



## RELIANCE INFRATEL LIMITED

(Our Company was incorporated on April 16, 2001 as Reliance Communications Rajasthan Private Limited as a private limited company under the Companies Act, 1956 in Mumbai. We became a public limited company on June 18, 2004 and our name was changed to "Reliance Communications Rajasthan Limited" pursuant to a certificate of change of name issued on the same date. The name of our Company was further changed to Reliance Telecom Infrastructure Limited pursuant to a fresh certificate of incorporation consequent upon change of name dated October 11, 2006 and to Reliance Infratel Limited pursuant to a fresh certificate of incorporation consequent upon change of name dated January 4, 2008. For further details of changes in the name and registered office of our Company, see "History and Certain Corporate Matters" on page 93 of this Draft Red Herring Prospectus.)

**Registered and Corporate Office:** H Block, 1<sup>st</sup> Floor, Dhirubhai Ambani Knowledge City, Navi Mumbai 400 710, Maharashtra.

**Contact Person:** Mr. Anil C. Shah, Company Secretary and Compliance Officer.

**Tel:** (91 22) 3038 6286; **Fax:** (91 22) 3037 6622; **Email:** ritl.investors@relianceada.com; **Website:** [www.ritl.co.in](http://www.ritl.co.in)

**Promoters of the Company:** Reliance Communications Limited and Reliance Communications Infrastructure Limited

**PUBLIC ISSUE OF 156,000,000 EQUITY SHARES OF Rs. 10 EACH OF RELIANCE INFRATEL LIMITED (THE "COMPANY" OR THE "ISSUER" OR "RITL") FOR CASH AT A PRICE OF Rs. [●] PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF Rs. [●] PER EQUITY SHARE) AGGREGATING TO Rs. [●] MILLION (THE "ISSUE"). THE ISSUE WILL CONSTITUTE 10.05% OF THE POST ISSUE PAID UP CAPITAL OF THE COMPANY.\***

THE FACE VALUE OF EQUITY SHARES IS Rs. 10 EACH. THE PRICE BAND AND THE MINIMUM BID LOT WILL BE DECIDED BY THE COMPANY IN CONSULTATION WITH THE BRLMS AND ADVERTISED AT LEAST TWO WORKING DAYS PRIOR TO THE BID/ISSUE OPENING DATE.#

# A discount of Rs. [●] to the Issue Price determined pursuant to completion of the Book Building Process has been offered to Retail Individual Bidders (the "Retail Discount").

In case of any revision to the Price Band, the Bid/Issue Period will be extended by three additional working days after such revision of the Price Band, subject to the Bid/Issue Period not exceeding 10 working days. Any revision in the Price Band and the revised Bid/Issue Period, if applicable, will be widely disseminated by notification to the National Stock Exchange of India Limited ("NSE") and the Bombay Stock Exchange Limited ("BSE"), by issuing a press release, and also by indicating the change on the website of the Book Running Lead Managers ("BRLMs") and at the terminals of the other members of the Syndicate.

In terms of Rule 19(2)(b) of the Securities Contracts Regulations Rules, 1957 ("SCRR"), this being an issue for less than 25% of the post-Issue capital, the Issue is being made through the 100% Book Building Process wherein at least 60% of the Net Issue shall be allocated on a proportionate basis to Qualified Institutional Buyers (QIB) Bidders. 5% of the QIB Portion (excluding Anchor Investor Portion) shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion shall be available for allocation on a proportionate basis to all QIB Bidders, including Mutual Funds, subject to valid Bids being received at or above the Issue Price. Further, not less than 10% of the Net Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 30% of the Net Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. If at least 60% of the Net Issue cannot be allotted to QIBs, then the entire application money shall be refunded forthwith.

### Payment Methods

Amount Payable per Equity Share (In Rs.)	Payment Method -1@			Payment Method -2		
	Retail Individual Bidders and Non-Institutional Bidders			Any Category		
	Face Value	Premium	Total	Face Value	Premium	Total
On Application	2.5	[●]	[●]	10.0	[●]	[●]
By Due Date for Balance Amount Payable	7.5	[●]	[●]	-	-	-
<b>Total</b>	<b>10.0</b>	<b>[●]</b>	<b>[●]</b>	<b>10.0</b>	<b>[●]</b>	<b>[●]</b>

@ Non-Residents require the approval of Reserve Bank of India ("RBI") for subscribing to partly paid-up Equity Shares and copy of such approval should be submitted along with the Bid cum Application Form. See page xxxix for risks associated with Payment Method -1.

# net of Retail Discount as applicable, to be adjusted

### RISK IN RELATION TO THE FIRST ISSUE

This being the first public issue of the Issuer, there has been no formal market for the securities of the Issuer. The face value of the Equity Shares is Rs.10 and the Issue Price is [●] times of the face value. The Issue Price (has been determined and justified by the BRLMs and the Issuer as stated under the paragraph on "Basis for Issue Price" on page 39 of the Draft Red Herring Prospectus) should not be taken to be indicative of the market price of the specified securities after the specified securities are listed. No assurance can be given regarding an active or sustained trading in the Equity Shares or regarding the price at which the Equity Shares will be traded after listing.

### IPO GRADING

This Issue has been graded by [●] as [●], indicating [●]. For details, see "General Information" on page 20 of this Draft Red Herring Prospectus.

### GENERAL RISKS

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. In taking an investment decision, investors must rely on their own examination of the Company and the Issue, including the risks involved. The Equity Shares offered in the Issue have not been recommended or approved by the Securities and Exchange Board of India ("SEBI"), nor does SEBI guarantee the accuracy or adequacy of the contents of this Draft Red Herring Prospectus. Specific attention of the investors is invited to "Risk Factors" on page xiv of this Draft Red Herring Prospectus.

### ISSUER'S ABSOLUTE RESPONSIBILITY

The Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Draft Red Herring Prospectus contains all information with regard to the Company and the Issue, which is material in the context of the Issue, that the information contained in this Draft Red Herring Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which make this Draft Red Herring Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

### LISTING

The Equity Shares offered through this Draft Red Herring Prospectus are proposed to be listed on the NSE and the BSE. We have received an 'in-principle' approval from each of the NSE and the BSE for the listing of the Equity Shares pursuant to letters dated [●] and [●], respectively. For the purposes of the Issue, the Designated Stock Exchange shall be the [●].

### BOOK RUNNING LEAD MANAGERS

<b>JM FINANCIAL</b>  <b>JM Financial Consultants Private Limited</b> 141, Maker Chambers III Nariman Point Mumbai 400 021 Tel: (91 22) 6630 3030 Fax: (91 22) 2204 7185 Email: ritl ipo@jmfincial.in Investor Grievance ID: grievance.ibd@jmfincial.in Website: www.jmfincial.in Contact Person: Mr. Mayank Jain SEBI Registration Number: INM000010361	<b>J.P.Morgan</b>  <b>J.P. Morgan India Private Limited</b> 9th Floor, Mafatlal Centre Nariman Point Mumbai 400 021 Tel: 91 (22) 6719 8256 Fax: 91 (22) 6639 3091 Email:ritl_ipo@jpmorgan.com Investor Grievance ID: investorsmb.jmpil@jpmorgan.com Website: www.jmpil.com Contact Person: Mr. Rohit Ramana SEBI Registration Number: INM000002970	<b>Deutsche Bank</b>  <b>Deutsche Equities India Private Limited</b> DB House Hazarimal Sonani Marg, Fort Mumbai 400 001 Tel: (91 22) 6658 4600 Fax: (91 22) 2200 6765 E-mail: ritl.ipo@db.com Investor Grievance ID: db.redressal@db.com Website: www.db.com/india Contact Person: Mr. Sameer Taimmi SEBI Registration Number: INM000010833
<b>ENAM</b>  <b>Enam Securities Private Limited</b> 801, Dalamal Towers Nariman Point Mumbai 400 001 Tel: (91 22) 6638 1800 Fax: (91 22) 2284 6824 E-mail: ritl.ipo@enam.com Investor Grievance ID: complaints@enam.com Website: www.enam.com Contact Person: Ms. Lakha Nair SEBI Registration Number: INM000006856	<b>ICICI Securities</b>  <b>ICICI Securities Limited</b> ICICI Centre H. T. Parekh Marg Churchgate Mumbai 400020 Tel: (9122) 2288 2460 Fax: (91 22) 2282 6580 E-mail ID: ritl.ipo@ icicisecurities.com Investor Grievance ID: customercare@icicisecurities.com Website: www.icicisecurities.com Contact Person: Mr. Rajiv Poddar SEBI Registration Number: INM000011179	<b>MACQUARIE</b>  <b>Macquarie Capital Advisers (India) Private Limited</b> Level 4, Earnest House NCPA Marg, Nariman Point Mumbai 400 021 Tel: (91 22) 4230 1200 Fax: (91 22) 4002 8707 Email:ritl.ipo@macquarie.com Investor Grievance ID: MSGrievanceRedressal@macquarie.com Website: www.macquarie.com/in Contact Person: Mr. Hari Kishan Movva SEBI Registration number: INM000010932
<b>UBS</b>  <b>UBS Securities India Private Limited</b> 2/F 2 North Avenue, Maker Maxity Bandra Kurla Complex, Bandra (E) Mumbai 400 051 Tel: (91 22) 6155 6000 Fax: (91 22) 6155 6300 E-mail: relianceinfratelipo@ubs.com Investor Grievance ID: customercare@ubs.com Website: www.ubs.com/indianoffers Contact Person: Mr. Girish Punjabi SEBI Registration Number: INM000010809	<b>HSBC</b>  <b>HSBC Securities and Capital Markets (India) Private Limited</b> 52/60 Mahatma Gandhi Road Fort, Mumbai -400001 Tel: (91 22) 2267 4921 Fax: (91 22) 2263 1984 E-mail: ritlipo@hsbc.co.in Investor Grievance ID: investorgrievance@hsbc.co.in Web site: http://www.hsbc.co.in/1/2/corporate/equities-global-investment-banking Contact Person: Ms. Sonam Jalan SEBI Registration Number: INM000010354 * expired on February 21, 2009. The application for renewal was made on November 20, 2008, and is awaited.	<b>KARVY</b>  <b>Karvy Computershare Private Limited</b> Plot No. 17-24, Vittal Rao Nagar Madhapur Hyderabad 500 081 Tel: (91 40) 2342 0815 / 2342 0816 Fax: (91 40) 2342 0859 E-mail: relianceinfratel.ipo@karvy.com Website: www.karvy.com Contact Person: Mr. M. Murali Krishna SEBI Registration Number: INR000000221

### BID/ISSUE PROGRAMME\*

**BID/ISSUE OPENS ON** [●] **BID/ISSUE CLOSES ON** [●]

\* Anchor Investor Bid/ Issue Period shall be one day prior to the Bid/ Issue Opening Date

## TABLE OF CONTENTS

<b>SECTION I: GENERAL</b>	<b>I</b>
DEFINITIONS AND ABBREVIATIONS	I
PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA	XII
FORWARD LOOKING STATEMENTS	XIII
<b>SECTION II: RISK FACTORS</b>	<b>XIV</b>
<b>SECTION III: INTRODUCTION</b>	<b>1</b>
SUMMARY OF INDUSTRY	1
SUMMARY OF OUR BUSINESS, STRENGTHS AND STRATEGY	5
SUMMARY FINANCIAL INFORMATION	11
THE ISSUE	15
GENERAL INFORMATION	20
CAPITAL STRUCTURE	28
OBJECTS OF THE ISSUE	36
BASIS FOR ISSUE PRICE	39
STATEMENT OF GENERAL TAX BENEFITS	41
<b>SECTION IV: ABOUT THE COMPANY</b>	<b>46</b>
INDUSTRY OVERVIEW	46
REORGANISATION	65
OUR BUSINESS	71
REGULATIONS AND POLICIES	89
HISTORY AND CERTAIN CORPORATE MATTERS	93
OUR MANAGEMENT	102
OUR PROMOTERS AND GROUP COMPANIES	113
RELATED PARTY TRANSACTIONS	127
DIVIDEND POLICY	128
FINANCIAL STATEMENTS	129
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION	165
FINANCIAL INDEBTEDNESS	185
<b>SECTION VI: LEGAL AND OTHER INFORMATION</b>	<b>189</b>
OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS	189
GOVERNMENT APPROVALS	203
OTHER REGULATORY AND STATUTORY DISCLOSURES	205
<b>SECTION VII: ISSUE INFORMATION</b>	<b>215</b>
TERMS OF THE ISSUE	215
ISSUE STRUCTURE	218
ISSUE PROCEDURE	222
RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES	250
<b>SECTION VIII: MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION</b>	<b>251</b>
<b>SECTION IX: OTHER INFORMATION</b>	<b>280</b>
MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION	280
DECLARATION	282

## SECTION I: GENERAL

### DEFINITIONS AND ABBREVIATIONS

Term	Description
“We”, “us”, “our”, the “Issuer”, the “Company”, “our Company”, “RITL”	Unless the context otherwise indicates or implies, refers to Reliance Infratel Limited

#### Company Related Terms

Term	Description
Actual System-Wide Average Telecommunication Tower Occupancy	The total number of tenancies on all the Company’s telecommunication towers divided by the number of telecommunication towers
ADAV	Anil Dhirubhai Ambani Ventures Limited
Articles/Articles of Association	Articles of Association of our Company, unless the context otherwise specifies
Auditors	The Joint Statutory Auditors of our Company, M/s. Chaturvedi & Shah, Chartered Accountants; and S.R. Batliboi and Co., Chartered Accountants
Board/Board of Directors	The Board of Directors of our Company
CEO	Chief Executive Officer
Demerger Schemes	The PTI Demerger Scheme and the OFC Demerger Scheme
Directors	Directors of our Company, unless otherwise specified
Group Companies	Includes those companies, firms and ventures promoted by our Promoters, irrespective of whether such entities are covered under section 370(1)(B) of the Companies Act and disclosed in the section “Our Promoters and Group Companies” on page 113 of this Draft Red Herring Prospectus
Master Services Agreement	Master services agreement dated April 10, 2007 amongst our Company, RCOM and RTL, and any amendment thereof
Memorandum/Memorandum of Association	Memorandum of Association of our Company, unless the context otherwise specifies
Merger Scheme	The scheme of amalgamation sanctioned by the High Court of Bombay pursuant to which RNGTPL was merged with our Company. For further details see “Business” and “Reorganisation” on pages 71 and 65, respectively of this Draft Red Herring Prospectus
OFC Demerger Scheme	The scheme of arrangement sanctioned by the High Court of Bombay pursuant to which the Optic Cable Undertaking of RCOM was transferred to and vested in our Company. For further details see “Business” and “Reorganisation” on pages 71 and 65, respectively of this Draft Red Herring Prospectus
OFC Undertaking	Optical Fibre Cable Undertaking
Passive Telecommunication Infrastructure/ Passive Communications Infrastructure/ Passive Infrastructure	Telecommunication towers used for the purpose of hosting and assisting in the operation of active infrastructure used for transmitting telecommunications signals. For further details, see “Business” and “Reorganisation” on pages 71 and 65, respectively, of this Draft Red Herring Prospectus
Passive Telecommunication Infrastructure Demerger Scheme/PTI Demerger Scheme	Refers to the scheme of arrangement sanctioned by the High Court of Bombay pursuant to which, inter alia, the Passive Telecommunication Infrastructure assets of RCOM and RTL were transferred to our Company. For details see “Reorganisation” on page 65 of this Draft Red Herring Prospectus

