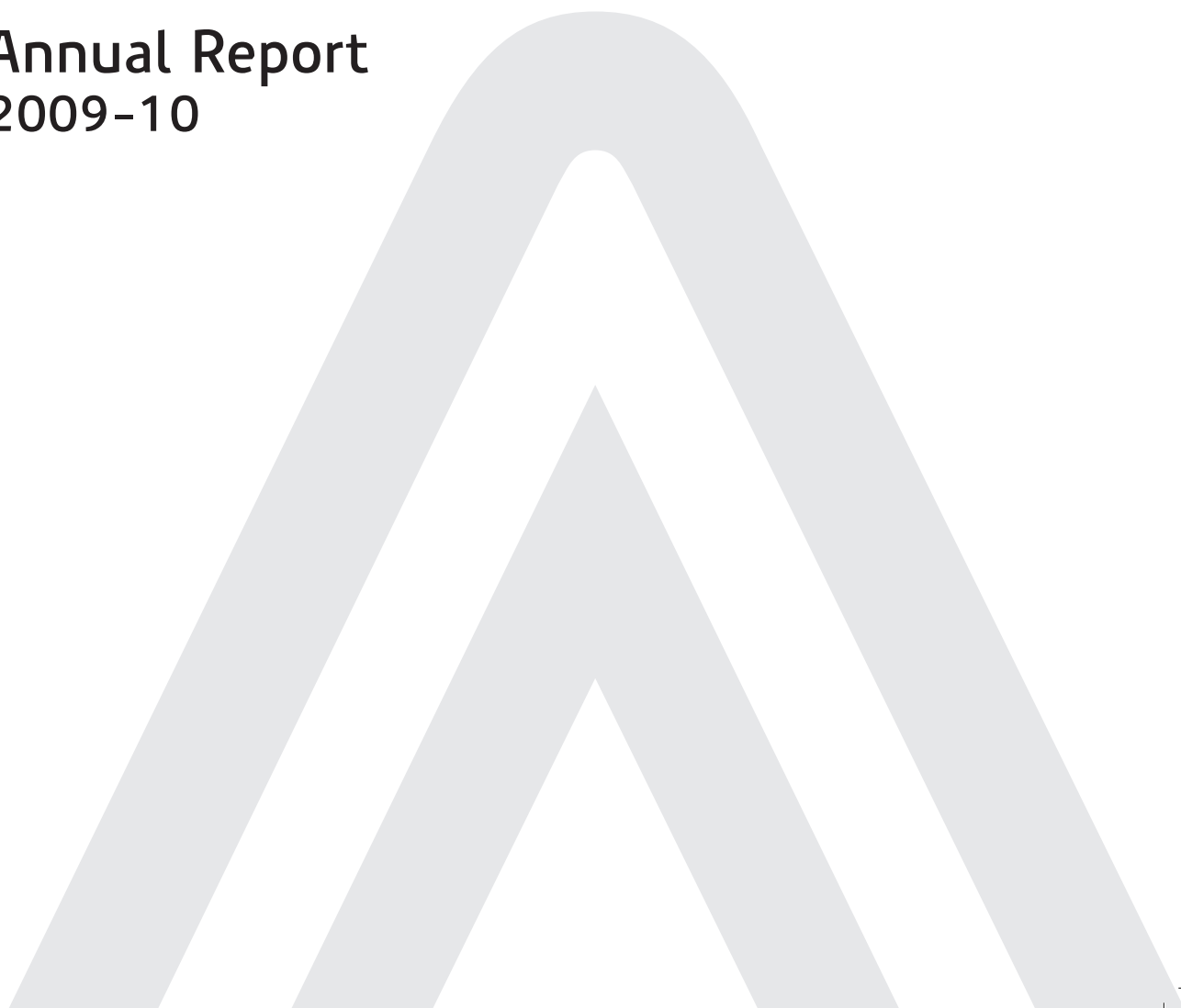


**Annual Report  
2009-10**





## **Dhirubhai H. Ambani**

(28th December, 1932 - 6th July, 2002)

Reliance Group - Founder and Visionary

## Profile

Reliance Communications Limited is the flagship Company of Reliance Anil Dhirubhai Ambani Group, India's third largest business house.

