

Minutes of the proceedings of the meeting of the Board of Directors of Reliance Communications Limited held on Thursday, 1st August, 2013 at 2.00 p.m. at Board Room, 3rd Floor, Reliance Centre, Walchand Hirachand Marg, Ballard Estate, Mumbai – 400 001.

Directors Present

Shri Anil D. Ambani	-	Chairman
Shri Deepak Shourie	-	Director
Shri A. K. Purwar	-	Director

In Attendance

Shri Hasit Shukla	-	President
Shri Manikantan Iyer	-	Chief Financial Officer
Shri Prakash Shenoy	-	Company Secretary and Manager

Chairman

Shri Anil D. Ambani, Chairman of the Board, occupied the Chair.

- 1. Leave of absence:** Leave of absence was granted to Shri S. P. Talwar, Director and Prof. J. Ramachandran, Director, who had requested for the same.
- 2. To peruse and approve the Minutes of the proceedings of the meeting of the Board of Directors of the Company held on 7th July, 2013.**
Minutes of the proceedings of the meeting of the Board of Directors of the Company held on 7th July, 2013, placed before the meeting, were confirmed by the Board and signed by the Chairman.
- 3. To peruse and note the Minutes of the proceedings of the meeting of the Audit Committee of the Board of Directors of the Company held on 7th July, 2013.**
Minutes of the proceedings of the meeting of the Audit Committee of the Board of Directors of the Company held on 7th July, 2013, placed before the meeting, was noted by the Board.
- 4. To note the Audit Certificate of reconciliation of Capital of the Company made upto 30th June, 2013.**
A Certificate of Capital Integrity submitted to the Stock Exchanges, pursuant to SEBI Notification dated 31st December, 2002, confirming reconciliation of total equity shares held with both the depositories, viz. NSDL and CDSL and in physical form with the total issued and paid up equity share capital of the Company upto the quarter ended 30th June, 2013 issued by M/s. Haribhakti & Co., Chartered Accountant was perused and noted.
- 5. To note the details of the Foreign Exchange Forward Contracts, Derivatives Contracts and Cash flow on forward and Derivatives Foreign Exchange contracts carried out by the Company for the quarter ended 30th June, 2013.**
A statement showing the Foreign Exchange Forward Contracts, Derivatives Contracts and Cash flow on forward and Derivatives Foreign Exchange contracts carried out by the Company in respect of Exchange Rate Risk and Liability as on 30th June, 2013 was placed before the Board.

The Board was informed that the transactions during the quarter ended 30th June, 2013, had resulted in net inflow of Rs.32.62 crore.

The Board discussed the matter, took note and passed the following resolution unanimously:

“RESOLVED THAT the details of the Foreign Exchange Forward Contracts, Derivatives Contracts and Cash flow on forward and Derivatives Foreign Exchange contracts carried out by the Company in relation to Liability Management for the quarter ended 30th June, 2013, as per the statement and information placed before the meeting be and are hereby noted and that any of Shri Prakash Shenoy, Company Secretary, Shri Manikantan Iyer, Chief Financial Officer and Shri Sandeep Garg, Authorised Signatory, be and are hereby severally authorised to file the details relating to said transactions, with the Reserve Bank of India and take necessary action as may be required in the matter.”

6. To note the disclosure of Interest received from the Director.

Disclosure under Section 305 of the Companies Act, 1956 received from the Directors for the changes in their directorship in other body corporate/s as placed before the meeting was noted by the Board and directed the Company Secretary to record the same in appropriate register(s).

7. To peruse the Minutes of the proceedings of meetings of the Board of Directors of subsidiary companies of the Company.

Written Resolutions/ Minutes of proceedings of meetings of the Board of Directors held during the quarter ended 30th June, 2013 of all the subsidiaries of the Company, together with the list of subsidiaries, were placed before the Board. The statement containing details of significant transactions pertaining to loans, advances, investments and borrowing made by the subsidiary companies for the quarter ended 30th June, 2013 was also placed before the Board. The Board perused the information on the material transactions involving subsidiary company/ies and related parties particularly Investments made by them and noted the same.

8. To review the legal compliance and take on record the Compliance certificate.

A Compliance certificate issued by the Legal Department of the Company for the quarter ended 30th June, 2013 was placed before the Board. The Compliance Certificate, inter alia confirmed the compliance of various laws by the Company as applicable from time to time.

The Board noted the same and took on record.