<b>Term</b>	<b>Description</b>
Promoters	Reliance Communications Limited and Reliance Communications Infrastructure Limited
Promoter Group	Includes such persons and entities constituting our promoter group in terms of Regulation 2(zb) of the SEBI Regulations
Purchaser	Each of Galleon Technology Partners II, L.P, Galleon Technology Offshore, Limited, Galleon International Master Fund, SPC Limited and Galleon Special Opportunities Fund, SPC Limited, NSR-PE Mauritius LLC, HSBC Principal Investments, which entity subsequently assigned its rights to HSBC Iris Investments (Mauritius) Limited, IIC Limited, GLG Emerging Markets Special Situations Fund, Drawbridge Towers Limited and Quantum (M) Limited. For further details, see “Risk Factors – certain of our shareholders have rights that may allow them to exercise control over our Company in certain respects until the completion of this Issue” and “History and Certain Corporate Matters- Share Sale Agreement” on pages xxi and 93, respectively, of this Draft Red Herring Prospectus
RFI Date	Ready for Installation date
Registered Office/ Corporate Office of our Company	H Block, 1 <sup>st</sup> Floor, Dhirubhai Ambani Knowledge City, Navi Mumbai 400 710, Maharashtra
Reorganisation	Collectively the Merger Scheme, the PTI Demerger Scheme and the OFC Demerger Scheme
REWT	RCIL Employee Welfare Trust
RCOM	Reliance Communications Limited
RCIL	Reliance Communications Infrastructure Limited
RGBV	Reliance Globalcom BV
RISL	Reliable Internet Services Limited
RNGTPL	Reliance Next Generation Technology Private Limited
RTIHL	Reliance Telecom Infrastructure (Cyprus) Holdings Limited
RTL	Reliance Telecom Limited
RIIPL	Reliance Infocomm Infrastructure Private Limited
Shared Services Agreement	Shared facilities and support services agreement dated April 10, 2007 between our Company and RCOM as amended
Share Sale Agreement	Share sale agreement dated July 30, 2007as amended

#### **Issue Related Terms**

<b>Term</b>	<b>Description</b>
Allotment/Allot/Allotted	Unless the context otherwise requires, the allotment of Equity Shares pursuant to the Issue
Allottee	A successful Bidder to whom the Equity Shares are Allotted
Anchor Investor	A Qualified Institutional Buyer, applying under the Anchor Investor Portion with a minimum Bid of Rs. 100 million
Anchor Investor Bid/Issue Period	The date, being the date one day prior to the Bid/Issue Opening Date, on which the Syndicate shall accept Bids from Anchor Investors
Anchor Investor Issue Price	The final price at which Equity Shares will be issued and Allotted to Anchor Investors in terms of the Red Herring Prospectus and Prospectus, which price will be equal to or higher than the Issue Price but not higher than the Cap Price. The Anchor Investor Issue Price will be decided by the Company in consultation with the Book Running Lead Managers
Anchor Investor Margin	An amount representing 25% of the Bid Amount payable by an Anchor

<b>Term</b>	<b>Description</b>
Amount	Investor at the time of submission of its Bid
Anchor Investor Portion	Up to 30% of the QIB Portion which may be allocated by the Company to Anchor Investors on a discretionary basis. One-third of the Anchor Investor Portion shall be reserved for domestic mutual funds, subject to valid Bids being received from domestic mutual funds at or above the price at which allocation is being done to Anchor Investors
Balance Amount Payable	Issue Price less the amount already paid, if any, (net of Retail Discount, as applicable, to be adjusted), payable by Retail Individual Bidders and Non-Institutional Bidders who have opted for Payment Method-1 and for which a Call Notice shall be issued by our Company on the date of Allotment
Banker(s) to the Issue/Escrow Collection Bank	The banks which are clearing members and registered with SEBI as Bankers to the Issue and with whom the Escrow Account will be opened, in this case being [●]
Basis of Allotment	The basis on which Equity Shares will be Allotted to Bidders under the Issue and which is described under “Issue Procedure – Basis of Allotment” on page 242 of this Draft Red Herring Prospectus
Bid	An indication to make an offer during the Bid/Issue Period (including, in the case of Anchor Investors, the Anchor Investor Bid/Issue Period) by a Bidder pursuant to submission of a Bid cum Application Form to subscribe to the Equity Shares of our Company at a price within the Price Band, including all revisions and modifications thereto
Bid Amount	The highest value of the optional Bids indicated in the Bid cum Application Form. The Bid Amount shall be payable by the Bidder (other than an Anchor Investor) on submission of a Bid in the Issue. The Anchor Investor margin Amount shall be payable by an Anchor Investor on submission of a Bid in the Issue
Bid/Issue Closing Date	The date after which the Syndicate will not accept any Bids for the Issue, which shall be notified in an English national daily newspaper, a Hindi national daily newspaper and a Marathi newspaper, each with wide circulation
Bid/Issue Opening Date	The date on which the Syndicate shall start accepting Bids for the Issue, which shall be notified in an English national daily newspaper, a Hindi national daily newspaper and a Marathi newspaper, each with wide circulation
Bid cum Application Form	The form used by a Bidder to make a Bid and which will be considered as the application for Allotment for the purposes of the Red Herring Prospectus and the Prospectus
Bidder	Any prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus and the Bid cum Application Form
Bid/Issue Period	The period between the Bid/Issue Opening Date and the Bid/Issue Closing Date, inclusive of both days, during which prospective Bidders can submit their Bids, including any revisions thereof
Book Building Process/Method	Book building route, as provided in Schedule XI of the SEBI Regulations, in terms of which this Issue is being made
BRLMs/Book Running Lead Managers	Book Running Lead Managers to the Issue, in this case being JM Financial Consultants Private Limited, J.P. Morgan India Private Limited, Deutsche Equities India Private Limited, Enam Securities Private Limited, ICICI Securities Limited, Macquarie Capital Advisers (India) Private Limited, UBS Securities India Private Limited and HSBC Securities and Capital Markets (India) Private Limited
Business Day	Any day on which commercial banks in Mumbai are open for business
Call Notice	A notice issued by our Company for payment of the Balance Amount

<b>Term</b>	<b>Description</b>
	Payable in respect of partly paid Equity Shares Allotted to Retail Individual Bidders and Non-Institutional Bidders who have opted for Payment Method-1
CAN/Confirmation of Allocation Note	The note or advice or intimation of allocation of Equity Shares sent to the Bidders who have been allocated Equity Shares after discovery of the Issue Price in accordance with the Book Building Process, including any revisions thereof
Cap Price	The higher end of the Price Band, above which the Issue Price will not be finalized and above which no Bids will be accepted
Cut-Off Price	Issue Price (net of Retail Discount, as applicable), finalised by our Company in consultation with the BRLMs. Only Retail Individual Bidders are entitled to bid at the Cut-Off Price, for a Bid Amount not exceeding Rs. 100,000. QIBs and Non-Institutional Bidders are not entitled to bid at the Cut-Off Price.
Designated Date	The date on which funds are transferred from the Escrow Account to the Issue Account after the Prospectus is filed with the RoC, following which the Board of Directors shall Allot Equity Shares to successful Bidders
Designated Stock Exchange	[•]
Deutsche Equities	Deutsche Equities India Private Limited
DP ID	Depository Participant's Identification
Draft Red Herring Prospectus or DRHP	This Draft Red Herring Prospectus dated September 24, 2009 issued in accordance with Section 60B of the Companies Act, which does not contain complete particulars of the price at which the Equity Shares will be issued and the size (in terms of value) of the Issue
Due Date for Balance Amount Payable	Last date for payment of the Balance Amount Payable for Retail Individual Bidders and Non-Institutional Bidders who have opted for Payment Method-1, which is a date falling 21 days from the date of Allotment
Eligible NRIs	NRIs from jurisdictions outside India where it is not unlawful to make an issue or invitation under the Issue and in relation to whom the Red Herring Prospectus constitutes an invitation to subscribe to the Equity Shares
Enam	Enam Securities Private Limited
Equity Shares	Equity shares of our Company of Rs. 10 each fully paid up unless otherwise specified in the context thereof
Escrow Account	Account opened with the Escrow Collection Bank(s) for the Issue and in whose favour the Bidder will issue cheques or demand drafts for the Bid Amount, when submitting a Bid
Escrow Agreement	Agreement to be entered into by our Company, the Registrar to the Issue, BRLMs, the Syndicate Members and the Escrow Collection Bank(s) for collection of the Bid Amounts and where applicable, payment of refunds of the whole or part of the Bid Amount, to the Bidders on the terms and conditions thereof
Escrow Collection Bank(s)	[•]
First Bidder	The Bidder whose name appears first in the Bid cum Application Form or the Revision Form
Floor Price	The lower end of the Price Band, at or above which the Issue Price will be finalized and below which no Bids will be accepted

<b>Term</b>	<b>Description</b>
HSBC Securities	HSBC Securities and Capital Markets (India) Private Limited
I-Sec	ICICI Securities Limited
Issue	The public issue of 156,000,000 Equity Shares of Rs. 10 each for cash at a price of [●] each aggregating Rs. [●] million, by our Company
Issue Account	Account opened with the Bankers to the Issue to receive monies from the Escrow Account on the Designated Date
Issue Price	The final price at which Equity Shares will be issued and Allotted to the Bidder in terms of the Red Herring Prospectus. The Issue Price will be decided by our Company in consultation with the BRLMs on the Pricing Date
Issue Proceeds	The gross proceeds of the Issue that are available to our Company
JM	JM Financial Consultants Private Limited
JPM/J.P. Morgan	J.P. Morgan India Private Limited
Macquarie	Macquarie Capital Advisers (India) Private Limited
Margin Amount	The amount paid by the Bidder (other than an Anchor Investor) at the time of submission of his/her Bid, being 10% to 100% of the Bid Amount
Monitoring Agency	[●]
Mutual Fund Portion	5% of the QIB Portion (excluding the Anchor Investor Portion), or [●] Equity Shares available for allocation to Mutual Funds only, out of the QIB Portion (excluding the Anchor Investor Portion)
Mutual Funds	A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996
Net Proceeds	The Issue Proceeds less the Issue expenses. For further information about use of the Issue Proceeds and the Issue expenses, see “Objects of the Issue” on page 36 of this Draft Red Herring Prospectus
Non-Institutional Bidders	All Bidders, including sub-accounts of FIIs registered with SEBI, which are foreign corporate or foreign individuals, that are not QIBs or Retail Individual Bidders and who have Bid for Equity Shares for an amount more than Rs. 100,000 (but not including NRIs other than eligible NRIs)
Non-Institutional Portion	The portion of the Issue being not less than [●] Equity Shares of Rs. 10 each available for allocation to Non-Institutional Bidders
Pay-in Date	Bid Closing Date or the last date specified in the CAN sent to Bidders, as applicable
Pay-in-Period	(i) With respect to Bidders whose Margin Amount is 100% of the Bid Amount, the period commencing on the Bid/ Issue Opening Date; and extending until the Bid/ Issue Closing Date; and  (ii) With respect to Bidders whose Margin Amount is less than 100% of the Bid Amount, the period commencing on the Bid/ Issue Opening Date and extending until the closure of the Pay-in Date
Payment Method	Either of Payment Method-1 or Payment Method-2 chosen by Retail Individual Bidders and Non-Institutional Bidders
Payment Method-1	Amount Payable on Submission of Bid cum Application Form in case of Retail Individual Bidders and Non-Institutional Bidders, is Rs. [●] per Equity Share, such that it shall not be less than 25% of the Issue Price and Balance Amount Payable shall be paid by the Due Date for Balance Amount Payable. All Non Resident Bidders availing the option of Payment Method-1 are required to submit a copy of an approval from the RBI allowing them to subscribe to the partly-paid up Equity Shares. Under Payment Method-1, out of the Amount Payable on Submission of Bid cum Application Form, Rs. 2.50 is towards face value and Rs. [●] is

Term	Description
	towards premium.
Payment Method-2	Amount Payable on Submission of Bid cum Application Form in case of Retail Individual Bidders and Non-Institutional Bidders shall be 100% of Bid Amount less the Retail Discount, as applicable, and in case of QIBs is 10% of the Bid Amount, with balance being payable on allocation and indicated in the CAN
Price Band	Price band of a minimum price (floor of the price band) of Rs. [●] and the maximum price (cap of the price band) of Rs. [●] and includes revisions thereof. The price band will be decided by the Company in consultation with the BRLMs and shall be notified in an English national daily newspaper, a Hindi national daily newspaper and Marathi newspaper, each with wide circulation
Pricing Date	The date on which our Company in consultation with the BRLMs finalizes the Issue Price
Prospectus	The Prospectus to be filed with the RoC in accordance with Section 60 of the Companies Act, containing, inter alia, the Issue Price that is determined at the end of the Book Building Process, the size of the Issue and certain other information
QIB Margin Amount	An amount representing at least 10% of the Bid Amount payable by QIBs (other than Anchor Investors) at the time of submission of their Bid
QIB Portion	The portion of the Issue being at least [●] Equity Shares of Rs. 10 each required to be allocated to QIBs
Qualified Institutional Buyers or QIBs	Public financial institutions as specified in Section 4A of the Companies Act, scheduled commercial banks, mutual fund registered with SEBI, FIIs and sub-account registered with SEBI, other than a sub-account which is a foreign corporate or foreign individual, multilateral and bilateral development financial institution, venture capital fund registered with SEBI, foreign venture capital investor registered with SEBI, state industrial development corporation, insurance company registered with IRDA, provident fund with minimum corpus of Rs. 25 crores, pension fund with minimum corpus of Rs. 25 crores, National Investment Fund set up by Government of India and national investment fund set up by the Government of India
Refund Account	The account opened with the Escrow Collection Bank(s), from which refunds, if any, of the whole or part of the Bid Amount shall be made
Refund Bank	[●]
Refunds through electronic transfer of funds	Refunds through ECS, Direct Credit, RTGS or NEFT, as applicable
Registrar to the Issue	Registrar to the Issue, in this case being Karvy Computershare Private Limited
Retail Discount	The difference of Rs. [●] between the Issue Price and the differential lower price at which our Company has decided to allot the Equity Shares to Retail Individual Bidders
Retail Individual Bidder(s)	Individual Bidders who have bid for Equity Shares for an amount not more than Rs. 100,000 (net of Retail Discount) in any of the bidding options in the Issue (including HUFs applying through their Karta and eligible NRIs and does not include NRIs other than Eligible NRIs)
Retail Portion	The portion of the Issue being up to [●] Equity Shares of Rs. 10 each available for allocation to Retail Individual Bidder(s)
Revision Form	The form used by the Bidders to modify the quantity of Equity Shares or the Bid Price in any of their Bid cum Application Forms or any previous Revision Form(s)



