,708	1,767
Total Fixed Assets	Rs. mn	7,14,778	6,92,520	6,64,429	6,23,020	7,12,301	6,20,157	6,68,850	6,67,862	7,12,301
Shareholders' Equity	Rs. mn	3,17,123	2,87,247	2,71,087	3,25,128	3,12,625	3,23,287	3,20,897	3,19,413	3,12,625
Net Debt	Rs. mn	3,58,393	3,88,644	4,01,776	3,67,257	4,13,621	3,85,957	3,98,949	4,04,791	4,13,621
Key Ratios										
EBITDA Margin	%	31.8%	32.9%	34.6%	34.0%	33.6%	33.8%	33.3%	34.0%	33.1%
Net Profit Margin	%	4.6%	3.1%	4.7%	3.2%	3.1%	3.2%	2.9%	3.2%	3.0%
Net Debt to funded equity ratio	Times	1.13	1.35	1.48	1.13	1.32	1.19	1.24	1.27	1.32

Shareholding Pattern:

In %, as on March 31, 2016



Top Public Shareholders as on Mar 31, 2016

Shareholder name	Holding (%)
Life Insurance Corporation of India	6.62
EuroPacific Growth Fund	2.27
CLSA Global Markets Pte Ltd	1.71
New World Fund Inc	1.36
Smallcap World Fund INC	1.29
Ontario Teachers' Pension Plan Board	1.01

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 111 million individual, enterprise, and carrier customers.

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

2.2. Strategic Business Units

2.2.1. India Operations

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

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

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

Mobility/Wireless services:

The voice and non-voice business is driven by CDMA and GSM based wireless services to consumers on a nationwide basis.

The spectrum auction of March 2015 has strengthened RCom's spectrum portfolio in the 800/850MHz band. RCom's holding has increased to 5MHz or more in 21 circles from 12 circles earlier. This places RCom in an 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 many operators have launched LTE services on this band. We believe this gives us the unique capability to launch LTE services in an efficient manner. We clearly see the future of the telecom industry not in 2G/3G but in 4G LTE.

As on date, we have rolled-out 3G services in all the 13 circles where we own 3G spectrum. We have 3G services in five circles, Andhra Pradesh, Karnataka, Kerala, Tamil Nadu and Uttar Pradesh (East), through ICR arrangements, thus increasing our 3G coverage to 18 circles. As on March 31, 2016 we provided wireless broadband services, including on our CDMA platform, in 1,624 cities and towns on our own network and offered 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 over 102 million as of March 31, 2016.

Enterprise services:

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

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 278 channels in HD like quality. Reliance offers nationwide Direct-To-Home satellite TV services, employing state-of-the-art MPEG4 technology.

Reliance Digital TV is available at nearly 37,350 outlets across nearly 5,650 cities in the country. The retail and distribution reach, as well as other elements of infrastructure established for our wireless network, have been leveraged to expand our DTH presence. Reliance Digital TV currently has about 5.0 million subscribers, with 6% share of the DTH market in India. We launched India's first High definition cum Advanced Digital Video recorder (HD DVR), offering 200 hrs of recording, trick play functions & universal remote for operating three devices.

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

2.2.2. Global Operations

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

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

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

Our International Data business is underpinned by our ownership of one of the largest private submarine cable system in the world, spanning 68,698 kilometres and connecting North America, Europe, the Middle East and Asia through 46 landing points in 27 countries. The network seamlessly interconnects with our 190,000 kilometres fibre optic cables within India. We have 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.

Key Company Developments

A. Reliance NetBuddies – unique referral program for the customers

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

B. Launch of 'T20 – World Cup' Data Accelerator Campaign

ICC T20 World cup was one of the biggest sports events in India. RCOM had launched "Data Recharge Accelerator Campaign" contest in which the customer got 2MB extra data for every run scored by team India & 4MB extra data in case of India winning the match. Dedicated data recharge MRPs were assigned to each circle & customers were asked to recharge with those MRPs to get extra data as per the contest benefits.

C. Launched 4G Wipod upgrade for CDMA customers at affordable prices

We have launched offers for our customers to upgrade their CDMA dongles to 4G WiPod at affordable rates. These WiPods have the ability to connect 31 users at a time and has an inbuilt battery feature that allows users an uninterrupted high speed browsing experience.