Reliance Communications is India's foremost and truly integrated telecommunications service provider. The Company, with a customer base of 109 million including over 2.5 million individual overseas retail customers, ranks among the Top 4 Telecom companies in the world by number of customers in a single country. Reliance Communications corporate clientele includes 2,100 Indian and multinational corporations, and over 800 global, regional and domestic carriers.

Reliance Communications has established a pan-India, next generation, integrated (wireless and wireline), convergent (voice, data and video) digital network that is capable of supporting best-of-class services spanning the entire communications value chain, covering over 24,000 towns and 600,000 villages.

Reliance Communications owns and operates the world's largest next generation IP enabled connectivity infrastructure, comprising over 2,77,000 kilometers of fibre optic cable systems in India, USA, Europe, Middle East and the Asia Pacific region.

## Mission: Excellence in Communication Arena

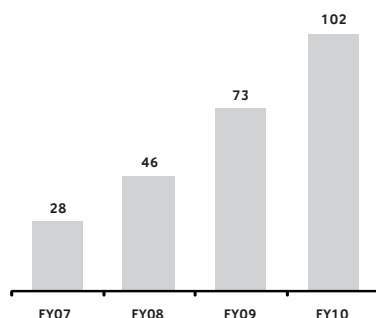
- To attain global best practices and become a world-class communication service provider – guided by its purpose to move towards greater degree of sophistication and maturity.
- To work with vigour, dedication and innovation to achieve excellence in service, quality, reliability, safety and customer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

*This Report is printed on environmental friendly paper.*

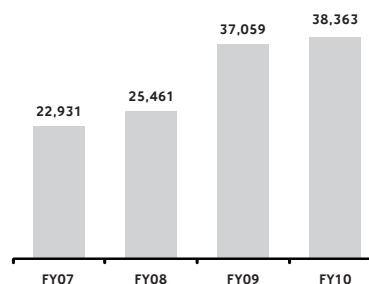
# Reliance Communications Limited

## Highlights – at a glance

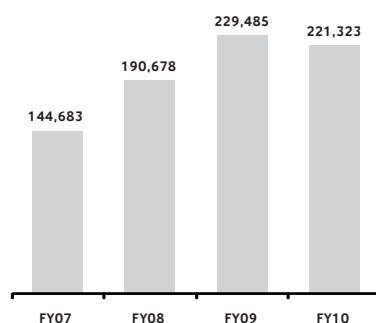
**Subscribers (in Mn)**



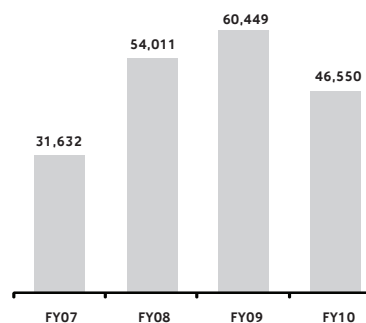
**Net Worth (Rs. Cr)**



**Revenue (Rs. Mn)**



**Net Profit (Rs. Mn)**



## Business Mix

### Wireless

- Mobile (CDMA & GSM)
- VAS (Mobile World)
- Wireless Data
- Fixed Wireless
- Public Access Business

### Telecom Infrastructure

- Multi tenancy towers
- Pan-India coverage
- Backhaul
- Support systems
- 3G Compliant

### Globalcom

- Submarine cable
- Ethernet Data services
- Global Managed Network Services
- Long Distance (NLD/ILD)
- Global Call

**RELIANCE**  
Communications

Anil Dhirubhai Ambani Group

### Enterprise

- Internet Data Center
- Broadband
- Leased Line
- Office Centrex
- MPLS & VPN
- WiMax

### Home

- DTH
- IPTV

### Other businesses

#### Tech Services

- Leveraging Internal IT Development Capabilities

#### BPO

- Expertise in Telecom BFSI, Utilities & Media

#### Retail

- Reliance World
- Reliance Mobile Store

## Reliance Communications Limited

## Board of Directors

Shri Anil Dhirubhai Ambani – Chairman  
Prof. J. Ramachandran  
Shri S. P. Talwar  
Shri Deepak Shourie  
Shri A. K. Purwar

## President, Company Secretary and Manager

Shri Hasit Shukla

## Auditors

M/s. Chaturvedi & Shah  
M/s. B S R & Co.