<b>Term</b>	<b>Description</b>
RHP or Red Herring Prospectus	The Red Herring Prospectus to be issued in accordance with Section 60B of the Companies Act, which will not have complete particulars of the price at which the Equity Shares are offered and the size of the Issue. The Red Herring Prospectus will be filed with the RoC at least three days before the Bid Opening Date and will become a Prospectus upon filing with the RoC after the Pricing Date
Stock Exchanges	Collectively the BSE and NSE
Syndicate/Members of the Syndicate	The Book Running Lead Managers and the Syndicate Members
Syndicate Agreement	The agreement to be entered into between the Syndicate and our Company in relation to the collection of Bids in this Issue
Syndicate Members	Reliance Securities Limited, Karvy Stock Broking Limited and JM Financial Services Private Limited
TRS/Transaction Registration Slip	The slip or document issued by the Syndicate to the Bidder as proof of registration of the Bid
UBS	UBS Securities India Private Limited
Underwriters	The BRLMs and the Syndicate Members
Underwriting Agreement	The agreement among the members of the Syndicate and our Company to be entered into on or after the Pricing Date

#### **Conventional and General Terms/ Abbreviations**

<b>Term</b>	<b>Description</b>
Act or Companies Act	The Companies Act, 1956 and amendments thereto.
AGM	Annual General Meeting
AS	Accounting Standards issued by the Institute of Chartered Accountants of India
AY	Assessment Year
BIFR	Board for Industrial and Financial Reconstruction
BSE	Bombay Stock Exchange Limited
CAGR	Compounded Annual Growth Rate
CDSL	Central Depository Services (India) Limited
CIN	Corporate Identity Number
Depositories	NSDL and CDSL
Depositories Act	The Depositories Act, 1996, as amended from time to time
DIN	Director Identification Number
DP/ Depository Participant	A depository participant as defined under the Depositories Act, 1996
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation
ECS	Electronic Clearing Service
EGM	Extraordinary General Meeting
EPS	Earnings Per Share i.e., profit after tax for a fiscal year divided by the weighted average outstanding number of equity shares at the end of that fiscal year
FDI	Foreign Direct Investment
FEMA	Foreign Exchange Management Act, 1999 read with rules and regulations thereunder and amendments thereto
FEMA Regulations	FEMA (Transfer or Issue of Security by a Person Resident Outside India)

Term	Description
	Regulations 2000 and amendments thereto
FII(s)	Foreign Institutional Investors as defined under SEBI (Foreign Institutional Investor) Regulations, 1995 and registered with SEBI under applicable laws in India
Financial / Fiscal Year/ FY	Unless stated otherwise, the period of 12 months ending March 31 of that particular year
FIPB	Foreign Investment Promotion Board
FVCI	Foreign Venture Capital Investor registered under the SEBI (Foreign Venture Capital Investor) Regulations, 2000
GDP	Gross Domestic Product
GoI/Government	Government of India
HNI	High Net Worth Individual
HUF	Hindu Undivided Family
I.T. Act	The Income Tax Act, 1961, as amended from time to time
Indian GAAP	Generally Accepted Accounting Principles in India
IPO	Initial Public Offering
Mn / mn	Million
MOU	Memorandum of Understanding
NA/ n.a.	Not Applicable
NAV	Net Asset Value being the paid up equity share capital plus free reserves (excluding reserves created out of revaluation) less deferred expenditure not written off (including miscellaneous expenses not written off) and debit balance of profit and loss account, divided by number of issued equity shares
NCR	National Capital Region
NEFT	National Electronic Fund Transfer
NOC	No Objection Certificate
NR	Non-resident
NRE Account	Non Resident External Account
NRI	Non Resident Indian, being a person resident outside India, as defined under FEMA and the FEMA (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000
NRO Account	Non Resident Ordinary Account
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
OCB	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly as defined under Foreign Exchange Management (Transfer or Issue of Foreign Security by a Person resident outside India) Regulations, 2000. OCBs are not allowed to invest in this Issue
p.a.	Per annum
P/E Ratio	Price/Earnings Ratio
PAN	Permanent Account Number allotted under the Income Tax Act, 1961
PAT	Profit after tax
PBT	Profit before tax
PIO	Person of Indian Origin

Term	Description
PLR	Prime Lending Rate
RBI	The Reserve Bank of India
RoC	The Registrar of Companies, Maharashtra located at 100, Everest, Marine Drive, Mumbai 400 002
RONW	Return on Net Worth
Rs./INR	Indian Rupees
RTGS	Real Time Gross Settlement
SCRA	Securities Contracts (Regulation) Act, 1956, as amended from time to time
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended from time to time
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act, 1992, as amended from time to time
SEBI Act	Securities and Exchange Board of India Act 1992, as amended from time to time
SEBI Regulations	SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended from time to time
SEBI Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997
Sec.	Section
SIA	Secretariat for Industrial Assistance
State Government	The government of a state of the Union of India
UIN	Unique Identification Number
US / USA	United States of America
US GAAP	Generally Accepted Accounting Principles in the United States of America
USD/US\$/U.S.\$	United States Dollars
VCFs	Venture Capital Funds as defined in and registered with SEBI under the SEBI (Venture Capital Fund) Regulations, 1996

#### Technical/Industry Related Terms

Term	Description
3G	Third generation mobile telecommunication
4G	Fourth generation mobile telecommunication
ADC	Access Deficit Charge
ADSL	Asymmetrical Digital Subscriber Line
AH	Ampere Hour
ARPU	Average Revenue Per Unit
AUSP	Association of Unified Service Providers
BFSI	Banking, Finance, Securities and Insurance
BSNL	Bharat Sanchar Nigam Limited
BSS	Business Support System
BTS	Base Trans-Receiver Stations
BTSL	Basic Telephone Services License
CAPEX	Capital Expenditure
CAS	Conditional Access System
CC#7	Common Channel Signalling #7

Term	Description
CDMA	Code Division Multiple Access
Circle(s)	The 23 service areas that the Indian telecommunications market has been segregated into.
CIOU	Customer Integrated Operations Unit
CLIP	Calling Line Identification Presentation
CMTS	Cellular Mobile Telephone Services
COAI	Cellular Operators Association of India
COPC	Customer Operations Performance Centre
CPCB	Central Pollution Control Board
CPP	Calling Party Pays
DG	Diesel Generator
DoT	Department of Telecommunications, Ministry of Communications and Information Technology, Government of India
DTH	Direct to Home
DWDM	Dense Wavelength Division Multiplexing
Emission Regulation	National standards for effluents and emissions
EPCG Scheme	Export Promotion Capital Goods Scheme
ETSI	European Telecommunication Standard Institute
FMCG	Fast Moving Consumer Goods
GDR	Global Depository Receipts
GoI	Government of India
GSK	Get Started Kit
GSM	Global System for Mobile Communication
HCC	Handset Change Card
HFC	Hybrid Fibre Co-axial
IDC	Internet Data Centre
IFRS	International Financial Reporting Standards
ILDS	International Long Distance Service
IP	Internet Protocol
IP-I Provider/IP-II Provider	Infrastructure Provider Category I/ Infrastructure Provider Category II
IPLC	International Private Leased Circuit
ISO	International Standard Organisation
ISP	Internet Service Provider
IUC	Interconnect Usage Charge
LCO	Local Cable Operator
LDCA	Long Distance Circle Area
LoI	Letter of Intent
MCN	Media Convergence Nodes
MOST	Mobile Operators Share Tower
MHz	Mega Hertz
MPLS VPN	Multi Protocol Label Switching Virtual Private Network
MSO	Multi System Operator
MTNL	Mahanagar Telephone Nigam Limited

Term	Description
NBFC	Non Banking Finance Company
Net debt	Aggregate debt less cash and cash equivalents
NLDS	National Long Distance Service
NLDO	National Long Distance Operator
NNOC	RCOM's National Network Operating Centre
NTP	National Telecom Policy
OSS	Operation Support System
PC	Personal Computer
PCO	Public Call Office
PIN	Personal Identification Number
PoP	Point of Presence
SACFA	Standing Advisory Committee on Radio Frequency Allocations
SCN	Show Cause Notice
SDCA	Short Distance Circle Area
SEB	State Electricity Boards
SFI Scheme	Serve from India Scheme
SIM	Subscriber Identity Module
SMPS	Switch Mode Power Supply
STD	Subscriber Trunk Dialling
TDSAT	Telecom Disputes Settlement Appellate Tribunal
Standards	Standard/Guidelines for Control of Noise Pollution from Stationary Diesel Generator Sets
TEMA	Telecom Equipment Manufacturing Association
TRAI	Telecom Regulatory Authority of India, constituted under the Telecom Regulatory Authority of India Act, 1997 as amended from time to time
Triple Play Service	Voice, Video (Cable TV) and Data (Internet)
TTML	Tata Teleservices Maharashtra Limited
UASL	Unified Access Services Licenses
USP	Universal Service Provider
USL	Universal Service Levy
USO	Universal Service Obligation
VSAT	Very Small Aperture Terminal
VSNL	Videsh Sanchar Nigam Limited, now known as "Tata Communications Limited"
WLL	Wireless Local Loop
WPC	Wireless Planning Commission
WiMAX	Worldwide Interoperability for Microwave Access

## **PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA**

### **Financial Data**

Unless stated otherwise, the financial data in this Draft Red Herring Prospectus is derived from our restated financial statements, prepared in accordance with Indian GAAP, the Companies Act, 1956 and the SEBI Regulations, which are included in this Draft Red Herring Prospectus and set out in the section titled “Financial Statements” beginning page 129 of this Draft Red Herring Prospectus. Our current fiscal year commences on April 1 and ends on March 31.

Although in this Draft Red Herring Prospectus we present our restated historical financial results for the five fiscal years ended March 31, 2009, until March 31, 2007 we were effectively a dormant company with no material business or assets. Pursuant to the Reorganisation, we acquired the assets which constitute the core of our business. As such, the financial information presented herein for periods prior to that date will not be indicative of our results as an independent operating company. All financial data has been presented in millions or billions unless stated otherwise.

There are significant differences between Indian GAAP, US GAAP and IFRS. We do not provide reconciliation of our financial statements to IFRS or US GAAP financial statements. Our Company has not attempted to explain those differences or quantify their impact on the financial data included herein, and we urge you to consult your own advisors regarding such differences and their impact on our financial data. Accordingly, the degree to which the Indian GAAP financial statements included in this Draft Red Herring Prospectus will provide meaningful information is entirely dependent on the reader’s level of familiarity with Indian accounting practices. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Draft Red Herring Prospectus should accordingly be limited.

In this Draft Red Herring Prospectus, discrepancies in any table between the total and the sum of the amounts listed are due to rounding off.

### **Currency of Presentation**

All references to “Rupees” or “Rs.” are to Indian Rupees, the official currency of the Republic of India. All references to “US\$”, “USD” or “US Dollars” are to United States Dollars, the official currency of the United States of America.

### **Exchange Rates**

This Draft Red Herring Prospectus contains translations of certain US Dollar and other currency amounts into Indian Rupees that have been presented solely to comply with the requirements of the SEBI Regulations. These convenience translations should not be construed as a representation that those US Dollar or other currency amounts could have been, or can be converted into Indian Rupees, at any particular rate, the rates stated below or at all.

### **Industry and Market Data**

Unless stated otherwise, industry and market data used throughout this Draft Red Herring Prospectus has been obtained from market research, publicly available information and industry publications. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability is not be assured. Although industry data used in this Draft Red Herring Prospectus is reliable, it has not been independently verified by our Company or the BRLMs. Similarly, internal Company reports, while believed by us to be reliable, have not been verified by any independent sources.

The extent to which the market and industry data used in this Draft Red Herring Prospectus is meaningful depends on the reader’s familiarity with and understanding of the methodologies used in compiling such data.

The information included in this Draft Red Herring Prospectus about other listed and unlisted companies is based on their respective annual reports and their respective information publicly available.

## FORWARD LOOKING STATEMENTS

This Draft Red Herring Prospectus contains certain “forward-looking statements”. These forward-looking statements generally can be identified by words or phrases such as “aim”, “anticipate”, “believe”, “expect”, “estimate”, “intend”, “objective”, “plan”, “project”, “shall”, “will”, “will continue”, “will pursue” or other words or phrases of similar import. Similarly, statements that describe our strategies, objectives, plans or goals are also forward-looking statements. All forward-looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results and property valuations to differ materially from those contemplated by the relevant statement.

Actual results may differ materially from those suggested by the forward looking statements due to risks or uncertainties associated with our expectations with respect to, but not limited to, regulatory changes pertaining to the industries in India in which we have our businesses and our ability to respond to them, our ability to successfully implement our strategy, our growth and expansion, technological changes, our exposure to market risks, general economic and political conditions in India and which have an impact on our business activities or investments, the monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in domestic laws, regulations and taxes and changes in competition in our industry. Important factors that could cause actual results to differ materially from our expectations include, among others:

- Limited operating and financial history;
- Heavy reliance on RCOM and its subsidiaries for the substantial majority of our business and otherwise;
- Risks associated with the Demerger Schemes;
- Security over our telecommunication towers in favour of RCOM’s creditors;
- Increased sharing of existing and new passive telecommunication infrastructure constructed by Indian cellular telecommunication operators and increasing competition in the passive infrastructure industry;
- Decrease in demand for telecommunication tower space;
- General economic and business conditions in India; and
- Changes in laws and regulations that apply to our clients and suppliers.

For further discussion of factors that could cause our actual results to differ from our expectations, see “Risk Factors”, “Our Business” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on pages xiv, 71 and 165, respectively, of this Draft Red Herring Prospectus. Neither our Company nor any of the Underwriters nor any of their respective affiliates has any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof. In accordance with SEBI requirements our Company, the BRLMs will ensure that investors in India are informed of material developments until the time of the grant of listing and trading permission by the Stock Exchanges.

## SECTION II: RISK FACTORS

*An investment in the Equity Shares involves a high degree of risk. You should carefully consider all the information in this Draft Red Herring Prospectus, including the risks and uncertainties described below, before making an investment in our Equity Shares. If any of the following risks, or other risks that are not currently known or are now deemed immaterial, actually occur, our business, results of operations and financial condition could suffer, the price of our Equity Shares could decline, and you may lose all or part of your investment. The financial and other related implications of risks concerned, wherever quantifiable, have been disclosed in the risk factors mentioned below. However, there are risk factors where the impact is not quantifiable and hence the same has not been disclosed in such risk factors. Investment in equity and equity related securities involve a degree of risk and investors should not invest any funds in this offer unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this offering. Before making an investment decision, investors must rely on their own examination of the offer and us.*

*Unless otherwise stated, the financial information of the Company used in this section is derived from our financial statements under Indian GAAP, as restated.*

### **Risks Relating to our Business**

#### ***Internal Risks***

#### ***1. There are certain criminal proceedings pending against our Chairman.***

There are certain criminal proceedings against Mr. Anil Dhirubhai Ambani, brief details of which have been provided below:

##### *Cases before 2005*

- There are two criminal cases filed by two holders of convertible debentures alleging false statements in the prospectus pertaining to the issue of such convertible debentures by the erstwhile Reliance Polypropylene Limited (which is not an affiliate of the Reliance ADA Group).
- There are two criminal cases in relation to disputes regarding transfer of shares of the erstwhile Reliance Petroleum Limited (which is not an affiliate of the Reliance ADA Group).

##### *Cases after 2005*

- There are eight cases filed where the complainants have alleged forgery and cheating in relation to deficiency in telecom services by RCOM and related matters.
- There is one criminal complaint filed by a shareholder of Reliance Infrastructure Limited in connection with certain shares of Reliance Infrastructure Limited sold by Reliance Capital Limited. However, no notice or summons has been received.
- There are three criminal complaints where it has been alleged that the complainants were threatened when they demanded consideration be to paid and were prevented from entering their land, that their land was trespassed upon, and that machinery on such land was illegally removed.
- There is one criminal complaint filed by an ex-employee alleging cheating and misappropriation of his salary. The High Court has stayed the process issued by Magistrate.

