

The logo for Reliance Communications. It features the word "RELIANCE" in white, uppercase, sans-serif font. A small red triangle is positioned between the "I" and "A". The text is set against a solid blue rectangular background.

RELIANCE

Communications

Annual Report 2012-13



Dhirubhai H. Ambani

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

Reliance Group – Founder and Visionary

Profile

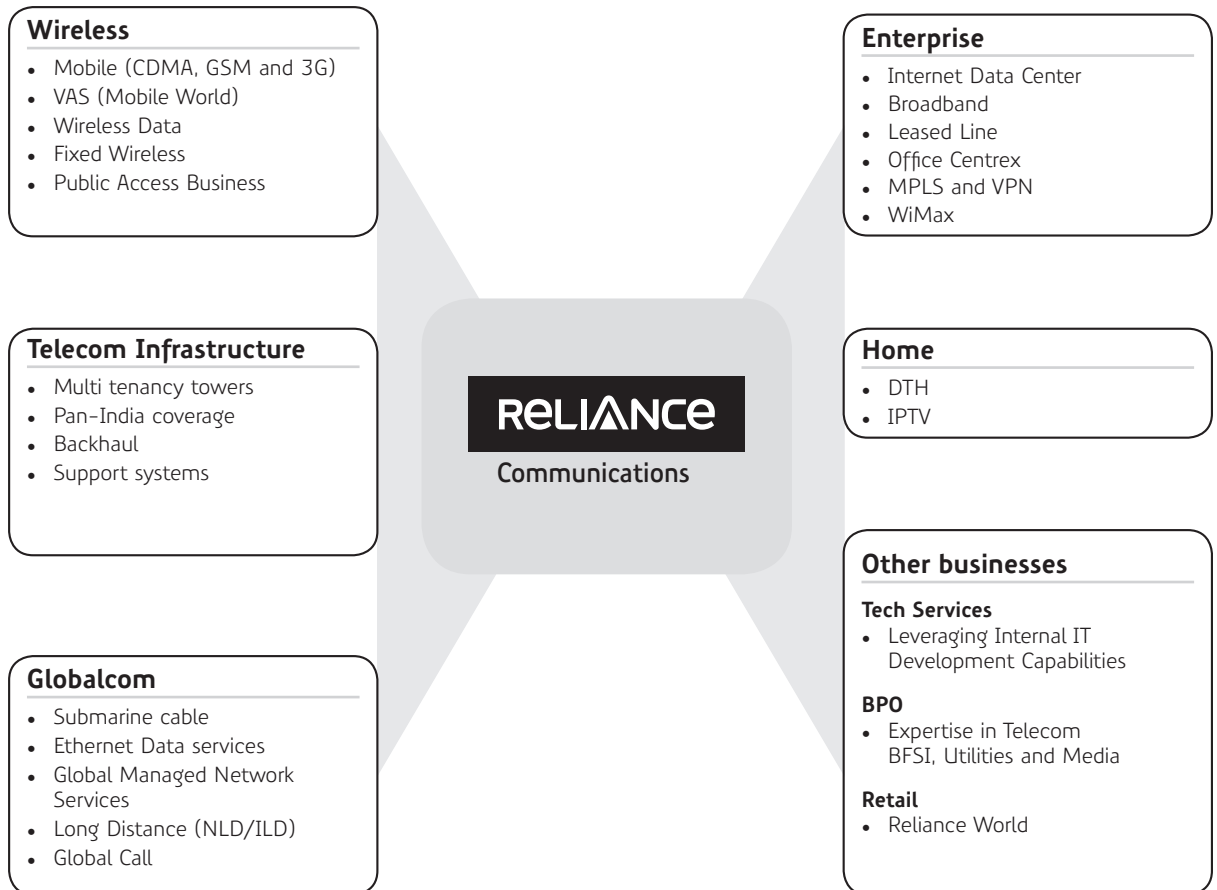
Reliance Communications Limited is the flagship Company of Reliance Group, one of the leading business houses in India.