## Registered Office

H Block, 1st Floor  
Dhirubhai Ambani Knowledge City  
Navi Mumbai 400 710  
Maharashtra, India

**Registrar and Transfer Agent**

**Karvy Computershare Private Limited**  
Madhura Estate, Municipal No. 1-9/13/C  
Plot No. 13 & 13C, Madhapur Village  
Hyderabad – 500 081  
Andhra Pradesh, India  
Website: [www.karvy.com](http://www.karvy.com)

## Investor Helpdesk

Toll free no. (India) : 1 800 4250 999  
Telephone no. : +91 40 4433 8100  
+91 40 4030 8000  
Fax no. : +91 40 2342 0859  
Email : rcom@karvy.com

Post your request:  
<http://kcpl.karvy.com/adag>

## Contents

## Page No.

Letter to Shareowners .....	6
Notice of Annual General Meeting.....	8
Directors' Report .....	12
Management Discussion and Analysis.....	16
Auditors' Certificate on Corporate Governance .....	27
Corporate Governance Report.....	28
Investor Information .....	38
Auditors' Report .....	45
Balance Sheet .....	48
Profit and Loss Account.....	49
Schedule Forming Part of Balance Sheet and Profit and Loss Account.....	50
Notes to the Financial Statements .....	67
Cash Flow Statement .....	82
Financial Information of Subsidiary Companies.....	84
Auditors' Report on the Consolidated Financial Statements.....	88
Consolidated Balance Sheet .....	90
Consolidated Profit and Loss Account .....	91
Schedule Forming Part of Consolidated Balance Sheet and Profit and Loss Account.....	92
Notes to the Consolidated Financial Statements.....	109
Consolidated Cash Flow Statement.....	123

Sixth Annual General Meeting on Tuesday, September 28, 2010 at 2.00 p.m. or soon after conclusion of the annual general meeting of Reliance Capital Limited convened on the same day, whichever is later, at Birla Matushri Sabhagar, 19, Sir Vithaldas Thackersey Marg, New Marine Lines, Mumbai 400 020

The Annual Report can be accessed at [www.rcom.co.in](http://www.rcom.co.in)

# Reliance Communications Limited

## Letter to Shareowners



**"We are not just about scale and size;  
we are also about the pursuit of excellence,  
the integrity of our values and the quality of our services."**

– Anil Dhirubhai Ambani

My dear fellow Shareowners,

Reliance Communications has had a year of creditable performance where we crossed the historic 100 million wireless subscribers mark, consolidating our position as the 2nd largest wireless operator in the country.

With a customer base of 109 million, Reliance Communications has entered the prestigious league of being one of the only 4 telecom operators in the world to have more than 100 million subscribers in a single country.

We have completed this feat in less than 7 years of launching our pan-India mobile services and within only 2 years of launching pan-India GSM services – the fastest ever ramp-up of mobile customers anywhere in the world. We are now closer than ever to achieve our goal of becoming one of the world's leading Telecom service providers across the entire value chain of telecom businesses.

Over the past year, we have launched several path-breaking initiatives, leading to new revenue streams that compensate for the expected decline in ARPU as more and more customers, including those less affluent, take up mobile services. We look forward to strengthening our leadership in data services in addition to driving to a leadership position in voice services. Our business strategy has been based on aligning ourselves to the changing dynamics of technology, while providing our subscribers with cost effective and innovative services, accompanied by simplicity and transparency in tariffs.

Reliance Communications, through its wholly owned subsidiary company, has won 3G spectrum for 13 key Circles in the auction recently completed by the Department of Telecommunications, Govt. of India. 3G telecom services will provide our customers faster connectivity and offer a host of applications like mobile TV, video-on-demand, video calls and high-speed internet access. Our win of 13 3G circles, the highest number of circles won by any operator in the auction, maximises our Company's 3G coverage on a much more conservative spend. Today, our Company is the only operator in India that has both the highest 13 circle coverage in 3G as well as having pan India 3G-like capability in CDMA.

### Performance review

The financial year 2010 has been one of the most challenging years for the telecom sector. Over the past financial year, the entire telecom sector was faced with growing pressure on revenues and margins on account of intensifying competition in the Indian telecom sector.