For more details, see “Outstanding Litigation and Material Developments” on page 189 of this Draft Red Herring Prospectus.



**2. *We have been named as parties in several litigation proceedings relating to the use of private land for the installing of telecommunication towers and laying optic fibre.***

We are parties to several legal proceedings involving use of private land for installing telecommunication towers and laying optic fibre. These include:

- Two writ petitions before the High Court of Jammu and Kashmir, challenging the installation of telecommunication towers;
- 132 suits before various courts where we have been named as necessary parties in matters which involve disputes with regard to ownership of the leased land;
- 158 civil and criminal cases filed against us, which include suits for permanent injunctions from installing telecommunication towers on the grounds of noise and air pollution, health hazard from the radiation from the telecommunication towers and the potential danger of the telecommunication tower collapsing on surrounding structures and inhabitants;
- 155 cases filed against our Company by the Uttar Pradesh Government before the Court of the Additional Divisional Commissioner, Additional District Magistrate or the Collector in relation to stamp duty disputes;
- 37 suits filed against us before various trial courts alleging that the construction of telecommunication towers in residential areas would be a cause for nuisance for the inhabitants and neighbours and thus seeking the removal of the telecommunication towers;
- 19 cases filed against us before various trial courts by lessors of the leased premises challenging the termination of the lease agreement;
- 32 cases filed against us for unpaid rent simultaneous with continued possession of the leased property without payment of dues;
- five cases filed against us in trial courts by neighbours relating to the weakening of the structure of their premises due to the installation of the towers on the adjacent plot or roof tops;
- 14 cases filed against us before various trial courts by plaintiffs on the grounds of encroachment upon their premises, which is not part of the leased premises;
- nine public interest litigations filed against us in the High Court of Rajasthan against erection of BTS towers;
- eight cases filed against us before the civil court in the West Bengal circle claiming that the fibre optic cables were laid through or on their premises without their permission; and
- 46 other cases filed against us and three other writ petitions on various causes of action relating to use of land for installation of telecommunication towers.

The granting of adverse injunctions or an adverse order for the payment of damages by us may have a material adverse effect on our business, financial condition and results of operations. For more details, see “Outstanding Litigation and Material Development” on page 189 of this Draft Red Herring Prospectus.

**3. *There are certain legal proceedings against our Company, the Promoters, Group Companies and Directors of our Company.***

There are certain proceedings, including criminal proceedings, pending in various courts and authorities at different levels of adjudication against us, our Directors, our Promoters and our Promoter Group Companies:

### *Our Company*

There are 479 cases against us pertaining to various tower and optic fibre related disputes. For details, see “Risk Factors – We have been named as parties in several litigation proceedings relating to the use of private land for the installing of telecommunication towers and laying optic fibre” on page xv of this Draft Red Herring Prospectus.

There are 155 cases relating to the payment of stamp duty with respect to various agreements entered into by the Company.

### *Our Directors*

Mr. Anil Dhirubhai Ambani:

There are 17 criminal cases against Mr. Anil Dhirubhai Ambani.

<b>Nature and Number of Cases</b>	<b>Amount involved</b>
17 consumer cases <sup>**</sup>	Rs.3.6 million (36 lakhs)
Two labor cases	No monetary claim involved
One civil case	No monetary claim involved
Four election cases	No monetary claim involved

<sup>\*</sup> In some of these cases, RCOM has also been made a party.

<sup>#</sup> This includes 16 cases and one appeal against Mr. Anil Dhirubhai Ambani.

Mr. E.B. Desai:

In the two matters involving companies where Mr. Desai is no longer a director, one matter is a proceeding under section 138 of the Negotiable Instruments Act, 1881 and the other is a BIFR proceeding.

In the three matters involving companies where Mr. Desai continues to be a director, one is a criminal matter pertaining to a private dispute, one is a prosecution by the Food Inspector, Valsad and one is an action under Section 209(5) of the Companies Act.

### *Promoter and Group Companies*

<b>Promoter/Group Companies</b>	<b>Nature and Number of Case</b>	<b>Amount involved</b>
RCOM	39 investor related disputes	Monetary claim not ascertained
	68 civil cases	Rs. 50.35 million
	438 consumer cases	Rs.44.13 million
	29 consumer appeal cases	Rs. 1.22 million
	26 cases in High Courts	Rs. 286.27 million
	485 tower related matters	Rs. 36.42 million
	Three tax cases	Rs. 42.64 million
	One company case	Rs. 2.91 million
	16 labour cases	Rs. 2.63 million
	Four regulatory matters	Rs. 35 million
	Five appeals in the Supreme Court	Monetary claim not ascertained
	29 criminal matters	No monetary claim involved
	Six MRTP cases	Rs. 12.17 million
RCIL	56 civil cases	Rs. 14.76 million
	340 consumer cases	Rs. 28.34 million
	27 consumer appeal cases	Rs. 1.8 million
	114 tower related matters	RS. 9.87 million
	28 criminal matters	No monetary claim involved
	10 tax case	Monetary claim not ascertained
	12 labour cases	Rs. 3.86 million

Promoter/Group Companies	Nature and Number of Case	Amount involved
	One company case	Rs. 3.09 million
	18 civil cases	Rs. 2.11 million
Reliance Globalcom Limited	Five class action complaints	Monetary claim not ascertained
Reliance Globalcom (UK) Limited	One private action	Monetary claim not ascertained
FLAG Atlantic (USA) Limited	One civil action	US\$5.5 million
Reliance FLAG Telecom Ireland Limited	One civil case	Monetary claim not ascertained
FLAG Telecom Network USA Limited	One civil case	US\$0.15 million – US\$0.17 million
Vanco GMBH	One civil case	€53,333
Vanco SAS	One civil case	€25,000
Vanco US LLC	Two civil cases	US\$3.64 million
Vanco UK Limited	One civil case	£0.11 million

In addition, our Promoters and Group Companies have from time to time initiated legal proceedings relating to their business and operations.

For further details of outstanding litigation against us, our Directors, our Promoter and our Group Companies, see “Outstanding Litigation and other Material Developments” on page 189 of this Draft Red Herring Prospectus.

**4. *We have a limited operating history on which to gauge our business and financial condition and future prospects.***

We were incorporated on April 16, 2001 under the Companies Act, 1956, but until March 30, 2007, we were a dormant company with no material business or assets. On March 30, 2007, pursuant to the Merger Scheme approved by the High Court of Bombay, RNGTHPL, a subsidiary of RCIL which held certain telecommunications assets that could usefully be combined with passive infrastructure, was merged into our Company. On April 10, 2007, pursuant to the PTI Demerger Scheme, RCOM and RTL transferred to us the telecommunication towers and related assets that now constitute a substantial portion of our business operations. On September 15, 2009, pursuant to the OFC Demerger Scheme, the OFC assets of RCOM were transferred to our Company with effect from April 1, 2008. For a detailed description of the Reorganisation, see “Reorganisation” on page 65 of this Draft Red Herring Prospectus.

Because of our limited operating history, there is little data on which to evaluate our past performance. Our business is evolving and we believe that historical period-to-period comparisons of our financial statements are not meaningful and should not be relied on as an indication of future performance. In addition, our future prospects must be considered in the light of the risks and uncertainties frequently encountered by companies in their early stages of development, and in particular new companies in a

new and evolving industry. Our business strategy is unproven and there can be no assurance that we will be able to develop a successful business. We have a substantially new management and operational team, the majority of which joined our Company from RCOM and RTL pursuant to the Demerger Schemes, and the assets that now constitute the core of our business, principally the telecommunication towers, the OFC network and related passive infrastructure that were transferred to us in the Demerger Schemes, were previously operated as part of an integrated telecommunications business. We cannot assure you that we will be able to transform our Company into a successful integrated and independent passive infrastructure business. For example, we remain reliant on certain services provided to our Company by RCOM and its subsidiaries and affiliated companies and if these services were to be discontinued or not longer made available to us, we may not be able to make suitable alternative arrangements on reasonable commercial terms. Operating as a stand-alone business subjects us to significant regulatory and reporting requirements and we must develop and maintain effective internal control and management systems to ensure compliance with these requirements and to otherwise operate effectively. We cannot assure you that we will be able to do so, or that the challenges of operating as a stand-alone company will not occupy a significant amount of our management's time and resources to the detriment of the development of our business.

**5. *There is only a limited amount of historical financial information available in respect of our business.***

Although in this Draft Red Herring Prospectus we present our restated historical financial results for the five fiscal years ended March 31, 2009, for a significant part of this period of time we were effectively a dormant company with no material business or assets. Pursuant to the Demerger Schemes, we acquired tower, OFC and related assets which constitute the core of our business at their fair value as determined by an independent valuation under each of the PTI Demerger Scheme and OFC Demerger Scheme approved by the courts.

While we have presented in this Draft Red Herring Prospectus restated financial statements as of and for the two years ended March 31, 2009, the cash flow and income statement components of the telecommunications towers assets and the OFC assets that we have acquired, including revenues, expenses, cash generated and cash expended, were not separately accounted for prior to the Effective Date and we are therefore unable to present this information. As a result, we have not presented any historical track record of the revenues, expenses and cash flows of the asset groups that constitute the core of our business, which makes it significantly more difficult to assess our operating track record and to form expectations with regard to our future financial performance.

**6. *The substantial majority of our business is dependent on RCOM and its subsidiaries.***

The profitability of our Company is dependent on the performance and business of RCOM and RTL. Accordingly, risks that could harm RCOM and RTL could adversely affect our business and financial condition as well. If either RCOM or RTL experience financial difficulties, it may adversely affect our Company's business and financial condition. We are heavily reliant on RCOM and its subsidiaries in a number of important respects, including the following:

Reliance on RCOM and RTL for our business and revenue

- RCOM and RTL, constitute substantially all of our tenancy on our telecommunication towers, and RCOM, as the only tenant of the OFC network, as of March 31, 2009, accounted for substantially all of our revenues for the period ended March 31, 2009; and
- our future expansion plans would be based primarily upon RCOM's and RTL's plans to expand their respective wireless and OFC voice and data networks, which may be subject to change.

Although we have signed agreements to serve several additional customers in our telecommunications towers business, we continue to seek to expand our businesses to other, non-related wireless service providers within the Indian wireless communications industry, and have to date not done so for our OFC business and cannot assure you that we will be successful in our efforts to diversify our revenue base generally.

In addition, as of March 31, 2009, RCOM accounted for 100% of our OFC revenues. Pursuant to the OFC MOU, RCOM has the right to use up to 80% of our existing OFC network capacity. For more information, see “Management’s Discussion and Analysis – Working Capital, Cash and Indebtedness” on page 180 of this Draft Red Herring Prospectus. We expect to enter into a master services agreement with RCOM, which will replace the OFC MOU and which we expect will incorporate similar terms to the OFC MOU. Further, we expect to amend the shared facilities and support services agreement dated April 10, 2007 (the “Shared Services Agreement”) to include services in relation to our OFC network.

Our heavy reliance on RCOM, RTL and their subsidiaries presents a number of significant risks to our business. RCOM, RTL and their subsidiaries’ businesses are subject to various risks, including a reduction in consumer demand and in usage charges for cellular and fixed-line telecommunication services, increased competition among both wireless and fixed-line voice and data service providers, delays or changes in the deployment of 3G or the commercialisation of other cellular technologies, and municipal, environmental, health and other government regulations.

#### Reliance on RCOM to avail certain duty benefits

We expect to continue to rely on certain RCOM group benefits which provide significant advantages to our business, including (i) fulfilling certain export obligations under the EPCG Scheme by using RCOM group companies’ exports and availing a reduction in our basic import duties from 10.0% to 3.0% under the terms of the EPCG Scheme, and (ii) using the duty free credit scrips obtained by RCOM to the extent of 10.0% of its foreign exchange earnings during the preceding year under the SFI Scheme to debit duty amounts payable on our imports. RCOM has no obligation to continue allowing us to avail these benefits and could withdraw these benefits at any time.

#### Master Services and Shared Services Agreement

We have, under a master services agreement dated April 10, 2007 (the “Master Services Agreement”) with RCOM and RTL, granted each of them (i) an initial three-month exclusivity period of use of the new passive infrastructure assets that we build or acquire at either of their request, and (ii) the option for a period of three years to use two additional slots on each telecommunication tower for possible further use at an additional 25.0% charge per each such slot, which may limit our ability to generate business from third party wireless service providers. Pursuant to an amendment dated August 1, 2009, the parties have agreed to waive the quarterly fees of 25% payable by RCOM to our Company. In addition, pursuant to a memorandum of understanding dated March 15, 2009 (the “OFC MOU”), we have granted RCOM a right to use 80% of our current OFC capacity, which may limit our ability to lease our OFC assets to other third party wireless service providers. We expect to enter into a master services agreement with RCOM, which will replace the OFC MOU and which we expect will incorporate similar terms to the OFC MOU. Further, we expect to amend the shared facilities and support services agreement dated April 10, 2007 (the “Shared Services Agreement”) to include services in relation to our OFC network. Even if our efforts to diversify our business are successful, we still expect, for the foreseeable future, to remain heavily reliant upon RCOM, RTL and their subsidiaries for a significant portion of our business and revenues.

Moreover, we have provided RCOM and RTL with certain exclusivity and first-refusal rights in our Master Services Agreement and expect to grant similar exclusivity and first-refusal rights in the master services agreement in relation to OFC services, which upon exercise may hinder our ability to attract and service other third-party operators as tenants.

Although under our Master Services Agreement with RCOM and RTL we are granted certain rights of first refusal to construct and provide to them the passive infrastructure for the roll-out of their respective networks, either RCOM or RTL could decide to significantly reduce the number of new sites that it wants to be developed as part of its expansion. There is nothing in our arrangements with RCOM or RTL that would prevent either of them from making any such reduction, and this would have the effect of significantly reducing our anticipated portfolio expansion and future revenue growth. If this were to happen, we cannot assure you that we would be able to find other customers to drive our business growth.

RCOM and its subsidiaries and affiliates provide certain business-critical support functions for our business, including, in relation to the operations and management of our sites, information technology

and treasury and administrative services, under the Shared Services Agreement. In addition, RCOM and its subsidiaries and affiliates provide similar services with respect to our OFC business pursuant to the OFC MOU. We expect to enter into a master services agreement with RCOM, which will replace the OFC MOU and which we expect will incorporate similar terms to the OFC MOU. Further, we expect to amend the shared facilities and support services agreement dated April 10, 2007 (the “Shared Serviced Agreement”) to include services in relation to our OFC network.

Any decline or downturn in RCOM’s, RTL’s or any of their subsidiaries’ businesses could adversely affect their ability to perform their respective obligations under their contracts with us, including to settle their bills to us as our tenants and/or to provide us with business-critical support services. Moreover, either for this or for other reasons, either RCOM or RTL could seek to re-negotiate the terms on which it does business with our Company, including by seeking to introduce terms and arrangements that are more favorable to it and that work to our disadvantage. Because of their size and importance to our business, RCOM and RTL would have significant leverage in any such discussions. Further, RCOM could attempt to exert its influence in a manner that hinders our ability to do business with its competitors, which we believe to be important to the growth and development of our Company.