D. Pan India cricket contest around ICC T20 World Cup

ICC T20 World cup was one of the biggest sports event in India. RCOM launched "Predict N Win" contest over IVR & SMS in which a customer could get match commentary, score alerts, schedules & cricket trivia during the match. Also, on participation, lucky customers got an opportunity to

win daily recharges, smart phones as well as a cricket kit.

E. Celebrating the Festivals of India: "Valentine Day / Holi and Other regional festivals"

Valentine Day & Holi were the major festivals in the last quarter besides other festivals like Maha Shivratri, Good Friday etc. RCOM offered a one stop IVR festival portal catering for all festivals named "Hamara Desh Hamara Tyohar" in which the customer can subscribe for services like Festival stories, Songs / bhajans etc. For Holi, a dedicated WAP portal was designed from where the customer can download Imagery, Songs & Videos. Exclusive Holi movies were made live over movie section of R World.

F. Cloud X Fusion ecosystems extension with direct access to Amazon Web Services

GCX completed extension of its Cloud X Fusion ecosystem with a direct access to Amazon Web Services (AWS) in Singapore, London, Frankfurt and Tokyo, offering enterprise customers a robust cloud solutions that drive new business opportunities. Through GCX's extensive global network and its comprehensive product portfolio, Cloud X Fusion provides seamless, low latency connectivity across developed and emerging markets in the US, Europe, Middle East and Asia, which gives enterprises the security, the reliability and predictability as they connect to the AWS cloud services while tapping into bandwidth dynamically on a usage-based consumption.

G. Enhanced Presence in Australia & New Zealand

Following significant upgrades of our Global Network across Australia and New Zealand with four new Points of Presence (PoPs) in Sydney, Melbourne, Perth and Auckland, we also launched our Cloud X platform in Sydney which will enable Enterprise customers across Australia to have on-net access to leading public cloud platforms. In addition, GCX further expanded our global footprint into Australia in partnership with NEXTDC. Our presence at NEXTDC's M1 Melbourne and S1 Sydney data centres enables customers across Australia and New Zealand have direct connection into GCX's scalable global IP and MPLS network.

H. GCX expanded its reach across Europe

GCX expanded its reach across Europe with TI Sparkle through a multiservice PoP at SICILY HUB in Palermo which is located closer than any other European peering point to North Africa, the Mediterranean and the Middle East. This further increases our ability to interconnect with major service providers across the regions that have presence in the facility.

I. GCX & RCOM Enterprise Awarded MEF CE 2.0 Certification

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

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

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

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

Our consumer and SME offerings are supported by one of the most extensive and powerful distribution networks in India. The backbone of our retail presence is combination of exclusively franchised Reliance mobile store along with strong independent third party retailer network. We adopted an initiative to launch full-serviced franchise owned and operated retail outlets offering a full suite of services, including innovative self-care options, to our customers. We have nearly 1,725 franchised Reliance Mobile exclusive stores spread across nearly 530 cities and towns, offering customer activation and after-sales services. We also intend to increase these retail outlets to other cities. Our third-party retailer presence includes nearly six lakh outlets.

2.4. Key Corporate Developments

- **SSTL consolidation into RCOM**

We have received shareholders approval at the Court Convened Meeting held on March 8, 2016. We are currently awaiting High Court and DoT approvals, expected to be received in the next few weeks, after which we will announce the complete integration of SSTL into RCOM.

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

Based on the substantial progress made to date, the exclusivity period between RCOM and the shareholders of Aircel, Maxis Communications Berhad and Sindya Securities and Investments Private Limited, have been mutually extended until June 22, 2016. This potential combination of the Indian wireless business of RCOM and Aircel is expected to derive substantial mutual benefits of in-country consolidation, including opex and capex synergies and revenue enhancement.

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

RCOM's strategic partnership with Jio already covers sharing in a large number of areas like towers, inter-city and intra-city optic fibre, infrastructure for points-of-interconnect (POIs) and ducts.

RCOM & Jio have now entered into an agreement for sharing of spectrum in the 800 MHz band covering 4G LTE services. RCOM customers will benefit from Jio's world class 4G LTE network under sharing and ICR arrangements.