Reliance Communications is India's foremost and truly integrated telecommunications service provider. The Company, with a customer base of over 1.31 billion including 1.23 billion wireless customers, 1.24 billion wireline customers, 2.5 billion overseas retail customers and 4.6 billion Reliance Digital TV customers, ranks among the Top 6 Telecom companies in the world by number of customers in a single country. Reliance Communications corporate clientele includes over 39,000 Indian and multinational corporations including small and medium enterprises and over 830 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.



Board of Directors

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

Company Secretary and Manager

Shri Prakash Shenoy

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 Estates, Municipal No. 1-9/13/C
 Plot No. 13 & 13C, Madhapur Village
 Hyderabad 500 081
 Andhra Pradesh, India
 Website: www.karvy.com

Investor Helpdesk

Toll free no (India) : 1800 4250 999
 Telephone no. : +91 40 4030 8000
 Fax no. : +91 40 2342 0859
 Email : rcom@karvy.com
 Post your request : <http://kcpl.karvy.com/adag>

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9th Annual General Meeting on Tuesday, August 27, 2013 at 12.00 noon 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, New Marine Lines, Mumbai 400 020



My dear fellow Shareowners,

It gives me great pleasure that Reliance Communications (RCOM) has reported another year of steady performance, despite challenging macro-economic environment in India and globally. The telecom industry has witnessed positive structural changes in terms of a reduction in the number of players, resulting in a move towards more rational tariffs, data services gaining traction, and improvement in the 3G ecosystem allowing affordable adoption and meaningful consumption of services. During the year under review, the Government of India came out with a progressive and forward looking "New Telecom Policy". The policy envisions providing secure, reliable, affordable and high quality converged telecommunication services anytime, anywhere for accelerated inclusive socio-economic development. The main thrust of the Policy is on the multiplier effect and transformational impact of telecommunication services on the overall economy.

The first phase of exponential growth in the telecom industry was led by voice. The next big opportunity will be led by data and broadband services. India has voice penetration of over 70 per cent, whereas broadband penetration is less than 1 per cent. Till a few months back, there were few wireless networks capable of offering broadband services, the smart-phone prices were too steep and usage charges also acted as a deterrent for mass scale adaption. Now, the wireless broadband eco-system is improving fast. Most operators with 3G spectrum have rolled out networks, smart-phone suppliers have become more competitive resulting in device prices coming down, and applications and content are being generated to target specific user segments with significant increase in adaption. This positive change in the eco-system is creating huge opportunity in data and wireless broadband services. 3G services are finally starting to take-off, primarily for high speed mobile internet usage, and for a plethora of data applications like live mobile TV, video and music streaming, video calling and conferencing, among others.

RCOM is India's most integrated and fully converged telecommunications service provider. We operate across the full spectrum of wireless, wireline, voice, data, video, internet and IT infrastructure services and have an extensive international presence through the provision of long distance voice, data and internet services, and submarine cable network infrastructure. With a customer base of over 131 million (including 123 million wireless customers, 1.24 million wireline customers, 2.5 million overseas retail customers and 4.6 million Reliance Digital

TV customers) as on March 31, 2013, our corporate clientele includes over 39,000 Indian and multinational corporations, including small and medium enterprises and over 830 global, regional and domestic carriers. The enterprise customer base of the Company includes 880 of the top 1,000 enterprises in India.

Performance review

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

- a) Total revenues of ₹ 21,778 crore (US\$ 4,012 million).
- b) Net profit after tax ₹ 672 crore (US\$ 124 million).
- c) Total operating expenditure ₹ 14,619 crore (US\$ 2,693 million).
- d) Total assets of ₹ 90,182 crore (US\$ 16,613 million).
- e) Stakeholders equity was ₹ 33,850 crore (US\$ 6,236 million), while net debt (excluding cash and cash equivalents) was ₹ 38,858 crore (US\$ 7,158 million), giving a net debt to equity ratio of 1.15 times.

Segments

1) Wireless

RCOM offers CDMA and GSM based wireless services on a nationwide basis. We are among the top telecom service providers of wireless communication services in the country, with a wireless subscriber base of 123 million as of March 31, 2013 representing a market share of 14.17 per cent.

RCOM is continuously working towards creating a healthy ecosystem for data services through 3G and High Speed Data networks, forging relationship with leading global brands for bundling of data products and services on both GSM and CDMA platforms, and entering into exclusive partnership with social media networks.