Any of the foregoing factors, or any disputes that we have, or general deterioration in our relationship, with, RCOM or RTL, for any reason whatsoever could have a material adverse effect on our business, prospects, results of operations and financial condition.

**7. *We face certain risks associated with the Demerger Schemes.***

We have acquired the passive infrastructure business including towers, OFC assets and related assets that will constitute a substantial part of our business operations pursuant to the Demerger Schemes. Although each of the Demerger Schemes has been sanctioned by the High Court of Bombay, certain actions taken pursuant these Demerger Schemes could be subject to challenge and thereby disrupt our business. The passive infrastructure business, including towers and related assets of RCOM and RTL, was transferred to and vested in our Company with effect from April 10, 2007 and became the business, assets and property of our Company along with all the rights, title and interests of RCOM and RTL therein. The OFC Demerger Scheme contemplates, among other things, the transfer of business including OFC assets and related assets of RCOM and RTL into the Company so that the same becomes part of our Company. However:

- the approval of any of the parties from whom the land on which our existing telecommunication towers and related passive infrastructure are located is leased or licensed has not been obtained and such lessors may claim, though the claim may not be maintainable, that their specific consent may be required under the terms of certain of such leases before RCOM and RTL, respectively, are permitted to transfer their leasehold rights to our Company. If any of the owners of the premises that we lease or license initiate legal proceedings in relation to our occupancy of such premises, we may suffer a disruption in our operations;
- formal recording of the transfer to us in all relevant governmental and regulatory permits and licenses in respect of our existing tower sites and OFC network, has not been completed as of the date of this Draft Red Herring Prospectus and the relevant authority may levy penalties on us for not having obtained or maintained permits until such time as the transfer of these permits is completed;
- in respect of contingent liabilities of RCOM’s and RTL’s assets acquired by us, we cannot assure you that no liabilities exist in respect of such assets from the period during which they were owned by RCOM and RTL, with the effect that we may be subject to significant tax, regulatory or other liabilities in respect of these assets, of which we are currently unaware and for which we have not been indemnified; and
- we did not acquire any rights of way for the OFC business under the OFC Demerger Scheme as these were, and continue to be, held by certain subsidiaries of RCOM (the “RoW Subsidiaries”) and not by RCOM directly, and we have no intention of acquiring these rights of way from the RoW Subsidiaries. Although we have been granted rights of use for the OFC

business by the RoW Subsidiaries, there can be no assurance that the RoW Subsidiaries will properly maintain the rights of way, will not engage in any other activity which may negatively impact such rights of way, or will be able to successfully defend any claim by land-owners that such rights of way were improperly obtained, are invalid or not enforceable.

These risks could have a material adverse effect on our business, prospects, results of operations and financial condition.

**8. *Certain adjustments were made to our restated financial statements as of and for the fiscal year ended March 31, 2009.***

Pursuant to the PTI Demerger Scheme, we created a general reserve in our accounts, which may be made available for various purposes, including off-setting the effect of additional depreciation. Subsequently, we withdrew from the general reserve a depreciation charge and credited our profit and loss account in an amount of Rs.11,189.79 million and withdrew from the general reserve certain charges relating to fuel costs incurred during the fiscal year ended March 31, 2009 in an amount of Rs.1,910.68 million. If we had not made such withdrawal from the general reserve, our profit before taxes would have been lower by Rs.13,100.47 million.

In addition, pursuant to the OFC Demerger Scheme, we made a further withdrawal from general reserve in an amount equal to the amount of certain loan and other liability losses incurred due to changes in exchange rates, which had been recorded in accordance with Accounting Standard 11 under Indian GAAP. As a result, we credited our profit and loss account in an amount of Rs.8,042.89 million. If we had not made such withdrawal from the general reserve pursuant to the OFC Demerger Scheme, our profit before taxes would have been lower by Rs.8,042.89 million.

**9. *Our telecommunication towers are secured in favour of their RCOM's creditors.***

On March 2, 2009, one of our Promoters, RCOM, issued 3,000 secured redeemable non convertible debentures with a face value of Rs. 10 million each aggregating Rs. 30,000 million redeemable at the end of 10 years. The issue is secured by a pari passu charge on the moveable and immovable assets of the Company (excluding land and buildings thereon, goodwill and brand name), on a pari passu basis with the Company's existing and future lenders with a minimum asset cover of 1.25 times. Any enforcement of the charge by RCOM's creditors in the event of a default by RCOM could have a material adverse effect on our business, prospects, results of operations and financial condition.

**10. *Certain of our shareholders have rights that may allow them to exercise control over our Company in certain respects until the completion of this Issue.***

Pursuant to the share sale agreement dated July 30, 2007 (the "Share Sale Agreement"), RTIHL sold 5.0% of our share capital to certain institutional investors. These investors comprised four entities belonging to the Galleon group, Galleon Technology Partners II, L.P., Galleon Technology Offshore, Limited, Galleon International Master Fund, SPC Limited and Galleon Special Opportunities Fund, SPC Limited (together, "Galleon"), NSR-PE Mauritius LLC ("NSR"), HSBC Principal Investments, which entity subsequently assigned its rights to HSBC Iris Investments (Mauritius) Limited ("HSBC"), IIC Limited ("DAC"), GLG Emerging Markets Special Situations Fund ("GLG"), Drawbridge Towers Limited ("Fortress") and Quantum (M) Limited ("Soros").

The price at which each equity share of Rs.10 each was sold to the institutional investors was USD16.91. None of the institutional investors that purchased Equity Shares are related to the Promoters or Promoter Group.

This sale reduced RCIL's direct and RCOM's indirect interest in our Company to 94.5%. Under the terms of the Share Sale Agreement, investors were granted certain rights which automatically fall away upon the occurrence of an initial public offering. These rights include the following:

- We require the consent of the Purchaser or Purchasers holding more than 50.0% of the Equity Shares held by all the Purchasers (the "Majority Purchasers") to terminate or agree to any termination of the Master Services Agreement.

- We require the consent of the Majority Purchasers to amend, vary or modify (or agree to any amendment, variation or modification to) any term or condition of the Master Services Agreement relating to the Service Charges payable by RCOM and RTL to our Company for the use of sites.
- In the event that RCOM, RTIHL or their respective affiliates decide to sell a majority stake (i.e. Equity Shares representing more than 50.0% of the issued equity share capital) in our Company to a third party (i.e. not an affiliate of either of them), the Purchasers will have a right to sell their entire stake to such third party at the same implied price per share for their stake.
- If our Company issues or proposes to issue any Equity Shares or any other instrument that is convertible or exchangeable into or exercisable for shares (the “Issuance Securities”), the shareholders shall have the right to participate in such issuance pro rata to their shareholding in our Company in accordance with Section 81 of the Indian Companies Act 1956 (the “Pre-emptive Right”).
- Our Company is not permitted to take certain actions without the prior consent of the Majority Purchasers, including to (i) make any amendment to its memorandum and articles of association which would adversely affect the rights of the Purchasers, (ii) enter into any material transaction not in the ordinary course of business or not on arm’s length commercial terms, (iii) dispose of any material asset or provide any material service or facility other than on an arm’s length basis in the ordinary course of business, and (iv) effect any material change in the nature of the business of our Company by diversifying into an unrelated area of business or by ceasing business.

Pursuant to letters received from each one of them, the Purchasers have consented to this IPO being undertaken by our Company.

Some of these rights are also included in our Articles. These rights will automatically fall away upon the happening of an initial public offering. Our Articles shall be amended after the completion of the Issue to give effect to the falling away of these rights. For further details, please refer to “Main Provisions of the Articles of Association” on page 251 of this Draft Red Herring Prospectus.

Pursuant to the Share Sale Agreement, we also undertook to use our best efforts to achieve an initial public offering in which the implied valuation of each Equity Share for the purposes of such offering is at least as much as the price per Equity Share paid by the Purchasers within 18 months from the date of the Share Sale Agreement.

#### **11. *Our business model may not prove to be successful.***

Infrastructure sharing in the wireless communications sector and integrated telecommunication networks are relatively recent concepts in India. In addition, although passive communication infrastructure sharing has been successful in the United States, it has had only limited success elsewhere in world and has not been successful in Asia. Those telecommunications markets differ in certain important respects from that in India. There can be no assurance that growth in the wireless communications sector will continue or that wireless service providers will seek to reduce costs by increasing their reliance on shared passive infrastructure, either with other wireless service providers or with third-party stand-alone passive infrastructure operators such as our Company. In particular, wireless service providers may be unwilling to outsource passive infrastructure operations to third parties because they may not consider it to be economically beneficial or may be unwilling to surrender what they believe to be competitive advantages offered by ownership of proprietary networks, or for other reasons. Any failure of passive infrastructure sharing to develop within the Indian wireless communications sector in the way that we anticipate could adversely affect our business, prospects, results of operations and financial condition.

Further, our financial prospects are directly dependent upon the average tenancy rate of our towers. For the period ended March 31, 2009, our Company had an actual system-wide average telecommunication tower occupancy of 1.6 tenants per tower. “Actual system-wide average telecommunication tower occupancy” means the number of tenancies on all the Company’s telecommunication towers divided by



the number of telecommunication towers.

There can be no assurance that our Company's passive infrastructure sharing model, business strategy and expansion plans will be successful in India and that our Company will be able to attract sufficient wireless service providers to utilise its shared passive communication infrastructure network.

**12. *Our expansion plans may be subject to change for a variety of reasons.***

Our ability to develop new tower sites and lay additional optic fibre cables is dependent upon a number of factors, including the availability of sufficient capital to fund development, our ability to locate, and lease or acquire at commercially reasonable prices, suitable locations for such telecommunication towers, OFC assets and related infrastructure and our ability to obtain necessary licenses and permits. Identifying a location to establish a site requires expertise in communications infrastructure engineering, telecommunication tower management and network consultancy. Before a telecommunication tower can be constructed for a customer, we are required to take several steps, including identifying the customer's needs according to its capital expenditure, network planning, designing, site engineering and documentation, site construction, equipment installation, testing, commissioning and integration and training. There can be no assurance that we will be successful in selecting the right site location, in constructing and acquiring sites, in managing the new property portfolio and in acquiring sufficient new sites at the rate required to meet our expansion plans.

Although RCOM and RTL have provided firm and tentative roll-out plans as required under the terms of the Master Services Agreement, the final confirmation in relation to the tentative roll-out plans can be provided only upon finalisation of RCOM and RTL's network roll-out plans, based on which the Company will finalize the site on which the passive infrastructure will be located. These roll-out plans are provided to the Company to allow it to prepare itself for executing the orders. The finalisation of the site depends on several factors, most of which are external in nature and beyond the control of RCOM and RTL, and, therefore, confirmation of the roll-out plan can be provided only after the site has been finalized.

The Master Services Agreement provides that our, RCOM's and RTL's final commitment with respect to each proposed site shall only arise upon execution of the site agreement in relation to such site. Non-confirmation of the firm or tentative roll-out plans or any other adverse change in RCOM's or RTL's plans with regard to the additional telecommunication towers could have a material adverse effect on our business, prospects, results of operations and financial condition.

**13. *We may be unable to effectively manage our growth.***

Our growth is expected to place significant demands on our management and operational resources. In order to manage growth effectively, we must implement and improve operational systems, procedures and internal controls on a timely basis. If we fail to do so, or if there are any present or future weaknesses in our internal control and monitoring systems that would result in inconsistent internal standard operating procedures, we may not be able to service our clients' needs, hire and retain new employees, pursue new business or operate our business effectively.

Failure to effectively manage new site construction, properly budget costs or accurately estimate operational costs associated with the development and operation of new tower sites could result in delays in executing client contracts, trigger service level penalties, or cause our profit margins not to meet our expectations or our historical profit margins. Our inability to execute our growth strategy, to ensure the continued adequacy of our current systems or to manage our planned business expansion effectively could have a material adverse effect on our business, prospects, results of operations and financial condition.

**14. *As a part of the Master Services Agreement and agreements with certain other customers, we have committed to certain service level standards, which impose obligations upon us.***

As a part of the Master Services Agreement, we have committed to certain service level standards, which impose obligations upon us. Since our services are critical to the operations of our customers' businesses, the service level standards require us to comply with certain obligations including required

minimum availability levels. We have and continue to expect to enter into service level agreements with new customers for providing services as well. In addition, we expect that the amendment to the Shared Services Agreement which will replace the OFC MOU will similarly impose obligations upon us to maintain certain service level standards.

Any failure by us to comply with these terms relating to the services we provide to the client could damage our reputation or result in claims for substantial damages against us. We cannot assure you that any limitations of liability set forth in our service contracts will be enforceable in all instances or will otherwise protect us from liability for damages in the event of a claim for breach of our obligations. Our insurance coverage may not be sufficient for all such claims or damages and additional insurance coverage may not be available in the future on reasonable terms or in amounts sufficient to cover large claims. Successful assertions of one or more large claims against us could have a significant adverse effect on our business, prospects, results of operations and financial condition.

**15. *We avail certain benefits under the EPCG Scheme and the SFI Scheme, which may not continue to be available to us and we may be required to repay certain amounts to the Government of India if we do not meet our export obligations pursuant to the EPCG Scheme.***

Certain of our equipment has been imported under a license pursuant to the EPCG Scheme, which we obtained in May 2007. Under the terms of the license, we are required to export goods and services amounting to Rs.29,730.00 million by March 31, 2013, Rs.5,930.00 million by March 31, 2014 (i.e. within the first six years from the date of issue of the EPCG license), Rs.29,730.00 million by March 31, 2015 and Rs.5,930.00 million by March 31, 2016 (i.e. within the seventh and eighth years from the date of issue of the license).

We do not currently engage in any export activity. If we fail to make the required exports within the required time period under the EPCG Scheme, we will be required to make payment to the Government of India of an amount equivalent to the duty benefit enjoyed by us under the EPCG Scheme, together with a penalty amount. If we were to default on all currently outstanding export obligations, we estimate that we could be subject to a payment obligation of approximately Rs.8,920.00 million, calculated as the total of our export obligations, duty saved and interest at the rate of 15.0% from the date of the import plus penalty, if any, which may be imposed at the discretion of the Directorate General of Foreign Trade.

Further, we also avail certain duty benefits in relation to RCOM's imports under the SFI Scheme. Under the SFI Scheme, RCOM obtains duty free credit scrips to the extent of 10.0% of its foreign exchange earnings during the preceding year. These scrips may be used by RCOM or by its group companies to debit duty amounts payable by RCOM or its group companies instead of paying such duty amounts in cash. We have been using these scrips to debit duty amounts payable on our imports.

We expect to continue to rely on RCOM and its group companies to fulfill our export obligations under the EPCG Scheme. If we are unable and are required to make payments of duty, interest or any penalties to the Government of India in connection with benefits enjoyed by us under the EPCG Scheme or if we are unable to enjoy reduced duty under the SFI Scheme, our business, results of operations and financial condition could be materially adversely affected.