9. To consider and approve unaudited Consolidated financial results and Standalone financial results for the quarter ended 30th June, 2013.

The Board was informed that in terms of Clause 41 of the Listing Agreement of the Stock Exchanges, the Company is required to approve and submit the Standalone and Consolidated Financial Results for the quarter ended 30th June, 2013 to the Stock Exchanges within 45 days from the end of quarter.

The Board was further informed that in terms of Clause 41 of the Listing Agreement of the Stock Exchanges, the Company was required to approve and submit the Standalone and Consolidated unaudited financial results for the quarter ended 30th June, 2013, to the BSE Limited and the National Stock Exchange of India Limited and publish the same in newspapers within 48 hours after the approval of the Board.

The Standalone and Consolidated unaudited Financial Results for the quarter ended 30th June, 2013 duly reviewed by the Audit Committee at their meeting held earlier on 1st August, 2013 were placed before the Board. The Board was informed that the unaudited consolidated financial Results were in respect of the Company and all its subsidiaries / controlled companies and had been prepared in accordance with the requirements of the Accounting Standards prescribed under Companies (Accounting Standards) Rules, 2006 and amended from time to time.

Shri A. K. Purwar, Chairman of the Audit Committee informed that the unaudited Standalone Financial Results and the unaudited Consolidated Financial Results for the quarter ended 30th June, 2013 were duly considered and reviewed by the Audit Committee at its meeting held earlier in the day and the Audit Committee had recommended the Board to approve the same.

Detailed Presentation of the businesses of the Company highlighting the performance of the Company for the quarter ended 30th June, 2013 and outlook of the Company was made by Shri Gurdeep Singh, Wireless CEO and Shri Punit Garg, GEBU CEO to the Board.

The brief highlights of consolidated financial performance of the Company for the quarter ended 30th June, 2013 were as follows:

- Operating Income at Rs. 5,315 crore, up 3.6% from Rs. 5,130 crore in Q4 previous quarter,
- EBITDA at Rs. 1,701 crore, up 2% on comparable basis from Rs. 1,668 crore in Q4 previous quarter. EBITDA margin at 31.4%, amongst the highest in the industry, with strong contribution from both Wireless and GEBU businesses.
- Net Profit at Rs. 108 crore.

A certificate from Shri Prakash Shenoy, Company Secretary, Manager and Chief Executive Officer and Shri Manikantan Iyer, Chief Financial Officer of the Company, stating that the unaudited financial results of the Company for the quarter ended 30th June, 2013 do not contain any false or misleading statement or figures and do not omit any material fact, which may make the statements or figures contained therein misleading, was also placed on table for confirmation of the Board.

The Board was informed that the Company has opted to publish consolidated financial results for the year 2013-14 in the newspapers.

Shri Manikantan Iyer, Chief Financial Officer placed a Management Representation letter dated 1st August, 2013 to be given to the Auditors for the quarter ended 30th June, 2013. He further stated that the Audit Committee has recommended the Management Representation letter for approval and issuance to the Auditors under the signature of any of Shri Manikantan Iyer, Chief Financial Officer or Shri Prakash Shenoy, Company Secretary. The Board discussed the contents of Management Representation letter and approved the same.

The Board deliberated performance and business related issues of the Company and after detail deliberation, passed the following resolutions:

(a) Unaudited Standalone Financial Results of the Company.

“RESOLVED THAT pursuant to Clause 41 of the Listing Agreement with the Stock Exchanges, the unaudited Stand alone Financial Results of the Company for the quarter ended 30th June, 2013, as per the statement placed before the meeting and as reviewed by the Audit Committee at their meeting held on 1st August, 2013 and as certified by Shri Prakash Shenoy, Chief Executive Officer and Shri Manikantan Iyer, Chief Financial Officer of the Company be and are hereby approved and that the same be signed by Shri Anil D. Ambani, Chairman and submitted to the Stock Exchanges, where the securities of the Company are listed.

RESOLVED FURTHER THAT Shri Prakash Shenoy, Company Secretary and Manager be and is hereby authorised to submit the said financial results to the Stock Exchanges and do everything necessary and incidental in this regard.”

(b) Unaudited Consolidated Financial Results of the Company.

“RESOLVED THAT pursuant to Clause 41 of the Listing Agreement with the Stock Exchanges, the unaudited Consolidated Financial Results of the Company for the quarter ended 30th June, 2013, as per the statement placed before the meeting and as reviewed by the Audit Committee at their meeting held on 1st August, 2013, be and are hereby approved and that the same be signed by Shri Anil D. Ambani, Chairman and submitted to the Stock Exchanges, where the securities of the Company are listed.