The key financial highlights on a consolidated basis are:

- Total income of Rs. 22,132 crore (US\$ 4,903 million), as against Rs. 22,948 crore (US\$ 4,525 million) in the previous financial year.

- Cash Profit of Rs. 8,524 crore (US\$ 1,888 million), against Rs. 9,856 crore (US\$ 1,943 million) in the corresponding period last year.
- Net profit of Rs. 4,655 crore (US\$ 1,031 million), against Rs. 6,045 crore (US\$ 1,192 million) in the previous financial year.
- Cash Earnings Per Share (Cash EPS) of Rs. 41.30 (US\$ 0.91), against Rs. 47.75 (US\$ 0.94) in the previous year and Basic Earnings Per Share (EPS) of Rs. 22.55 (US\$ 0.50), against Rs. 29.29 (US\$ 0.58) in the previous financial year.
- Net Worth of Rs. 38,363 crore (US\$ 8,499 million), keeping Reliance Communications amongst the top Indian private sector companies.

### Growth platform

Reliance Communications has established a pan-India, next generation, integrated (wireless and wireline), convergent (voice, data and video) digital network that is capable of supporting best-of-class services spanning the entire communications value chain, covering over 24,000 towns and 600,000 villages.

- Our customer base exceeds 109 million (including over 2.5 million overseas retail customers and 2.4 million BigTV DTH customers).
- We rank among the top four telecom companies in the world, by number of customers in a single country.
- Our corporate clientele includes 2,100 Indian and multinational corporations, and over 800 global, regional and domestic carriers. Our enterprise customers include 850 of the top 1000 enterprises in India.
- We have the largest portfolio of multi-tenancy towers offering integrated infrastructure solutions.
- We operate the world's largest submarine cable network with a presence in over 60 countries.
- We are a one-stop-shop across the entire range of enterprise connectivity solutions.
- We have captured about 12% of the DTH market in India within a short span of launch – achieved by the fastest ramp-up ever by any DTH operator in the world.

### Transformational initiatives

- We are discussing an agreement with GTL Infrastructure Limited on a transformational proposal to restructure the passive infrastructure business carried on through Reliance Infratel Limited, a subsidiary of the Company, by de-merging this business, excluding the optic fibre network. This transaction will create the world's largest independent telecom infrastructure company with over 80,000 towers and 1,25,000 tenancies from nearly a dozen telecom

## Letter to Shareowners

operators. Upon completion, the Company will derive huge benefits from the transaction by way of reduction of consolidated debt, improvement in leveraging ratios and enhanced financial flexibility.

- We have also agreed to acquire Digicable, India's No.1 Cable TV Service Provider. The deal will create India's largest and the world's fifth largest entity offering the full-suite of Triple Play services viz. Digital TV, High-Speed Broadband and Voice services.

Both the above transactions are expected to be concluded during the current year, subject to requisite approvals as may be necessary.

### Segments

#### 1) Wireless

We are among India's top two operators with over 105 million wireless subscribers across a comprehensive portfolio of services, including mobile, PCO, fixed wireless and data card segments. During the year, we saw our minutes of usage increase from 277 billion to 350 billion, a rise of 26% as compared to last year.

We have been at the forefront of innovation in the wireless sector:

- Effectively broken the clutter of tariffs by introducing the Simply Reliance plan.
- Spearheaded the wireless broadband revolution with our market-leading high speed data-card offering.
- Leading the national roll out of 3G services, which will see another wave of growth opportunities.
- Unique world class infrastructure network spread across the country giving us a strong platform to launch our 3G services in very short time.

#### 2) Global

We are market leaders across different segments, having the largest private sub-sea cable in the world and the largest NLD network in India. To sustain our leadership, we have joined the consortium of US\$400 million, 8,300 km, 17 Tbps design capacity Singapore - Hong Kong - Japan (SJC) cable system. The SJC cable system is expected to be completed by third quarter of 2011. This will give us the capability and reach to provide voice, internet and data services to our customers in the South East Asian markets of Indonesia, Singapore and the Philippines.

Our Next Generation cable "Hawk" in the Mediterranean between Middle East and Europe remains on track for completion by the end of the ongoing financial year.

#### 3) Enterprise Broadband

Currently, we operate in almost 50 cities of India with over 1 million buildings connected directly to our network. In all, we serve nearly 1.5 million access lines. Over 850 of the top 1,000 companies in India are our customers.