**16. *We may be unable to attract and retain management and skilled personnel.***

Our Company's continued success is dependent, to a large extent, on its ability to retain the services of its key management and operational personnel. Most of our employees, including our key managerial personnel, have recently been transferred to us. If we are unable to attract or retain our managerial and technical personnel, our business and operations may be adversely affected. Attracting and retaining scarce top quality managerial talent has become a serious challenge facing companies in India and we are no exception to this rule. This is particularly true in our business sector, which is developing at a rapid pace and experiencing the entry of new participants into the market. Moreover, we depend on specific key operational talent, such as engineers. Further, we depend on RCOM for human resources. As of August 31, 2009, RCOM has deputed to us 166 of its senior officers, technical and commercial staff and engineers on a shared basis with itself. Any failure to attract or retain key positions and functions in place could have a material adverse effect on our business, prospects, results of operations and financial condition. Further, as our Company's business continues to grow, we will need to recruit

and train additional qualified personnel. If our Company fails to attract and retain qualified personnel, our Company's business and financial condition may also be adversely affected.

**17. *We require substantial amounts of capital for our business operations and the failure to obtain additional equity or debt financing on favorable commercial terms may hinder our growth.***

Our business is highly capital intensive, requiring substantial amounts of capital to build and maintain our tower portfolio and OFC network. We may also require significant amounts of capital to develop new services and products, to develop and implement new technologies and expand our operations. If we commit capital expenditures and experience a reduction in demand from customers, our financial condition and results of operations could be materially and adversely affected. The actual amount and timing of our future capital requirements may also differ from estimates as a result of, among other things, unforeseen delays or cost overruns in establishing, expanding or upgrading our networks, unanticipated expenses, regulatory reform, engineering and design changes and technological changes.

Additional equity financing could dilute our earnings per share and investors' shareholding interests in our Company and could adversely impact the price of our Equity Shares. Any inability to obtain sufficient financing could result in the delay or abandonment of our development and expansion plans or our inability to continue to provide appropriate levels of service in all or a portion of our markets.

We also intend to rely on debt in order to implement some of our expansion plans. Our ability to obtain additional financing on favorable commercial terms, will depend on a number of factors, including our financial condition, results of operations and cash flows, general market conditions for companies within the telecommunications sector and economic, political and other conditions in India. Further, our future leverage may constrain our ability to raise incremental financing or the cost at which we may be able to raise such financing.

Agreements that we may enter into to raise financing may contain certain covenants, including compliance reporting requirements and other restrictions, which may limit our ability to borrow additional funds, make capital expenditure and investments, declare dividends, merge or incur additional liens. We may similarly need to obtain the consent of some or all of our lenders to undertake some or all of these activities. In addition, we are subject to a number of risks associated with debt financing, including: the risk that cash flow from operations will be insufficient to meet the required payments of principal and interest; the risk that the payment of interest on and the repayment of our foreign currency loans may be adversely affected if the Rupee depreciates; the risk that, to the extent that we maintain floating rate indebtedness, interest rates will fluctuate to its detriment; and the risk that we may not be able to obtain refinancing on favorable terms when required. We cannot assure you that we will be successful in negotiating with banks to roll-over or refinance short-term debt instruments and obtain sufficient credit, which may result in liquidity problems for us and a need to find alternate sources of funding.

Any inability by us to procure adequate amounts and types of equity or debt financing could have a material adverse effect on our business, prospects, results of operations and financial condition.

**18. *Our indebtedness could impair our financial condition and make it more difficult for us to fund our operations.***

We expect to raise significant amounts of debt as we roll out our tower portfolio and OFC assets. The level of indebtedness that we expect to incur could have negative consequences for us. For example, it could:

- increase our vulnerability to general adverse economic and industry conditions;
- limit our ability to obtain additional financing;
- require the dedication of a substantial portion of our cash flow from operations to the payment of principal of, and interest on, our indebtedness, reducing available cash flow to fund other projects;
- limit our flexibility in planning for, or reacting to, changes in our business and the industry; and

- place us at a competitive disadvantage relative to less leveraged competitors.

We have received certain unsecured loans from our Promoters. For more details see “Financial Indebtedness” on page 185 of the Draft Red Herring Prospectus. The Promoters may recall these loans at any time, and we are liable to repay the loans accordingly. If we fail to repay the loans, it will amount to an event of default under the respective agreements, which may result in us requiring a default interest to the respective lenders.

Our ability to generate sufficient cash flow from operations to pay the principal of, and interest on, our indebtedness is uncertain. In particular, we may not meet our anticipated revenue growth and operating expense targets, and, as a result, our future debt service obligations could exceed cash available to us. Further, we may not be able to refinance any of our indebtedness on commercially reasonable terms or at all.

**19. Some of our Group Companies have incurred losses in the last fiscal year.**

Some of our Group Companies have incurred losses in the last fiscal year. The loss figures for these companies are set out below.

(Rs. in Million)

S.No.	Name of the Group Company	Loss
1	Reliance Mobile Limited	(0.01)
2	Reliance Wimax Limited (formerly known as Gateway Systems (India) Limited)	(47.98)
3	Netizen Rajasthan Limited	(3.74)
4	Reliance Global IDC Limited	(0.02)
5	Campion Properties Limited	(11.09)
6	Reliance Infocomm Infrastructure Private Limited	(25.23)
7	Reliance Telecom Limited	(1742.90)
8	Reliance Big TV Limited	(842.41)
9	Reliance Tech Services Private Limited	(0.91)
10	Reliance Netway Inc.	(0.16)
11	Reliance Communications (Hong Kong) Limited	(13.80)
12	FLAG Telecom Japan Limited	(181.36)
13	FLAG Telecom Singapore Pte. Limited	(40.92)
14	FLAG Telecom Taiwan Services Limited	(5.55)
15	FLAG Holdings (Taiwan) Limited	(0.42)
16	FLAG Access India Private Limited	(0.02)
17	Reliance Globalcom (UK) Limited	(30.22)
18	FLAG Telecom Deutschland GmbH	(7.83)
19	FLAG Telecom Network Services Limited	(2.45)
20	FLAG Telecom Ireland Network Limited	(2427.19)
21	FLAG Telecom Servizi Italia SpA	(101.65)
22	FLAG Atlantic UK Limited	(6.56)
23	Reliance FLAG Atlantic France SAS	(42.57)
24	FLAG Telecom Nederland BV	(5.33)
25	FLAG Telecom Hellas AE	(0.95)
26	FLAG Telecom Espana Network SAU	(32.84)
27	FLAG Telecom Belgium Network SA	(1.01)
28	Reliance FLAG Pacific Holdings Limited (formerly known as FLAG Pacific Holdings Limited)	(10.18)
29	FLAG Pacific Limited	(0.34)

S.No.	Name of the Group Company	Loss
30	FLAG Telecom Network USA Limited	(628.92)
31	FLAG Telecom Development Limited	(663.33)
32	Reliance Globalcom Services Inc.	(939.90)
33	Vanco UK Limited	(1792.90)
34	Vanco Sweden AB	(23.58)
35	Vanco GmbH	(274.58)
36	Vanco Deutschland GmbH	(60.40)
37	Vanco SRL	(11.62)
38	Vanco BV	(20.08)
39	Euronet Spain SA	(3.70)
40	Vanco ApS	(1.59)
41	Vanco Euronet Sro	(91.05)
42	Vanco Sp Zoo	(8.63)
43	Vanco Australasia Pty Limited	(23.30)
44	Vanco NV	(75.62)
45	Net Direct SA (Proprietary) Limited	(58.55)
46	Vanco (Shanghai) Company Limited	(8.89)
47	Vanco Hong Kong Solutions Limited	(3.93)
48	Vanco US LLC	(192.96)
49	Vanco Switzerland AG	(28.95)
50	Vanco ROW Limited	(1792.90)
51	VNO Direct Limited	(4.04)
52	Vanco Net Direct Limited	(6.68)
53	Reliance Wimax World (BVI) Limited	(546.53)
54	Reliance WiMAX World BV	(390.83)
55	Reliance WiMAX Congo-Brazzaville BV	(2.14)
56	Reliance WiMAX Guinea BV	(3.50)
57	Interconnect Brazzaville S.A.	(3.14)
58	Reliance WiMAX Sierra Leone BV	(2.39)
59	Reliance WiMAX Cameroon BV	(0.03)
60	Lagerwood Investments Limited	(0.14)
61	Reliance Telecom Infrastructure (Cyprus) Holdings Limited	(5.79)

**20. *Some of the proceeds from the Issue will be used to repay a loan from one of our Promoters, RCIL.***

We intend to use some of the proceeds from the Issue to repay a loan from one of our Promoters, RCIL. As of September 15, 2009, we have availed Rs. 49,315.83 million of unsecured loans from RCIL. The loan is repayable by March 31, 2012. The purposes of the loan were to fund capital expenditures towards the rollout of towers and passive infrastructure and to refinance high cost debt that had been drawn to fund capital expenditure for towers and passive infrastructure. While the loan from RCIL had a lower rate of interest, lower costs and fewer covenants than what was otherwise commercially available, the portion of the proceeds that will be used for repayment will not be available for other purposes, such as building additional telecommunication towers and passive infrastructure, marketing the Company to potential customers or investing in new equipment and personnel.

**21. *We do not own the “RELIANCE” and “RELIANCE Infratel” trademarks, and our ability to use these trademarks, names and logos may be impaired.***

The “RELIANCE” and “RELIANCE Infratel” trademarks, names and logos do not belong to us. They have been licensed to us under a brand license agreement with ADAV. We are required to incur expenditure of up to Rs.800.0 million for these rights and the timing and amount of the payment (subject to this limit) will be determined at ADAV’s sole discretion. We have no obligation to pay and have not paid any amounts as royalty for the use of the trademark and logo. This agreement can be terminated by ADAV upon the occurrence of certain events, such as any breach by us of the terms of this agreement or any applicable law, regulation or industry standard or any change in control of our Company. If the license is revoked, we may no longer be able to use the “RELIANCE” or the “RELIANCE Infratel” trademarks, names or logos in connection with our business and, consequently, we may be unable to capitalize on our brand recognition.

In addition, ADAV has made an application to register the “RELIANCE Infratel” trademark, including name and logo, in India. If the registration is not granted, we would no longer be able to use the “RELIANCE Infratel” trademark, name or logo in connection with our business and, consequently, may not be able to capitalize on our brand recognition.

For further details, see “About the Company – Our Business — Intellectual Property Rights” on page 88 of this Draft Red Herring Prospectus.

**22. *We do not own our registered office and other premises from which we operate.***

We do not own the premises on which our registered office is located in Mumbai. It is owned by RI IPL. Pursuant to a letter dated January 25, 2008, RI IPL has informed us that it has no objection to our using these premises on mutually agreed terms and conditions. Currently we have not entered into any other arrangements with RI IPL in relation to these premises.

We also do not own premises on which our administrative office buildings, warehouses and employee residences are located. We also share some of these premises with our parent company, RCOM, and its subsidiaries.

If any of the owners of these premises revoke the arrangements under which we occupy the premises or impose terms and conditions that are unfavorable to us, we may suffer a disruption in our operations or have to pay increased charges, which could have a material adverse effect on our business, financial condition and results of operations. For more information, see “Our Business – Properties” on page 88 of this Draft Red Herring Prospectus.

**23. *We may have certain contingent liabilities not provided for which may adversely affect our financial condition.***

As of March 31, 2009, we had contingent liabilities in respect of disputed liabilities in telecommunication tower construction pending adjudication of Rs. 6.55 million.

However, in the event that any such contingent liabilities arise, our financial condition may be adversely affected. For further details, see “Outstanding Litigation and Material Developments” on page 189 of this Draft Red Herring Prospectus.

**24. *We have entered into, and may continue to enter into, certain related party transactions.***

We have entered into certain related party transactions with our Promoters and Promoter Group Companies. The related party transactions entered into by us have been disclosed in our restated financial statements. For further details of these related party transactions, see “Financial Statements” on page 129 of this Draft Red Herring Prospectus. While we believe that all such transactions have been conducted on an arm’s length basis, there can be no assurance that we could not have achieved more favorable terms had such transactions been entered into with unrelated parties.

Further, while we comply with Indian accounting and regulatory standards in entering into related party transactions, such standards may not be comparable with standards of other countries, such as the United Kingdom or the United States, or with IFRS. For example, Indian regulatory standards do not require independent valuations or approvals from disinterested shareholders with respect to significant related party transactions. In particular, certain transactions, which our Company may have entered into, and which would be treated as related party transactions under other accounting standards, are not treated as related party transactions under Indian GAAP. There can be no assurance that our Company has not entered into similar transactions that, individually or in aggregate, in the event that obligations owed to our Company are not met, would not adversely affect the business and financial condition and/or results of operations of our Company.

Further, we intend to continue to enter into significant levels of related party transactions in the future. There can be no assurance that such transactions, individually or in aggregate, will not have an adverse effect on our business, prospects, results of operations and financial condition, including because of potential conflicts of interest or otherwise.

### ***External Risks***

**25. *We may be subject to significant liabilities arising out of litigation and tax claims pending against RCOM and RTL and which have been passed to us in each of the PTI Demerger Scheme and the OFC Demerger Scheme.***

RCOM and RTL had certain litigation and tax claims pending against them with respect to their passive infrastructure assets which they have transferred to our Company under the Demerger Schemes. Under the terms of Clause 4.2.1 of the PTI Demerger Scheme and Clause 2.6.1 of the OFC Demerger Scheme, all legal proceedings of any nature by or against RCOM or RTL shall not abate or be discontinued or in any way be prejudicially affected by reason of the PTI Demerger Scheme or the OFC Demerger Scheme, respectively. As a result, all such legal proceedings shall continue and be enforceable and enforced against our Company. We have not received any indemnity for liabilities arising out of litigation or tax claims pending against RCOM and RTL, which are presently not ascertainable pending determination by the relevant authorities. Further, under each of the Demerger Schemes, we have undertaken to reimburse and indemnify RCOM and RTL in respect of any liabilities incurred by them in any proceedings against them after the respective effective dates of the Demerger Schemes. For more details, see “Reorganisation” on page 65 of this Draft Red Herring Prospectus. We cannot assure you that we have or will make adequate provisions to account for these potential liabilities or that no other liabilities exist with respect to our assets of which we are currently unaware. These acquired contingent liabilities could have a material adverse effect on our business, prospects, results of operations and financial condition. For further details on these contingent liabilities, see “Risk Factor – We may have certain contingent liabilities not provided for which may adversely affect our financial condition” on page xxviii of this Draft Red Herring Prospectus.

**26. *RCOM through its subsidiaries will retain majority control of our Company after the Issue and it has existing business operations that compete with us. It may have interests that are adverse to, and conflict with, the interests of other shareholders.***

After the Issue, RCOM will indirectly own or control approximately 85% of our total equity share capital. As a result, RCOM will continue to be able to exert significant influence over our corporate decisions, including the election or removal of directors of our Board, the approval of our annual financial information, the declaration of dividends and the determination of other matters to be decided by our shareholders, and will be able to influence other aspects of our management, strategy and operations. As only approximately 10% of our post-Issue capital is being offered in this Issue, other shareholders will likely not be able to determine the outcome of any resolution proposed at a shareholder meeting or influence any decisions made by RCOM in respect of the operation of our business.