RESOLVED FURTHER THAT Shri Prakash Shenoy, Company Secretary and Manager be and is hereby authorised to submit the said financial results to the Stock Exchanges, publish the same in the newspapers and do everything necessary and incidental in this regard.”

10. To approve payment of audit fees to the Auditors for the first quarter of financial year 2013-14.

The Board was informed that at the 8th Annual General Meeting of the members of the Company held on 4th September, 2012, the Shareholders of the Company had appointed M/s. Chaturvedi & Shah, Chartered Accountants and M/s. BSR & Co., Chartered Accountants as Auditors to conduct statutory audit of the Company for the financial year 2012-2013, who shall hold the office until the conclusion of the ensuing Annual General Meeting of the Company.

The Board was further informed that the first quarter of the current financial year has ended on 30th June, 2013. As per the provision of Clause 41 of the Listing Agreement, the Company need to publish unaudited financial results of the Company for the first quarter ended 30th June, 2013. The Auditors by virtue of their appointment are required to have carried out Limited Review of the quarterly accounts for the quarter ended 30th June, 2013. The Board was further informed that in the previous year, each Auditor was paid an amount of Rs.50 lac per quarter.

The Board was further informed that at the meeting of the Audit Committee of the Board of Directors held on 1st August, 2013 has recommended for payment of fees of Rs. 50 lac to each of the Auditors i.e. M/s. Chaturvedi & Shah, Chartered Accountants and M/s. BSR & Co., Chartered Accountants, towards part of audit fees and issuance of limited review report for the quarter ended 30th June, 2013.

The Board of Directors discussed the matter and passed the following resolutions.

“RESOLVED THAT as recommended by the Audit Committee at its meeting held on 1st August, 2013, the Board do hereby approve payment of fees of Rs.50 lac (Rupees fifty lac only) exclusive of travelling and other out of pocket expenses, to each of the Auditors of the Company, i.e. M/s. Chaturvedi & Shah, Chartered Accountants and M/s. BSR & Co., Chartered Accountants, towards part Audit fees and for issuing the Limited Review Report for the quarter ended 30th June, 2013.

RESOLVED FURTHER THAT Shri Prakash Shenoy, Company Secretary and Shri Manikantan Iyer, Chief Financial Officer of the Company be and are hereby severally authorised to do all such acts and things necessary in the matter.”

11. To approve Cost Audit Report for the year ended 31st March, 2013.

The Board was informed that Ministry of Corporate Affairs (MCA), Cost Audit Branch vide its Order dated 2nd May 2011 and Companies (Cost Audit Report) Rules, 2011 had made it compulsory to audit Cost records of telecommunications companies from financial year commencing from 1st April, 2011 by the Cost Auditor. The Board was further informed that the Order is applicable to all telecom companies whose aggregate value of Net worth as on last date of immediately preceding financial year exceeds Rs.5 crore or turnover exceeds Rs. 20 crore or company's equity or debt securities are listed on any stock exchange.

The Cost Audit Report duly reviewed by the Audit Committee at its meeting held earlier on 1st August, 2013 was placed before the Board.

The Board discussed the matter and after detail deliberation, passed the following resolution:

“RESOLVED THAT pursuant to Cost Audit Order No. 52/26/CAB-2010 dated 2nd May, 2011 and Companies (Cost Audit Report) Rules, 2011, the Cost Audit Report of the Company for the Financial Year ended 31st March, 2013, as per the statement placed before the meeting and as reviewed by the Audit Committee at their meeting held on 1st August, 2013 be and are hereby approved and that the same be signed by any one of the Directors and/ or Shri Prakash Shenoy, Company Secretary and Manager of the Company.

RESOLVED FURTHER THAT Shri Prakash Shenoy, Company Secretary be and is hereby authorised to do everything necessary and incidental in this regard.”

12. To approve audited Accounting Separation Reports for the year ended March 31, 2013 to be submitted to TRAI.

The Board was informed that the Telecom Regulatory Authority of India (TRAI) had issued “The Reporting System on Accounting Separation Regulation, 2004” on 23rd February, 2004 mandating the submission of audited Accounting Separation Reports (ASR) to TRAI by service providers having an aggregate turnover of Rs. 25 crore or more during the preceding financial year. These Reports provide information on revenues, costs returns and capital employed in major areas of a service provider's business, which enables the TRAI to address anti-competitive behaviour, discrimination and predatory pricing concerns and to facilitate fair competition.