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

  - Our tie-up with Jio will create a pool of 162.5MHz of spectrum and 192.5MHz of spectrum including SSTL's spectrum in the 800Mhz band.
  - The RCOM-SSTL-Jio 800MHz combination will create a spectrum pool of 10MHz of spectrum in 11 circles, 8.75MHz of spectrum in 7 circles and the rest of the circles will have a minimum of 5MHz-6.25MHz spectrum to offer 4G services. This will give RCOM significant bandwidth to offer high speed 4G data to its customers.
  - Our combination with Aircel and SSTL, and our strategic partnership with Jio will strengthen our spectrum portfolio. We will have the highest amount of spectrum in 800Mhz, 1800MHz and 2100MHz bands to offer multiple services in our portfolio.

- **We have also begun the process of CDMA upgradation**

RCOM has been planning its 4G foray meticulously in terms of market readiness and building of a technology neutral 800MHz spectrum pool. We have developed a very robust process to upgrade our CDMA customers. We have sent communication to our existing CDMA

customers in select circles about the upgradation process. We are seeing a good traction and are upgrading most of our valued customers. All our plans are running as per schedule.

- **We are making progress in improving the health of our balance sheet through deleveraging measures.**

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

2.4. Principal Operating Companies

Reliance Communications Limited is the Flagship Company and is also the holding company for the other major operating companies in the Group. Reliance Communications provides wireless, wireline, broadband, multimedia and Internet access services and long distance services in India and overseas. Its major assets are the wireless network, transmission networks used in its business, and the contact centres. It provides 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. It also has license for providing CDMA services in additional 2 Circles.

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

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

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

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

3. Financial Highlight

Financial results for the quarter ended March 31, 2016 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 31/12/15" refers to the three month period ended December 31, 2015 and "Qtr ended 31/03/16" refers to the three month period ended March 31, 2016.

Exchange rate, being the revaluation rate as announced by FEDAI, for conversion of Indian Rupees to United States Dollars is -
Rs 66.16 for the quarter ended December 31, 2015,
Rs 62.50 for the quarter ended March 31, 2015 and
Rs 66.26 for the quarter ended March 31, 2016.

3.1. Summarized Consolidated Statement of Operations

(Rs Million, except ratios)

Particulars	Qtr ended 31-03-15	Qtr ended 31-12-15	Qtr ended 31-03-16	Q-on-Q Growth (%)
Total revenue	57,034	52,983	59,189	11.7%
Net revenue	47,443	44,074	47,896	8.7%
EBITDA	19,764	18,033	19,587	8.6%
Cash profit from operations	10,043	10,876	14,129	29.9%
Profit before tax	3,148	2,323	(734)	-
Net profit	2,275	1,708	1,767	3.5%
EBITDA margin (%)	34.7%	34.0%	33.1%	

(US$ Million, except ratios)

Particulars	Qtr ended 31-03-15	Qtr ended 31-12-15	Qtr ended 31-03-16	Q-on-Q Growth (%)
Total revenue	868	801	893	11.5%
Net revenue	718	666	723	8.5%
EBITDA	294	273	296	8.5%
Cash profit from operations	187	164	213	29.7%
Profit before tax	40	35	(11)	-
Net profit	32	26	27	3.3%
EBITDA margin (%)	*33.8%*	34.0%	33.1%	

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

3.2. Summarized Consolidated Balance Sheet

(Rs Million, except ratios)

Particulars	As at 31-12-15	As at 31-03-16
Assets		
Net fixed assets, including capital work-in-progress	667,862	712,301
Investments	926	931
Total current assets (excluding cash & cash equivalents)	226,177	229,042
Total assets	**894,965**	**942,274**
Liabilities and stockholders equity		
Total current liabilities and provisions	165,132	210,831
Net debt	404,791	413,621
Total liabilities	**569,923**	**624,452**
Stockholders equity (Net of Goodwill)	319,413	312,625
Minority interest	5,629	5,197
Total liabilities and stockholders equity	**894,965**	**942,274**
Net debt to stockholders equity (x)	*1.27*	*1.32*
Book value per equity share (Rs)	*131*	*128*