The interests of RCOM may be different from our interests or the interests of our other shareholders. This is particularly true because of the fact that RCOM and RTL are our major customers, as of March 31, 2009. RCOM and RTL have provided all of our revenues and are expected to continue to provide a substantial majority of our revenue for the foreseeable future, which could give rise to conflicts of interest. As a result, RCOM may take actions with respect to our business that may not be in ours or

our other shareholders' best interests (but could, for example, be advantageous to it or RTL as our Company's customers). By exercising its powers of control, RCOM could delay, defer or cause a change of our control or a change in our capital structure, delay, defer or cause a merger, consolidation, takeover or other business combination involving us, discourage or encourage a potential acquirer from making a tender offer or otherwise attempting to obtain control of our Company or take actions adverse to the interests of our other shareholders.

Further, as of the date of this Draft Red Herring Prospectus, RCOM holds a 100% interest in RCIL. RCIL in turn owns 79.71% of our issued equity share capital prior to this Offering. RCIL has 472 telecommunication towers that were awarded to it by the Government of India under the USO rural development promotion scheme and therefore has existing business operations in the telecommunication tower industry. These telecommunication towers cannot be transferred to us without governmental approval. Further, there is no assurance that RCIL will not bid for new telecommunication towers under the USO rural development promotion scheme if offered by the government. This could also potentially result in a conflict of interest between us, RCOM and RCIL. In order to mitigate this risk, we have procured a right of first refusal from RCOM for the construction of telecommunication towers in the future and a non-compete arrangement under which RCOM will not engage in any business activity similar to our business through RCIL or any other associate company.

Even if RCOM and RCIL do not build additional telecommunication towers, competition may still develop between us and RCOM in relation to our OFC network, given the amount of capacity that RCOM leases from us in addition to RCOM's other existing capabilities. Instead of leasing space on our telecommunication towers and integrating into our OFC network directly, potential customers may prefer to purchase bandwidth directly from RCOM, which has already installed equipment on our telecommunication towers and is able to make use of our OFC network.

**27. *Technological advances and regulatory changes are eroding traditional barriers between formerly distinct telecommunications markets, which could increase the competition we face and put downward pressure on prices.***

New technologies, such as VoIP, and regulatory changes are blurring the distinctions between traditional and emerging telecommunications markets. As a result, a competitor in any of our business areas could potentially compete in our other business areas.

We face competition in each of our markets from the incumbent carrier in that market and from more recent market entrants. In addition, we could face competition from other companies, such as other competitive carriers, cable television companies, microwave carriers, wireless telephone system operators and private networks built by large end-users or municipalities. The introduction of new technologies may reduce the cost of services similar to those that we plan to provide and create significant new competitors with superior cost structures. If we are not able to compete effectively with any of these industry participants, or if this competition places excessive downward pressure on prices, our operating results would be adversely affected.

**28. *New technologies could make our business less desirable to current and/or potential customers and result in decreasing revenues.***

The development and implementation of new technologies designed to enhance the efficiency of networks could reduce the use of and need for telecommunication tower-based wireless transmission and reception services, which would likely have the effect of decreasing demand for our passive infrastructure assets. Examples of such technologies include technologies that enhance spectral capacity. In addition, the emergence of new technologies could reduce the need for telecommunication tower-based broadcast services transmission and reception. For example, the growth in delivery of video services by direct broadcast satellites could adversely affect demand for our antenna space. The development and implementation of any of these and similar technologies to any significant degree could reduce and even eliminate the use for the business services that we provide and could have a material adverse effect on our business, prospects, results of operations and financial condition.



**29. *Increased sharing of existing and new passive telecommunication infrastructure and increasing competition in the passive infrastructure industry may create pricing pressures that may adversely affect us.***

We believe that growth and demand for cellular telecommunication services in India will lead to an increased impetus for the sharing and integration of passive telecommunications infrastructure, as cellular telecommunication operators will increasingly need to outsource their passive telecommunication infrastructure needs and OFC will become more prevalent as high speed data transfer becomes more commonplace. There can be no assurance, however, that Indian telecommunication operators will not increasingly share existing and new passive telecommunication infrastructure constructed by other Indian telecommunication operators, other existing telecommunication infrastructure companies or their respective affiliates, which could adversely affect our Company's business and financial condition and prospects.

Certain of our competitors are larger and may have access to greater financial resources than we do, or may act in concert with each other to our disadvantage. Further, we believe there may be large international passive infrastructure operators that are considering or have taken steps toward entry into the Indian market.

For example, in December 2007, Bharti Infratel Limited, Vodafone Essar Limited and Idea Cellular Limited merged their existing passive infrastructure assets in 16 telecommunications circles in India to form an independent tower joint venture company, Indus Towers, to provide passive infrastructure services in India to all operators on a non-discriminatory basis. On January 1, 2009, Bharti Infratel Limited, Vodafone Essar Limited and Idea Cellular Limited signed an IRU for placement of their active electronics on Indus Towers. As of March 31, 2009, Indus Towers had a portfolio of approximately 95,000 towers. In addition, in January 2009, Wireless TT Info Services Limited ("WTTIL"), the tower arm of Tata Teleservices Limited, and Quippo Telecom Infrastructure Limited ("QTIL") announced a partnership agreement combining their tower portfolios. The combined entity is expected to have a portfolio of over 18,000 towers. We believe that other Indian wireless service providers may be considering spinning off their passive infrastructure networks as well, which could further increase competition within our industry. In addition, if Bharat Sanchar Nigam Limited ("BSNL"), a large wireless service provider in India, were to begin to engage in significant amounts of site-sharing with other operators or otherwise offer passive infrastructure sharing availability, this could create a significant new competitor to our Company with sizeable scale and network advantages over us.

We currently face competition principally from:

- Indian wireless communication operators that share their own passive infrastructure with other carriers;
- international, national and regional passive infrastructure companies, including joint ventures such as Indus Towers, formed by other wireless communication operators;
- site development companies that purchase antenna space on existing towers for wireless carriers and manage new tower site construction; and
- public sector entities such as the Indian railway authority, which has a dedicated telecommunications infrastructure arm and offers mass communication facilities to the cellular and broadcast operators.

Our main OFC competitors are Bharti Infratel Limited and Tata Teleservices Limited. We do not believe we have any competitors for our ducts assets.

Competitive pricing pressures for tenants from these competitors could adversely affect our growth prospects and revenue. If we lose customers due to pricing or otherwise, we may not be able to find new customers, leading to an accompanying adverse effect on our profitability. Increasing competition could also make the acquisition of high quality telecommunication tower assets, and securing the rights to land for our telecommunication towers, more costly. Competition can also lead to the inability to gain new OFC customers. We cannot therefore assure you that we will be able to successfully compete

within this increasingly competitive business sector.

**30. *Decrease in demand for telecommunication tower space or OFC assets could materially and adversely affect our operating results and we cannot control that demand.***

Our business is the ownership and providing of telecommunication tower space, OFC assets and related passive infrastructure to third party wireless service providers. As such, factors adversely affecting the demand for telecommunication tower space in India in general would be likely to adversely affect our operating results. Such factors could include:

- a decrease in consumer demand for wireless communications services due to adverse general economic conditions or other factors;
- a deterioration in the financial condition of wireless communications service providers generally due to declining tariffs, media convergence or other factors;
- a decrease in the ability and willingness of wireless communications service providers to maintain or increase capital expenditures;
- a decrease in the growth rate of wireless communications generally or of a particular segment of the wireless communications sector;
- adverse developments with respect to governmental licensing of spectrum and changes in telecommunications regulations;
- mergers or consolidations among wireless service providers;
- increased use of network sharing, roaming or resale arrangements by wireless service providers amongst themselves;
- delays or changes in the deployment of 3G, 4G, WiMAX or other communications technologies;
- delays in regulatory changes that would permit us to use our telecommunication towers as broadcasting towers or for other revenue-generating purposes;
- deteriorating financial condition and access to capital of wireless service providers;
- changing strategies of wireless service providers with respect to owning or sharing passive infrastructure;
- adverse developments with regard to zoning, environmental, health and other government regulations;
- technological changes; and
- general economic conditions.

Our business and proposed capital expenditure plans are based on the premise that the subscriber base for wireless telecommunications services in India will grow at a rapid pace and that Indian wireless service providers will, to a certain degree, adopt the passive infrastructure sharing model. If the Indian wireless telecommunications services market does not grow or grows at a slower rate than we expect, or the behaviours of market players do not meet our current expectations, the demand for our services and our growth prospects will be adversely affected, which would have a material adverse effect on our business, prospects, results of operations and financial condition.

**31. *If wireless service providers consolidate or merge with each other to any significant degree, our growth, revenue and ability to generate positive cash flows could be adversely affected.***

The Indian cellular telecommunication industry has experienced consolidation during the past couple of years, which may result in the consolidation of cellular telecommunication networks and reduced capital expenditures due to the potential overlap in network coverage and in expansion plans. Significant consolidation among our existing or potential customers may result in reduced capital expenditures in the aggregate because the existing networks of many wireless carriers overlap, as do their expansion plans. Pursuant to any such consolidation, certain parts of our actual or potential customers' merged networks may be deemed to be duplicative and these customers may attempt to eliminate these duplications. Our future results of operations could be negatively impacted if a significant number of these contracts are eliminated from our ongoing contractual revenues and our growth prospects may be limited if such consolidations occur and eliminate what we currently believe to be potential markets for our services. Similar consequences might occur if wireless communications service providers begin to engage in extensive sharing, roaming or resale arrangements as an alternative to leasing passive infrastructure from third party operators such as our Company. In addition, the development and commercialisation of new technologies designed to improve and enhance the range and effectiveness of cellular telecommunication networks may significantly decrease demand for additional passive telecommunication infrastructure.

There can be no assurance that there will not be further consolidation of Indian cellular telecommunication operators in the future or that new technologies designed to improve and enhance the range and effectiveness of cellular telecommunication networks will not emerge, each of which could decrease our Company's revenue from its key customers and may adversely affect its business and financial condition.

**32. *Due to the long-term expectations of revenue from customers, we are sensitive to the creditworthiness of our customers.***

Due to the long-term nature of our customer agreements, we are dependent on the continued financial strength of our customers. If one or more of our major customers experience financial difficulties, this could result in uncollectible accounts receivable. Because of our significant dependence on RCOM and RTL, any events adversely affecting either of their creditworthiness in particular, and our ability to collect revenues from either of them, would adversely affect our business, prospects, results of operations and financial condition.

**33. *It is expensive and difficult to switch new customers to our network, and lack of cooperation of incumbent carriers can slow the new customer connection process.***

It is expensive and difficult for us to switch a new customer to our network because:

- we usually charge the potential customer certain one-time installation fees, and, although the fees may be less than the cost to install a new customer, they may act as a deterrent to becoming our customer; and
- we require cooperation from the incumbent carrier in instances where there is no direct connection between the customer and our network, which can complicate and add to the time that it takes to provide a new customer's service.

Many of our principal competitors, the domestic and international incumbent carriers, are already established providers of local telephone services to all or virtually all telephone subscribers within their respective service areas. Their physical connections from their premises to those of their customers are expensive and difficult to duplicate. To complete the new customer provisioning process, we rely on the incumbent carrier to process certain information. The incumbent carriers have a financial interest in retaining their customers, which could reduce their willingness to cooperate with our new customer provisioning requests, thereby adversely impacting our ability to compete and grow revenues. Further consolidation of incumbent carriers with other telecommunications service providers may make these problems more acute.

**34. *One of our Promoters, RCIL, has incurred losses in certain of the last three years.***

One of our Promoters, RCIL, has incurred losses in certain of the last three fiscal years. The profit/ (loss) figures for this entity is set forth below:

(Rs. in Million)

RCIL	Fiscal 2007	Fiscal 2008	Fiscal 2009
PAT	(5,069.30)	6,212.60	2,661.80

For more details, see “Our Promoters and Group Companies” on page 113 of this Draft Red Herring Prospectus.

**35. *Any inability to protect our rights to the land on which our tower sites are located could adversely affect our business and operating results.***

We lease the substantial majority of the land and property on which our telecommunication towers are located (approximately 98.0% of our tower sites as of March 31, 2009). In general, these lease arrangements are for periods between 10 and 15 years and grant us the right to use the leased premises for the purpose of carrying on our business. Most of our lease agreements require the prior written consent of the lessor for the assignment of the lease to group concerns. Under certain agreements, we are also indemnified by the lessor against objections raised by third parties to the lease arrangements. The lessor may terminate the agreement pursuant to specified notice periods, if we are in arrears of our lease rental payments. None of the land leases for our existing sites as of March 31, 2009 are currently scheduled to expire on or before March 31, 2011.

A loss of our leasehold interests, including our actual or alleged non-compliance with the terms of these lease arrangements, termination of leases, or our inability to secure renewal thereof on commercially reasonable terms when they expire, would interfere with our ability to operate our telecommunication tower portfolio and to generate revenues. The current owners of the land or rooftops on which our sites are located could attempt to significantly increase the rental rates upon expiration of our current leases. The cost to us of relocating our sites is significant. We may not be able to pass these costs on to our customers and any such relocation could cause disruption to our customers. For various reasons, we may not always have the ability to access, analyze and verify all information regarding titles and other issues prior to entering into lease arrangements in respect of our leased sites. Further, we have been named as parties to several litigation proceedings relating to the lease of private land by us for our telecommunication towers. As of the date of this Draft Red Herring Prospectus, no cases have been brought against the Company related to the laying of OFC assets. Most of these proceedings pertain to disputes regarding the ownership of the lessors of these parcels of lands or the ability to use such land for installing telecommunication towers. There are 634 such cases pending against the Company which may have a potential impact on 1.3% of the telecommunications tower portfolio of the Company as of March 31, 2009. Our inability to protect our rights to the land on which our telecommunication towers are located could have a material adverse effect on our business, prospects, results of operations and financial condition.

**36. *Our OFC business may be subject to significantly higher tax rates in the future.***

Our tax liability in respect of our OFC business is, to a large degree, a function of contracted amounts payable in respect of our OFC service contracts. As of March 31, 2009, our sole service contract was reflected in the OFC MOU with RCOM. Under the terms of the OFC MOU, the amounts payable by RCOM to us for OFC services will increase significantly after five years. We expect to enter into a master services agreement with RCOM, which will replace the OFC MOU and which we expect will incorporate similar terms to the OFC MOU. Further, we expect to amend the shared facilities and support services agreement dated April 10, 2007 (the “Shared Services Agreement”) to include services in relation to our OFC network. As a result, our tax liability in respect of our OFC business may increase substantially. There can be no assurance that we will be able to make appropriate provisions for such future tax liability. In addition, we do not expect to receive any cash payments from RCOM in respect of the OFC services we provide to RCOM pursuant to the OFC MOU or the expected master services agreement. See “Management’s Discussion and Analysis – Revenue Generation” on page 167 of this Draft Red Herring Prospectus.

37. ***We need to continue to increase the number of customers and the volume of traffic on our network to become and/or remain profitable.***

We must continue to increase the number of customers, along with the volume of data, voice and content transmissions on our communications network at acceptable prices, in order to realize our targets for anticipated revenue growth, cash flow, operating efficiencies and the cost benefits of our network. Since our main tenants are also potential competitors, the major challenge for us is to acquire new customers for our network. If we do not maintain or improve our current relationships with existing customers and develop new large volume and enterprise customers, we may not be able to substantially increase traffic on our network, which would adversely affect our ability to become and/or remain profitable.