Our network is "Built for the Internet". Our 3G network has the capacity to provide speeds up to 28 Mbps. Our common packet core will deliver a seamless experience across 1x, 2G, HSD and 3G. We have deployed end-to-end IP enabled across our transport + access and backhaul including microwave i.e. "Ethernet Super Highway". RCOM continues to provide nationwide seamless Wireless Broadband experience on its own network, in over 1,300 top towns across the country. Coupled with our extensive 1X Data presence offering high quality internet connectivity

Letter to Shareowners

in 20,000 towns, this has positioned RCOM extremely well to take advantage of the expected rapid increase in data consumption across the country.

2) Global Enterprise

RCOM offers the most comprehensive portfolio of Enterprise, IT infrastructure, National and International long distance voice, video and data network services on an integrated and highly scalable platform. Our business segments comprise Carrier, Enterprise and Consumer business units. We have the largest optic fibre network of 2,77,000 km and the largest internet data centre ("IDC") space of 4,50,000 sq ft. We provide long distance business services including wholesale voice, bandwidth and infrastructure services, national and international private leased circuits, broadband internet access, audio and video conferencing, MPLS-VPN, remote access VPN, Centrex, toll-free services voice services for offices, voice VPN for corporates and managed IDC services. We offer unique, value-added products and services to large, medium and small enterprises for their communications, networking, and IT infrastructure needs across the country. We have a product range of more than 38 products to suit the needs of all customer segments.

3) Telecom Infrastructure

Reliance Infratel Limited (RITL), a subsidiary of RCOM, has a portfolio of nearly 50,000 multi-tenancy towers, which are being utilised for both CDMA and GSM technology based services as a part of our strategy to provide dual services on a pan India basis. RITL towers have the capacity of over 2,00,000 slots, the most extensive in the country. We now own 1,90,000 route kilometres optical fibre network in India, providing a more economical and better quality linking for tenants compared to microwave.

4) Home

RCOM offers Nationwide Direct-To-Home (DTH) service through its wholly owned subsidiary, Reliance Big TV Limited in over 8,350 towns across the country. Reliance Digital TV was the first Company to introduce High Definition DVR. Using the state-of-the art MPEG 4 technology, it offers close to 250 channels in HD like quality. It also offers 10 Radio channels and a host of Interactive services. A unique combination of High Definition content and digital voice/picture quality deliver a vastly superior viewing experience to its subscribers.

Corporate Governance

RCOM has always maintained the highest governance standards and practices by adopting, as is the norm for all constituent companies of the Group, the "Reliance Group - Corporate Governance Policies and Code of Conduct". These Policies and Code prescribe a set of systems, processes and principles, which conform to the highest international standards and are reviewed periodically to ensure their continuing relevance, effectiveness and responsiveness to the needs of investors, both local and global, and all other stakeholders.

Social Commitments

Embodied in the value system of the Reliance is a vision to give millions the power to shape their destiny, the means to realize their full potential and a commitment to being a socially responsible entity.

We as a corporate entity envisage to nourish and sustain the ecosystems in which we operate by aiming for growth through sustainable development. Our philosophy of corporate sustainability is founded on three pillars of our people, processes and products and services.

Our Commitment

Despite the challenging macro-economic environment, we remain optimistic on growth prospects. We believe India's economic slowdown will soon reverse direction. The government's recent reform measures have improved sentiment. The Company's fundamentals remain strong and the opportunities at hand point to a strong growth path, supporting the positive outlook.

We intend to remain focussed on profitable growth and to improve operational efficiency. Our founder, the legendary Shri Dhirubhai Ambani, gave us a simple mantra: to aspire to the highest global standards of quality, efficiency, operational performance and customer care. We remain committed to upholding that vision and creating ever greater value for all our stakeholders.



Anil Dhirubhai Ambani
Chairman

Reliance Communications Limited

Notice

Notice is hereby given that the 9th Annual General Meeting of the Members of **Reliance Communications Limited** will be held on Tuesday, August 27, 2013 at 12.00 noon 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, New Marine Lines, Mumbai 400 020, to transact the following business:

Ordinary Business:

1. To consider and adopt the audited Balance Sheet as at March 31, 2013, the audited statement of Profit and Loss 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 S. P. Talwar, 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. Issue of securities to the Qualified Institutional Buyers.