(US$ Million)

Particulars	As at 31-12-15	As at 31-03-16
Assets		
Net fixed assets, including capital work-in-progress	10,095	10,751
Investments	14	14
Total current assets (excluding cash & cash equivalents)	3,418	3,457
Total assets	**13,528**	**14,222**
Liabilities and stockholders equity		
Total current liabilities and provisions	2,496	3,182
Net debt	6,119	6,243
Total liabilities	**8,615**	**9,425**
Stockholders equity (Net of Goodwill)	4,828	4,719
Minority interest	85	78
Total liabilities and stockholders equity	**13,528**	**14,222**

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

3.3. Summarized Statement of Operations by Segment

3.3.1. India Operations

(Rs Million, except ratios)

Particulars	Qtr ended 31-03-15	Qtr ended 31-12-15	Qtr ended 31-03-16	Q-on-Q Growth (%)
Gross Revenue	49,065	46,505	52,274	12.4%
Net Revenue	39,478	37,614	40,988	9.0%
EBITDA	17,132	16,201	17,595	8.6%
EBIT	7,156	8,052	6,042	-25.0%
EBITDA margin %	34.9%	34.8%	33.7%	
EBIT margin %	14.6%	17.3%	11.6%	

3.3.2. Global Operations

(Rs Million, except ratios)

Particulars	Qtr ended 31-03-15	Qtr ended 31-12-15	Qtr ended 31-03-16	Q-on-Q Growth (%)
Gross Revenue	12,944	11,059	12,419	12.3%
EBITDA	2,632	1,832	1,992	8.8%
EBIT	2,659	1,079	961	-11.0%
EBITDA margin %	20.3%	16.6%	16.0%	
EBIT margin %	20.5%	9.8%	7.7%	

Note: "Net revenue" in 3.3.1 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 31-03-15	Qtr ended 31-12-15	Qtr ended 31-03-16	Q-on-Q Growth (%)
Telecom Revenue				
–Voice	35,920	32,855	33,084	0.7%
–Non Voice	12,110	12,569	15,388	22.4%
Others	1,035	1,081	3,802	251.7%
Total	**49,065**	46,505	52,274	12.4%

3.4.2. Global Operations

(Rs Million, except ratios)

Particulars	Qtr ended 31-03-15	Qtr ended 31-12-15	Qtr ended 31-03-16	Q-on-Q Growth (%)
Data	7,771	6,698	7,222	7.8%
Voice	5,173	4,361	5,197	19.2%
Total	**12,944**	11,059	12,419	12.3%

3.5. Contribution to Revenue by Segment

(Rs Million, except ratios)

Segment	Qtr ended 31-03-15		Qtr ended 31-12-15		Qtr ended 31-03-16	
	Revenue	% of total	Revenue	% of total	Revenue	% of total
India Operations	49,065	79%	46,505	81%	52,274	81%
Global Operations	12,944	21%	11,059	19%	12,419	19%
Sub Total	**62,009**	**100%**	**57,564**	**100%**	**64,693**	**100%**
Less: Eliminations	(4,975)		(4,581)		(5,504)	
Total	**57,034**		**52,983**		**59,189**	

3.6. Contribution to EBITDA by Segment

(Rs Million, except ratios)

Segment	Qtr ended 31-03-15		Qtr ended 31-12-15		Qtr ended 31-03-16	
	Revenue	% of total	Revenue	% of total	Revenue	% of total
India Operations	17,132	87%	16,201	90%	17,595	90%
Global Operations	2,632	13%	1,832	10%	1,992	10%
Sub Total	**19,764**	**100%**	**18,033**	**100%**	**19,587**	**100%**
Less: Eliminations	-		-		-	
Total	**19,764**		**18,033**		**19,587**	

3.7. Investment in Projects by Segment

(Rs Million, except ratios)

Segment	Cumulative to 31-03-16		Qtr ended 31-03-16	
	Amount	% of total	Amount	% of total
India Operations	960,487	87%	63,701	99%
Global Operations	139,599	13%	525	1%
Total	**1,100,086**	**100%**	**64,226**	**100%**