We have augmented our building connectivity programme through the deployment of WiMAX 802.16 IEEE standards technology.

We have one of the largest Internet Data Center (IDC) capacities occupying more than 400,000 sq ft in India, across 9 data centers with a market share of more than 60%.

#### 4) Home

Our Home business currently comprises Direct to Home (DTH) services targeting one of the largest and fastest growing markets for pay television services in the world.

We have commenced the roll-out of India's first High Definition set-top box with Digital Live TV Recording capabilities. Reliance Big TV is rolling out its HD DVR set-top box across top 100 cities in India.

### Corporate Governance

Our Company is a proud member of the Reliance Anil Dhirubhai Ambani Group. We have adopted the Group's Corporate Governance Policies and Code of Conduct. These guidelines prescribe a set of systems, processes and principles that conform to the best global standards and are aimed at promoting the interests of all our stakeholders.

### Social Commitment

We have undertaken several important initiatives and measures in the area of education, green environment and healthcare, signifying our continued and long-standing commitment to social and community welfare.

### Our Commitment

At Reliance Communications, we have always derived inspiration from the vision of our legendary founder, Shri Dhirubhai Ambani, who wanted to bring the power of communication to every Indian by making calling on the phone cheaper than sending a postcard.

Seven years ago, we set about realising that dream by breaking the price barrier that had hitherto limited the reach of India's telecom sector to a privileged few. Today, we are breaking the barriers of remoteness by deploying the latest communications technology to bridge the digital divide, leapfrogging every part of rural India into the national economic mainstream - while remaining true to our founder's commitment about the fundamental affordability of our services.

In one word, we are laying the foundation, in less than a decade, for a second wave of fundamental change, India's second telecom revolution...

  
**Anil Dhirubhai Ambani**  
Chairman

# Reliance Communications Limited

## Notice

Notice is hereby given that the Sixth Annual General Meeting of the Members of **Reliance Communications Limited** will be held on Tuesday, the 28th day of September, 2010 at 2.00 p.m. or soon after conclusion of the annual general meeting of Reliance Capital Limited convened on the same day, whichever is later, at Birla Matushri Sabhagar, 19, Sir Vithaldas Thackersey Marg, New Marine Lines, Mumbai 400 020, to transact the following business:

### Ordinary Business:

1. To consider and adopt the audited Balance Sheet as at 31st March, 2010, the Profit and Loss Account for the financial year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To declare dividend on equity shares.
3. To appoint a Director in place of Shri Deepak Shourie, who retires by rotation and being eligible, offers himself for re-appointment.

4. To appoint Auditors and to fix their remuneration and in this regard, to consider and, if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT M/s. Chaturvedi & Shah, Chartered Accountants (Firm Registration No. 101720W) and M/s. B S R & Co., Chartered Accountants (Firm Registration No. 101248W), be and are hereby appointed as the Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company, on such remuneration as shall be fixed by the Board of Directors."

### Special Business:

5. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

- a) "RESOLVED THAT pursuant to Section 81(1A) and all other applicable provisions of the Companies Act, 1956 (Act) (including any statutory modification or re-enactment thereof, for the time being in force) and enabling provisions of the Memorandum and Articles of Association of the Company, the Listing Agreements entered into with the Stock Exchanges and subject to the provisions of Chapter VIII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 ("SEBI ICDR"), the provisions of the Foreign Exchange Management Act, 1999 and the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, applicable rules, regulations, guidelines or laws and/or any approval(s), consent(s), permission(s) or sanction(s) of the Central Government, Reserve Bank of India and any other appropriate authorities, institutions or bodies (hereinafter collectively referred to as the "appropriate authorities"), and subject to such conditions as may be prescribed by any one of them while granting any such approval(s), consent(s), permission(s) and/or sanction(s) (hereinafter referred to as the "requisite approvals"), which may be agreed to by the Board of Directors of the Company (hereinafter called the "Board" which term shall be deemed to include any committee which the Board may have constituted or hereinafter constitute to exercise its powers including the power conferred by this resolution), the Board be and is hereby authorised to issue, offer and allot equity shares/fully convertible debentures/partly convertible debentures/non convertible debentures with warrants/any other securities (other than warrants), which are convertible into or exchangeable with equity shares on such date as may be determined by the Board