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, if any, of the Companies Act, 1956 (the "Act") (including any statutory modification(s) or re-enactment(s) 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, consent, permission or sanction 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, consent, permission and/or sanction (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"), 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 25 per cent 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 shall rank 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 QIP Securities to be issued as are not subscribed may be disposed of by the Board to such person or persons and in such manner and on such terms as the Board may in its absolute discretion thinks fit in accordance with the provisions of law.

Notice

- 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, de-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 QIP 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 QIP Securities and utilisation of the 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 QIP 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."

By Order of the Board of Directors

Prakash Shenoy
Company Secretary

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

May 10, 2013

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 representative(s) to attend and vote on their behalf at the Meeting.
- Members/Proxies should fill in the Attendance Slip for attending the meeting and bring their Attendance Slips along with 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 shares in electronic form are requested to write their DP ID and Client ID numbers and those who hold shares 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 Saturdays between 11.00 a.m. and 1.00 p.m. up to the date of the Meeting. The certificate from the Auditors of the Company confirming the compliance of the SEBI (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 with respect to the Company's ESOS Plans will be available for inspection at the Meeting.
- The Company's Register of Members and Transfer Books will remain closed from Saturday, August 17, 2013 to Tuesday, August 27, 2013 (both days inclusive) for the purpose of Annual General Meeting

Notice

- and for determining the names of members eligible for dividend, if declared, on equity shares for the year ended March 31, 2013.
- 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 centres/ branches of the said Bank. The members are therefore, requested to encash dividend warrants within the initial validity period.
8. Members may please note that for shares in electronic form, bank particulars registered against their depository accounts will be used by the Company for payment of dividend. Members are requested to intimate immediately any change in their address or bank mandates to their Depository Participants with whom they are maintaining their demat accounts. The Company or its Registrar and Transfer Agent cannot change bank particulars or bank mandates for shares held in electronic form.
 9. Members holding shares in physical form are requested to advise any change of address or bank mandates immediately to the Company/ Registrar and Transfer Agent, Karvy Computershare Private Limited.
 10. Pursuant to the provisions of Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012, the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on September 4, 2012 (date of last Annual General Meeting) on the website of the Company (www.rcom.co.in), as also on the Ministry of Corporate Affairs website.
 11. Non-resident Indian members are requested to inform Karvy Computershare Private Limited immediately on:
 - a. the change in the residential status on return to India for permanent settlement; and
 - b. the particulars of the bank accounts maintained in India with complete name, branch, account type, account number and address of the bank, if not furnished earlier.
 12. Re-appointment of Director: At the ensuing Meeting, Shri S. P. Talwar, Director of the Company retires by rotation and being eligible, offers himself for re-appointment. The details pertaining to Shri S. P. Talwar required to be provided pursuant to the requirements of Clause 49 of the listing agreement are furnished in the statements on Corporate Governance forming part of this Annual Report.
 13. Members are advised to refer the section titled "Investor Information" provided in this Annual Report.
 14. Members are requested to fill in and send the Feedback Form provided in the 'Investor Relations' section on the Company's website www.rcom.co.in to aid the Company in its constant endeavour to enhance the standards of service to investors.
 15. The statement containing the salient features of the balance sheet, statement of profit and loss, cash flow statement and auditors' report (Abridged Financial Statements), is sent to the members, along with 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.
 16. An Explanatory statement pursuant to Section 173(2) of the Companies Act, 1956, relating to special business to be transacted at the Meeting is annexed hereto.
 17. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company / Registrar and Transfer Agent.
 18. Members holding shares in single name and physical form are advised to make nomination in respect of their shareholding in the Company.
 19. Members who hold shares in physical form in multiple folios in identical names or joint holding in the same order of names are requested to send the share certificates to Registrar and Transfer Agent, for consolidation into a single folio.
 20. Members who have not registered their e-mail addresses so far are requested to register their e-mail address so that they can receive the Annual Report and other communication from the Company electronically.