4. Key Performance Indicators

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

Metric	Unit	Qtr ended 31-03-15	Qtr ended 31-12-15	Qtr ended 31-03-16
Voice				
Total customer base	Mn	110.7	102.1	103.6
Net adds	Mn	3.2	(9.5)	1.5
VLR	%	97.6	90.8	90.0
Pre-paid % of customer base	%	96.4	96.0	95.8
Churn	%	2.8	6.7	3.8
Total Minutes of Usage	Bn mins	108.1	100.4	101.6
ARPU	Rs/Sub	147	142	157
Revenue per minute	Rs/Sub	0.444	0.452	0.477
Voice ARPU	Rs/Sub	110	103	107
Voice Usage per customer/ month	Min/Sub	330	313	329
Voice revenue per minute	Rs/min	0.332	0.327	0.326
Total NLD minutes	Mn Mins	15,328	15,569	16,700
Total ILD minutes	Mn Mins	5,062	5,075	5,127
Data				
Total data customers *	Mn	33.7	38.8	38.9
3G customers #	Mn	17.4	23.1	24.2
Total data traffic	Mn MBs	87,211	103,180	104,743
Data usage per customer	MBs	893	905	899
Non-Voice as % of Telecom revenue	%	25.2	27.7	31.8
Network Statistics				
Service areas operational	Nos	22	22	22
Total sites on network**	Nos	86,792	76,194	76,194
Total 3G sites	Nos	11,659	11,995	12,265

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

** In addition, around 40,000 sites provide additional coverage through ICR arrangements with other operators.

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

5. Basis of Presentation of Financial Statements

5.1. Reporting Periods

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

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 March 31, 2016 as per Indian GAAP. An explanation of the basis of presentation is set out in Section 5. Previous quarter's figures have been re-grouped, re-arranged and re-classified wherever necessary.

6.1. Consolidated Results of Operations

(Rs. Million, except ratios)

Particulars	Qtr ended 31-03-15	Qtr ended 31-12-15	Qtr ended 31-03-16
Total revenues	**57,034**	**52,983**	**59,189**
Services and sales	57,034	52,983	59,189
Total operating expenses	**37,270**	**34,950**	**39,602**
Access charges and license fees	9,591	8,909	11,293
Network operations	17,268	16,832	17,858
Employees	2,391	2,891	3,013
SG&A	8,020	6,318	7,438
EBITDA	**19,764**	**18,033**	**19,587**
Finance charges (net)	6,664	6,813	7,727
Depreciation / amortization	9,952	8,897	12,594
Profit before tax	**3,148**	**2,323**	**(734)**
Provision for tax (including Deferred tax)	3,057	344	(2,270)
Net profit after tax (before adjustment of share of Minority Interest/ Associates)	**91**	**1,979**	**1,536**
Share of Minority and associates	(2,184)	271	(232)
Net profit after tax (after adjustment of share of Minority Interest/ Associates)	**2,275**	**1,708**	**1,767**
Ratios			
EBITDA margin (%)	34.7%	34.0%	33.1%
Net profit margin (%)	4.0%	3.2%	3.0%

6.2. Consolidated Balance Sheet

(Rs. Million)

Particulars	As at 31-12-15	As at 31-03-16
ASSETS		
Current assets		
Inventories	3,034	2,076
Debtors	50,259	38,442
Other current assets	28,380	26,877
Loans and advances	144,504	158,534
Total current assets (excluding cash and cash equivalents)	**226,177**	**225,929**
Fixed assets		
Gross block	1,163,670	1,171,181
Less: Depreciation	554,403	572,419
Net block	**609,267**	**598,762**
Capital work-in-progress	58,595	113,539
Total fixed assets	**667,862**	**712,301**
Investments	926	931
Deferred Tax Asset (net)	-	3,113
Total assets	**894,965**	**942,274**
LIABILITIES AND STOCKHOLDERS EQUITY		
Stockholders' equity		
Share capital	12,441	12,441
Reserves and surplus (net of Goodwill)	306,972	300,184
Total Stockholders' equity	**319,413**	**312,625**
Minority interest	5,629	5,197
Current liabilities and provisions		
Current liabilities *	149,725	195,658
Provisions	15,407	15,173
Total current liabilities and provisions	**165,132**	**210,831**
Debt		
Foreign currency loans	253,608	241,412
Rupee loans	172,904	194,550
Gross debt	**426,512**	**435,962**
Less: Cash and cash equivalents including investments	21,721	22,341
Net debt	**404,791**	**413,621**
Total liabilities and Stockholders' equity	**894,965**	**942,274**

* Current Liabilities includes Deferred Payment Liabilities of Rs. 32,950 million.