but not later than 60 months from the date of allotment (collectively referred to as "QIP Securities" or "Securities"), to the Qualified Institutional Buyers (QIBs) as per the SEBI ICDR, whether or not such QIBs are Members of the Company, on the basis of placement document(s), at such time or times in one or more tranche or tranches, at par or at such price or prices, and on such terms and conditions and in such manner as the Board may, in its absolute discretion determine, in consultation with the Lead Managers, Advisors or other intermediaries, provided however that the aggregate amount raised by issue of QIP Securities as above shall not result in increase of the issued and subscribed equity share capital of the Company by more than 15% of the then issued and subscribed equity shares of the Company.

- b) RESOLVED FURTHER THAT the relevant date for the determination of applicable price for the issue of the QIP Securities shall be the date on which the Board of the Company decide to open the proposed issue, or the date on which the holder of the securities which are convertible into or exchangeable with equity shares at a later date becomes entitled to apply for the said shares, as the case may be ("Relevant Date").
- c) RESOLVED FURTHER THAT the Board be and is hereby authorised to issue and allot such number of equity shares as may be required to be issued and allotted upon conversion of any Securities referred to in paragraph (a) above or as may be necessary in accordance with the terms of the offering, all such shares being pari passu with the then existing shares of the Company in all respects, as may be provided under the terms of the issue and in the offering document.
- d) RESOLVED FURTHER THAT such of these Securities to be issued as are not subscribed may be disposed of by the Board to such persons and in such manner and on such terms as the Board in its absolute discretion thinks fit in accordance with the provisions of law.
- e) RESOLVED FURTHER THAT the issue to the holders of the Securities with equity shares underlying such Securities shall be inter alia, subject to suitable adjustment in the number of shares, the price and the time period etc., in the event of any change in the equity capital structure of the Company consequent upon any merger, amalgamation, takeover or any other re-organisation or restructuring in the Company.
- f) RESOLVED FURTHER THAT for the purpose of giving effect to any issue or allotment of Securities or instruments representing the same, as described in paragraph (a) above, the Board be and is hereby authorised on behalf of the Company to do all such acts, deeds, matters and things as it may at its absolute discretion, deem necessary or desirable for such purpose, including without limitation the entering into of underwriting, marketing and institution/trustees/agents and similar agreements/and to remunerate the Managers, underwriters and all other agencies/intermediaries by way of commission, brokerage, fees and the like as may be involved or connected in such offerings of Securities, with power on behalf of the Company to settle any questions, difficulties or doubts that may arise in regard to any such issue or allotment as it may in its absolute discretion deem fit.
- g) RESOLVED FURTHER THAT for the purpose aforesaid, the Board be and is hereby authorised to settle all questions, difficulties or doubts that may arise in regard to the issue, offer or allotment of Securities and utilisation of the