The Board was further informed that the TRAI reviewed the said regulation and revised the said regulation and issued new regulation named “The Reporting System on Accounting Separation Regulation, 2012.”

The salient features of the “The Reporting System on Accounting Separation Regulation, 2012” were discussed at the meeting.

The Board discussed the matter and after detail deliberation, passed the following resolution:

“RESOLVED THAT the Accounting Separation Reports for the year ended 31st March, 2013, prepared based on “The Reporting System on Accounting Separation Regulation, 2012” as placed before the meeting be and are hereby approved and that the same be signed by any one of the Directors or Shri Prakash Shenoy, Company Secretary or Shri Manikantan Iyer, Chief Financial Officer or Shri Gopalan Srinivansa or Shri Ramanan Laxminarain, Authorised Signatory (ies) of the Company.

RESOLVED FURTHER THAT M/s Chaturvedi & Shah, Statutory Auditors of the Company be and is hereby appointed as Auditor for certifying Accounting Separation Reports of the Company to be submitted to Telecom Regulatory Authority of India.

RESOLVED FURTHER THAT Shri Manikantan Iyer, Chief Financial Officer of the Company be and is hereby authorised to do everything necessary and incidental in this regard.”

13. To consider status report on 2G case filed by CBI in the matter of Reliance Telecom Limited and others.

A status report dated July 31, 2013 issued by M/s. Aggarwal Law Associates, Advocates, New Delhi was placed before the meeting. The Board was informed that the Trial, which commenced on 11.11.2011 before the Ld. CBI Special Judge, O.P. Saini, is continuing on a daily basis and the Prosecution Witnesses are being Cross-Examined by the Counsels for the Accused. So far 128 Prosecution Witnesses have been cross examined.

The Board was further informed that in May, 2013, the CBI had moved an application under Section 311 of CrPC for summoning 17 additional witnesses in the on-going Trial. The application was opposed by all the Accused persons on, inter alia, the ground that this was a fishing expedition and the CBI was moving it at an advanced stage of the Trial, which would cause prejudice to the Accused persons. The Trial Judge allowed the CBI's application on 19.07.2013. Reliance Telecom Ltd had filed an SLP being SLP (Crml) 6008 of 2013 before the Hon'ble Supreme Court against the said-order dated 19.07.2013. The SLP was partially argued on 29.07.2013 and has been listed for further arguments on 01.08.2013.

The Board took note of the same.

14. To delegate powers for Issue of Duplicate Share Certificates to the Company Secretary and Manager.

The Board was informed that at the meeting of the Board held on 8th February, 2006, a Committee of Directors - Shareholders/ Investors Grievance Committee - was constituted and necessary powers related to various services of Investors were delegated. The said Committee at their meeting held on 30th January, 2007 also constituted a Committee of two Directors consists of Shri Anil D. Ambani, Chairman and Shri S. P. Talwar, Director for issue of duplicate Share certificates to the shareholders, who have misplaced/ lost their original share certificates from time to time.

The Board was further informed that the Company needs to issue duplicate share certificates within a specified time limit to avoid complaints from the Investors. For the administrative convenience and for providing timely service to the Investors, powers for issue of duplicate shares may be delegated to the Company Secretary and Manager. The Company Secretary and Manager will place report of issued duplicate share certificates in respective ensuing meeting of the Shareholders/ Investors Grievance Committee, which will note the same.

The Board discussed the matter and passed the following resolutions.

“RESOLVED that in partial modification to the resolution passed on 8th February 2006 and to provide speedy and timely service of the Investors of the Company, Shri Prakash Shenoy, Company Secretary and Manager of the Company be and is hereby authorised to issue duplicate Share Certificates to the shareholders, who have misplaced their original share certificates from time to time and reported to the Company.

RESOLVED FURTHER that Shri Prakash Shenoy, Company Secretary and Manager be and is hereby authorised to take all necessary actions as may

be necessary in this regard and do all such acts, things and matters to give effect to the intent of this resolution as he deem fit and also authorised to delegate any of the powers, conferred hereinabove, to any one or more persons as may be necessary in this regard.”

There being no further business to transact, the meeting ended with a vote of thanks to the Chair.

Entered on: 5.08.2013
Signed on:

Chairman