6.3. Consolidated Statement of Cash Flows

(Rs. Million)

Particulars		Qtr ended 31-12-15	Qtr ended 31-03-16
Cash flows from operating activities:			
Net profit/(loss) before tax	A	2,323	(734)
Add: Non cash/non operating items	B	**15,708**	**17,923**
Depreciation and amortization		8,895	12,587
Provision for doubtful debts		191	730
Finance charges (net)		6,628	6,816
(Profit)/loss on sale of investments		(5)	(2,210)
Cash generated from operations before working capital changes	A+B	**18,032**	**17,189**
(Increase)/decrease in working capital		(9,715)	81,933
Cash generated from operations		**8,317**	**99,122**
Tax paid		(988)	497
Net cash provided/used by/in operating activities	C	**7,329**	**99,619**
Cash flows from investing activities:			
(Purchase)/sale of property, plant, and equipment (net)		(8,374)	(99,473)
(Purchase)/sale of investments (net)		57	22
Interest income / (expense) (net)		(6,023)	(11,758)
Net cash provided/used by/in investing activities	D	**(14,340)**	**(111,209)**
Cash flows from financing activities:			
Net cash provided/used by/in financing activities	E	3,840	**12,210**
Cash and cash equivalents:			
Beginning of the period	F	24,892	21,721
End of the period	C+D+E+F	**21,721**	**22,341**

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 2013.

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, Fixture and Office Equipment	5-10
Vehicles	5

7.2.5. Impairment of Assets

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

7.2.6. Investments

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

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

7.2.7. Inventories

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

7.2.8. Employee Retirement Benefits

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

7.2.9. Borrowing Cost

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

7.2.10. Foreign Currency Transactions

- Transactions denominated in foreign currencies are normally recorded at the exchange rates prevailing at the time of the transaction.
- Monetary items denominated in foreign currencies at the yearend are restated at year end rates. In case of monetary items, which are covered by forward exchange contracts, the difference between the yearend rate and the rate on the date of the contract is recognized as exchange difference and the premium paid on forward contracts has been recognized over the life of the contract.
- Non monetary foreign currency items are carried at cost.
- All long term foreign currency monetary items consisting of loans which relate to acquisition of depreciable capital assets at the end of the period/ year have been restated at the rate prevailing at the Balance Sheet date. The exchange difference arising as a result has been added or deducted from the cost of the assets as per the notification issued by the Ministry of Company Affairs (MCA) dated 29th December, 2011 and 9th August 2012, and depreciated over remaining life of the capital asset. Exchange difference on other long term foreign currency loans is accumulated in “Foreign Currency Monetary item Translation Difference account” which will be amortized over the balance period of loans.
- Any income or expense on account of currency exchange difference, either on settlement or on translation, is recognized in the profit and loss account. 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 in 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 other operating income.

7.2.16. Provisions, Contingent Liabilities and Contingent Assets

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

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

1. Figures of the previous period have been regrouped and reclassified, wherever required

2. Pursuant to the Scheme of Arrangement ("the Scheme") sanctioned by the Hon'ble High Court of Judicature at Bombay, variation on account of changes in exchange rates including amortisation of the balance in “Foreign Currency Monetary Item Translation Difference Account (FCMITDA)” and depreciation consequent to addition of exchange differences to the cost of capitalised assets aggregating to ₹ 231 crore and ₹ 971 crore during the quarter and year ended March 31, 2016 respectively, have been withdrawn from General Reserve. The Company has, as permitted under the said Schemes, adjusted additional depreciation and amortization of ₹ 295 crore and ₹ 1,190 crore, arising on fair value of the assets, for the quarter and year ended March 31, 2016 respectively, by withdrawing an equivalent amount from General Reserve.

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 at least one revenue generating call or data usage of more than one Mb in one month.

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

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