## Notice

- issue proceeds including but without limitation to the creation of such mortgage/hypothecation/charge on the Company's assets under Section 293(1)(a) of the said Act in respect of the aforesaid Securities either on pari passu basis or otherwise or in the borrowing of loans as it may in its absolute discretion deem fit without being required to seek any further consent or approval of the Members or otherwise to the end and intent that the Members shall be deemed to have given their approval thereto expressly by the authority of this resolution.
- h) RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate all or any of the powers herein conferred to any Committee of Directors or any other Officer(s)/Authorised Representative(s) of the Company to give effect to the aforesaid resolution."
6. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:
- "RESOLVED THAT pursuant to Sections 198, 309, 310 and all other applicable provisions, if any, of the Companies Act, 1956 (Act) (including any statutory modification or re-enactment thereof, for the time being in force) and subject to all permissions, sanctions and approvals as may be necessary, approval of the Company be and is hereby accorded for the payment of commission upto 3% of the net profits of the Company, every year, computed in the manner specified in the Act, to the Director(s) of the Company who is/are neither in the whole time employment nor managing director(s), in accordance with the provisions of Section 309(4) of the Act, for a period of 5 (five) years from the financial year commencing 1st April, 2011, in such manner and upto such extent as the Board and/or Nomination/Remuneration Committee of the Board may, from time to time, determine.
- RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board and/or Nomination/Remuneration Committee constituted by the Board be and are hereby authorised to take all actions and do all such acts, deeds, matters and things, as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in this regard."
7. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:
- "RESOLVED THAT in accordance with the provisions of Sections 198, 269, 387 read with Schedule XIII and all other applicable provisions, if any of the Companies Act, 1956 (Act) (including any statutory modification or re-enactment thereof, for the time being in force), and subject to all such sanctions, as may be necessary, the consent of the Company be and is hereby accorded to the re-appointment of Shri Hasit Shukla as the Manager of the Company for a period of 5 (five) years commencing from 8th February, 2011 on the terms and conditions including remuneration as set out in the Agreement to be entered into between the Company and Shri Hasit Shukla, a draft whereof was placed before this meeting which Agreement is hereby specifically sanctioned with liberty to the Board of Directors (hereinafter referred to as "Board" which term shall be deemed to include any Committee of the Board constituted to exercise its powers including powers conferred by this resolution) to alter and vary the terms and conditions including remuneration of the said re-appointment and/or Agreement, as may be agreed to between the Board and Shri Hasit Shukla, so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956 or any amendments thereto.
- RESOLVED FURTHER THAT in the event of loss or inadequacy of profits in any financial year during the currency of tenure of Shri Hasit Shukla, as Manager, the remuneration and perquisites set out as aforesaid be paid or granted to him as minimum remuneration and perquisites, provided that the total remuneration by way of salary, perquisites and other allowances shall not exceed the applicable ceiling limit in terms of Schedule XIII to the said Act as may be amended from time to time or any equivalent statutory re-enactment thereof for the time being in force.
- RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to do all acts, deeds, matters and things and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

By Order of the Board of Directors

**Hasit Shukla**  
President, Company Secretary and Manager

Registered Office:  
H Block, 1st Floor  
Dhirubhai Ambani Knowledge City  
Navi Mumbai 400 710  
15th May, 2010

## Notes

- A member entitled to attend and vote at the Annual General Meeting (the Meeting) is entitled to appoint a proxy to attend and vote on a poll, instead of herself/himself and the proxy need not be a Member of the Company. The instrument appointing proxy should, however, be deposited at the Registered Office of the Company not less than forty eight hours before the commencement of the Meeting.**
- Corporate Members are requested to send a duly certified copy of the Board Resolution authorising their representatives to attend and vote at the Meeting.
- Members/proxies should fill-in the attendance slip for attending the Meeting and bring their attendance slip alongwith their copy of the Annual Report to the Meeting.
- In case of joint holders attending the meeting, only such joint holder, who is higher in the order of names, will be entitled to vote.
- Members who hold share(s) in electronic form are requested to write their Client ID and DP ID numbers and those who hold share(s) in physical form are requested to write their folio number in the Attendance Slip for attending the Meeting to facilitate identification of membership at the Meeting.
- Relevant documents referred to in the accompanying Notice are open for inspection by the members at the Registered Office of the Company on all working days, except Saturday between 11.00 a.m. and 1.00 p.m. up to the date of the Meeting. The certificate from the Auditors of the Company in terms of the

# Reliance Communications Limited

## Notice

- SEBI (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 for the Company's ESOS Plans will be available for inspection at the Meeting.
7. a. The Company's Register of Members and Transfer Books will remain closed from Wednesday, the 15th September, 2010 to Tuesday, the 28th September, 2010 (both days inclusive) for determining the names of Members eligible for dividend, if approved, on equity shares for the year ended 31st March, 2010. In respect of shares held in electronic form, the dividend will be paid on the basis of particulars of beneficial ownership furnished by the depositories for this purpose.
  - b. The dividend on equity shares, as recommended by the Board of Directors, if declared at the meeting, will be paid after the meeting.
  - c. Members may please note that the dividend warrants shall be payable at par at the designated branches of the bank for an initial period of three months only. Thereafter, the dividend warrants on revalidation shall be payable only at limited centers/branches of the said bank. The members are therefore, advised to encash dividend warrants within the initial validity period.
8. Non-resident Indian Members are requested to inform Karvy Computershare Private Limited immediately on :
    - a. the change in the residential status on return to India for permanent settlement.
    - b. the particulars of the bank accounts maintained in India with complete name of Bank, branch, account type, account number and address of the bank, if not furnished earlier.
  9. Re-appointment of Director: At the ensuing Annual General Meeting, Shri Deepak Shourie, Director, retires by rotation and being eligible, offers himself for reappointment. The details pertaining to Shri Deepak Shourie as required to be provided pursuant to Clause 49 of the listing agreement are furnished in the Corporate Governance Report forming part of this Annual Report.
  10. Members are advised to refer to the section titled "Investor Information" provided in this Annual Report.
  11. Pursuant to Circular No. SEBI/CFD/DIL/LA/2/2007/26/4 dated 26th April, 2007, issued by the Securities and Exchange Board of India, the statement containing the salient features of Balance sheet, profit and loss account and auditors report (Abridged Financial Statements), is sent to the members, along with the Abridged Consolidated Financial Statements. Any member interested in obtaining a copy of the full Annual Report may write to the Registrar and Transfer Agent of the Company.
  12. An explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 relating to the Special Business to be transacted at the meeting is annexed hereto.

## Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 to the accompanying Notice dated 15th May, 2010.

### Item No. 5 Issue of equity shares to the Qualified Institutional Buyers.

The Company, in order to enhance its global competitiveness, and the ability to compete with the peer group in domestic and international markets, needs to strengthen its financial position and net worth by augmenting long term resources.

For this purpose and for general corporate purposes as may be decided by the Board from time to time, it is proposed to seek the enabling authorisation of the members of the Company to the Board of Directors (Board), without the need of any further approval from the Members, to undertake the Qualified Institutional Placement ("QIP") with the Qualified Institutional Buyers ("QIB"), in accordance with the provisions of Chapter VIII of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 ("SEBI ICDR"), as set out in the Resolution at item No. 5.

Pursuant to the above, the Board may, in one or more tranches, issue and allot equity shares/fully convertible debentures/partly convertible debentures/non convertible debentures with warrants/ any other securities (other than warrants), which are convertible into or exchangeable with equity shares on such date as may be determined by the Board but not later than 60 months from the date of allotment (collectively referred to as "QIP Securities" or "Securities").

The said QIP by the Board shall be subject to the provisions of the SEBI ICDR (as amended from time to time) including the pricing, which will not be less than the average of the weekly high and low of the closing prices of the related shares quoted on the stock exchanges during the two weeks preceding the Relevant Date. The Relevant Date for the determination of applicable price for the issue of the QIP Securities shall be the date of the meeting in which the Board of the Company decide to open the proposed issue or in case of securities which are convertible into or exchangeable with equity shares at a later date, the date on which the holder of such securities becomes entitled to apply for the said shares, as the case may be. For reasons aforesaid, an enabling resolution is therefore proposed to

be passed to give adequate flexibility and discretion to the Board to finalise the terms of the issue. The equity shares issued pursuant to the offering would be listed on the Indian stock exchanges.

The proposed issue of Securities as above may be made in one or more tranches such that the Securities to be issued shall not result in increasing the then issued and subscribed equity shares of the Company by more than 15% of the then issued and subscribed equity shares of the Company.

The Securities issued under QIP issue pursuant to offer may, if necessary, be secured by way of mortgage/hypothecation on the Company's assets as may be finalised by the Board of Directors in consultation with the Security Holders/Trustees in favour of Security Holders/Trustees for the holders of the said securities. As the documents to be executed between the security holders/trustees for the holders of the said securities and the Company may contain the power to take over the assets or undertaking or management of the Company in certain events, enabling approval is also sought under Section 293 (1) (a) of the Companies Act, 1956.

Section 81(1A) of the Companies Act, 1956 and Listing Agreement entered with the Stock Exchanges, provide, inter alia, that where it is proposed to increase the subscribed share capital of the Company by allotment of further shares, such further shares shall be offered to the persons who on the date of the offer are holders of the equity shares of the Company, in proportion to the capital paid-up on those shares as of that date unless the Members decide otherwise. The Special Resolution seeks the consent and authorisation of the Members to the Board of Directors to make the proposed issue of Securities, in consultation with the Lead Managers, Legal Advisors and other intermediaries and in the event it is decided to issue Securities convertible into equity shares, to issue to the holders of such convertible Securities in such manner and such number of equity shares on conversion as may be required to be issued in accordance with the terms of the issue, keeping in view the then prevailing market conditions and in accordance with the applicable provisions of rules, regulations or guidelines.