38. ***Our telecommunication towers, OFC assets and related infrastructure may be affected by natural disasters and other unforeseen damage for which our insurance may not provide adequate coverage.***

As of the date of this Draft Red Herring Prospectus, our Company has existing insurance policies for its passive communication infrastructure. However, our telecommunication towers and related infrastructure are subject to risks associated with natural disasters, such as wind storms, floods, earthquakes, as well as other unforeseen damage. Any damage or destruction to our sites and/or assets as a result of these or other risks could adversely impact our ability to provide services to our customers and could impact our results of operation and financial condition. While we maintain insurance for our telecommunications tower assets, including business interruption insurance, we may not have adequate insurance to cover the associated costs of repair or reconstruction. Further, such business interruption insurance may not adequately cover all of our lost revenues, including penalties under our contracts with wireless service providers and potential revenues from new tenants that could have been added to our tower sites but for the damage. In addition, we do not carry insurance for our OFC assets. If we are unable to provide services to our customers as a result of any damage to our telecommunication towers, OFC assets and related infrastructure, it could lead to customer loss, resulting in a corresponding adverse effect on our business, prospects, results of operations and financial condition.

39. ***Our ability to provide services may be interrupted due to system failures or a shutdown.***

We rely extensively on the information technology systems at RCOM's NNOC to provide connectivity across our business functions through software, hardware and network systems. We rely on these systems to, among other things, monitor the performance of our towers and OFC network and other facilities such as electricity, air-conditioning systems, etc., maintain our internal controls and enable our business planning and new site development efforts. Any failure in information technology or loss of connectivity or any loss of data arising from such failure, over which we have only a limited degree of control, could have a material adverse effect on our business, prospects, results of operations and financial condition.

40. ***Environmental regulation imposes additional costs and may affect the results of our operations.***

Our Company, like other companies in the passive communication infrastructure industry, is subject to various national, state-level and municipal environmental laws and regulations in India concerning issues such as damage caused by air emissions, noise emissions and electromagnetic radiation. These laws can impose liability for non-compliance with regulations and are increasingly becoming more stringent and may in the future create substantial environmental compliance or remediation liabilities and costs. While we intend to comply with applicable environmental legislation and regulatory requirements and believe that we are materially in compliance with these as of the date of this Draft Red Herring Prospectus, it is possible that such compliance may come to have an adverse effect and/or prove to be costly. In addition to potential clean-up liability, we may become subject to monetary fines and penalties for violation of applicable environmental laws, regulations or administrative orders. This may also result in closure or temporary suspension or adverse restrictions on our operations. We may also, in the future, become involved in proceedings with various regulatory authorities that may require us to pay fines, comply with more rigorous standards or other requirements or incur capital and operating expenses for environmental compliance. In addition, third parties may sue us for damages and costs resulting from environmental contamination emanating from our properties.

While we believe we are currently in compliance in all material respects with all applicable and environmental laws and regulations, the discharge of materials that are chemical in nature or of other hazardous substances or other pollutants into the air, soil or water may nevertheless cause us to be liable to the Indian government or the state governments where our telecommunication towers or OFC assets are located.

Although there have been no claims that our properties, tower or OFC assets are not in compliance in all material respects with all applicable environmental laws, unidentified environmental liabilities could arise which could have an adverse effect on our business and financial condition, profitability and results of operations.

**41. *Our costs could increase and our revenues could decrease due to perceived health risks from radio emissions, especially if these perceived risks are substantiated.***

Public perception of potential health risks associated with cellular and other wireless communications media could slow the growth of wireless companies, which could in turn slow our growth. In particular, negative public perception of, and regulations regarding, these perceived health risks could slow the market acceptance of wireless communications services and increase opposition to the development and expansion of tower sites, which could materially restrict our ability to expand our business and, among other things, force us to relocate existing sites, which we would only be able to do at considerable expense.

The potential connection between radio frequency emissions and certain negative health effects has been the subject of substantial study by the scientific community in recent years, and numerous health-related lawsuits have been filed against wireless carriers and wireless device manufacturers in various jurisdictions. In India, petitions have been filed against the installation of telecommunication towers near residential areas owing to concerns relating to the adverse effects of electromagnetic radiation. To date, we are not aware that any such petitions have been decided in a manner that would adversely impact or restrict our business. However, we do not maintain any significant insurance with respect to these matters. If a scientific study or court decision resulted in a finding that radio frequency emissions posed health risks to consumers, it could negatively impact the market for wireless communications services, as well as our customers, which would adversely affect our business, prospects, results of operations and financial condition.

**42. *Our business and the results of operations may be affected if various regulatory measures with respect to infrastructure sharing among telecommunication service providers are implemented.***

The Indian government has been active in its regulation of the Indian telecommunications industry and recent news reports have indicated that TRAI may implement new regulatory measures with respect to infrastructure sharing among telecommunication service providers. It has been suggested that TRAI may make sharing of passive infrastructure, such as buildings and telecommunication towers, by wireless service providers among themselves mandatory, provided that appropriate commercial compensation is paid to the owners of such infrastructure. Indian telecommunications companies were initially permitted to share only passive infrastructure such as telecommunication towers, repeaters, shelters and generators. In April 2008, the DoT issued guidelines on infrastructure sharing, under which sharing of active infrastructure among service providers based on mutual agreements entered among them is permitted. In terms of these guidelines, active infrastructure sharing is limited to antenna, feeder cable, Node B, RAN and transmission systems only. These guidelines may have a significant effect on our business, and we are unable to predict the effect that any other similar regulatory actions in the future would have on our business. They could, however, incentivize operators not to use the systems of third party passive infrastructure operators such as ourselves or otherwise disadvantage our business. Alternatively, or additionally, the government could expand its USO rural development promotion scheme which, while beneficial to our business in certain respects due to its promotion of passive infrastructure sharing, limits the overall development of telecommunication towers and related assets within areas that are subject to the scheme. This could limit our opportunities to expand our business and could require RCOM and RTL to pursue their respective proposed network expansions principally through reliance on other operators' or companies' networks, rather than by commissioning our Company to develop new sites, which would adversely affect our growth prospects.

The implementation of any such measures could also result in increased competition in this sector. For example, if infrastructure sharing is made mandatory, companies such as BSNL, the wireless service provider with the widest coverage in India, would be required to share infrastructure with other wireless service providers. Companies such as BSNL have a competitive advantage due to the extensive coverage and reach of their network infrastructure. Such measures could adversely affect our business, prospects, results of operations and financial condition.

**43. *Our costs are affected by global commodity and equipment prices.***

We purchase or rely on the purchase of commodities, such as steel and zinc, to support the development and maintenance of our tower and OFC network. Volatility in global commodity prices, in particular metal and fuel prices, will make it more difficult for us to accurately forecast and plan the cost of equipment required for network maintenance and expansion. Additionally, increases in such global commodity prices will increase the amount of capital expenditure required to finance our expansion plans, which will exert downward pressure on our profit margins if we are unable to pass these cost increases through to our customers. Alternatively, even if we are able to pass these costs onto our customers, the increased cost of building new telecommunication towers, OFC assets and related infrastructure could incentivize potential clients to rely more on co-location on existing telecommunication towers and maintain current OFC capacity, which could limit our growth prospects. This could have a significant adverse effect on our business, results of operations and financial condition.

**44. *The prices that we charge for our services have been decreasing, and we expect that such decreases will continue over time.***

We expect overall price erosion in our industry to continue at varying rates based on our service portfolio and reflective of marketplace demand and competition relative to existing capabilities and availability. Accordingly, our historical revenues are not indicative of future revenues based on comparable traffic volumes. If the prices for our services decrease for whatever reason and we are unable to increase profitable sales volumes through additional services or otherwise or correspondingly reduce operational costs, our operating results would be adversely affected. Similarly, future price decreases could be greater than we are anticipating.

**45. *Our business depends on the delivery of an adequate and uninterrupted supply of electrical power and fuel at a reasonable cost.***

Our tower sites require an adequate and cost-effective supply of electrical power to function effectively. We principally depend on power supplied by regional and local electricity transmission grids operated by the various state electricity providers in which our sites are located. In order to ensure that the power supply to our sites is constant and uninterrupted, we also rely on batteries and diesel generator sets, the latter of which requires diesel fuel.

Our operating costs will increase if the price at which we purchase electrical power from the state electricity providers or fuel increases. While we believe that our current supply of electricity from third parties and internal generation is sufficient to meet our existing requirements, there is no assurance that we will have an adequate or cost effective supply of electrical power at our sites or fuel for the generation of captive power, lack of which could disrupt our and our customers' businesses, adversely affecting our business and results of operations. Further, any increase in the cost of electrical power, to the extent that we are not able to pass this through to our customers, would also adversely affect our profitability.

**46. *Required licenses and permits may be difficult to obtain, and, once obtained, may be amended or revoked or may not be renewed.***

The deployment of tower and OFC assets requires various approvals or permits from national, state, regional or local governmental and/or regulatory authorities, particularly in relation to establishing telecommunication tower sites and laying optic fibre. In order to develop a tower site, we typically need to procure non-objection certificates from the local or municipal government, permits from the relevant state electricity provider to off-take electricity from the transmission grid and to operate diesel generators and various other licenses and approvals. These licenses are subject to review,

interpretation, modification or termination by the relevant authorities. We cannot assure you that the relevant authorities will not take any action that could materially and adversely affect our operations. These licenses are generally renewable upon expiration. However, there is no assurance that they will be renewed or that any renewal on new terms will be commercially acceptable to us. If we fail to renew any of our licenses, we may lose the ability to continue to operate the affected businesses and the realisable value of our relevant network infrastructure and related assets could be materially and adversely affected.

We also require certain other approvals and permits, such as building, construction and environmental permits, antenna and mast deployment approvals and other various planning permissions. We may experience difficulties in obtaining certain of these approvals and permits, which may require us to seek alternative sites and/or incur considerable effort and expense where a suitable alternative telecommunication tower site is not available. We cannot assure you that any difficulties that we have in obtaining or maintaining the required approvals or permits will not materially and adversely affect our business, prospects, results of operations and financial condition. For more details, see “Government Approvals” on 203 of this Draft Red Herring Prospectus.

Existing permissions and approvals related to our OFC network were previously obtained by RCOM, which owned our OFC assets. In the future, we may rely on RCOM to obtain the necessary approvals. Under our Shared Services Agreement with RCOM, we will continue to outsource the procurement of approvals to RCOM. A deterioration in our relationship with RCOM or the termination of the Shared Services Agreement may make the process of obtaining approvals more difficult and expensive, which could impact our profitability by slowing our growth and increasing our costs.

**47. *We are subject to foreign exchange risk.***

We are exposed to foreign exchange risk in a number of respects. While substantially all of our revenues are denominated in Indian Rupees, a significant amount of our costs, including our procurement costs for new telecommunication towers and certain related assets, are denominated in other currencies.

Up to March 31, 2009, imports of Rs.34,272.50 million were denominated in the following foreign currencies:

Australian Dollar	Rs. 31.25 million
Euro	Rs. 142.26 million
USD	Rs. 32,737.19 million

As of March 31, 2009, these imports constituted 38% of the total costs of the Company.

Further, during the year ended March 31, 2009, the Company had availed buyer’s credit aggregating USD 17,743.30 and external commercial borrowing of USD500 million. On these foreign currency loans, the Company had suffered a foreign exchange fluctuation loss (net of capitalisation) of Rs. 8,042.89 million which was charged to the profit and loss account (against which an equivalent amount was withdrawn from general reserves). As of March 31, 2009, these foreign exchange loans constituted 25.58% of the total loans of the Company.

We cannot necessarily pass the fluctuations in these costs (including as a result of currency fluctuations) through to our customers. Further, we may in the future continue to incur a significant amount of non-Rupee indebtedness, which would create foreign currency exposure in respect of our cash flows and ability to service such debt. We currently do not engage in hedging to address our foreign currency exposure. For these reasons, significant fluctuations in exchange rates could have a material adverse effect on our business, prospects, results of operations and financial condition.

**48. *Our ability to raise foreign capital may be constrained by Indian law.***

As an Indian company, we are subject to exchange controls that regulate borrowing in foreign currencies. Such regulatory restrictions limit our financing sources for ongoing expansion plans or acquisitions and other strategic transactions, and hence could constrain our ability to obtain financing on competitive terms and refinance existing indebtedness. In addition, we cannot assure you that the



required approvals will be granted to us without onerous conditions, or at all. Limitations on foreign debt may have a material adverse impact on our business growth, financial condition and results of operations.

**49. *A slowdown in the economic growth in India could cause our business to suffer.***

We derive substantially all of our revenues from operations in India and, consequently, our performance and growth is dependent on the state of the overall Indian economy. The Indian economy has shown sustained growth over the last several years, with real GDP growing at 6.7% in the year ended March 31, 2009, 9.3% in the year ended March 31, 2008 and 9.2% in the year ended March 31, 2007. However, growth in industrial production in India has been variable. Any slowdown in the Indian economy, and in particular in the demand for telecommunications services, could adversely affect our business (including reducing demand for our telecommunication towers and OFC network) and the businesses of our customers.

**50. *Political instability or changes in the Indian central government could adversely affect economic conditions in India and consequently, our business.***

We are incorporated in India, derive substantially all of our revenues from operations in India and all of our assets are located in India. Consequently, our performance and the market price of the Equity Shares may be affected by interest rates, government policies, taxation, social and ethnic instability and other political and economic developments affecting India.

The Government of India has traditionally exercised, and continues to exercise, a significant influence over many aspects of the economy. Since 1991, successive governments have pursued policies of economic liberalisation and financial sector reforms. The current government has announced that its general intention is to continue India's current economic and financial sector liberalisation and deregulation policies. However, there can be no assurance that such policies will be continued, and a significant change in the government's policies could affect business and economic conditions in India, and could also adversely affect our financial condition and results of operations.

Political instability or changes in the government could delay further liberalisation of the Indian economy and adversely affect economic conditions in India generally, which could have a material adverse effect on our business, results of operations, financial condition and prospects.

**51. *Terrorist attacks, war, natural disasters or other catastrophic events may disrupt or otherwise adversely affect the markets in which we operate our business and, therefore, our profitability.***

Our business may be adversely affected by a war, terrorist attack, natural disaster or other catastrophe. Although our insurance policies provide terrorism cover, a catastrophic event could have a direct negative impact on us or an indirect impact on us by, for example, affecting our customers, the financial markets or the overall economy. In recent years, terrorist attacks in India have become more prevalent. For example, on July 11, 2006, bombs exploded on commuter trains in Mumbai, India during the evening commute, killing and injuring hundreds of people, and, on November 25, 2008, terrorist attacks began in Mumbai and lasted until November 29, 2008. Such attacks may have a material adverse effect on the Indian and global financial markets. Any deterioration in relations between India and Pakistan may result in actual or perceived regional instability. Events of this nature in the future could have a material adverse effect on our ability to develop our operations. As a result, our business, prospects, results of operations and financial condition could be materially adversely affected by any such events.

**Risks Relating to the Issue**

**52. *If investors who opt for Payment Method-1 (partly paid shares) do not pay the Balance Amount Payable, the amount raised through the Issue will be lower than the proposed Issue size. Further, Equity Shares issued to investors who opt for Payment Method-1 will not be traded until the time these Equity Shares become fully paid.***

The Balance Amount Payable, if any, may not be paid and the amount raised through the Issue may be lower than the proposed Issue size. In the event of such shortfall, the extent of the shortfall will be

made up by other means available to our Company and at the discretion of the management, including by way of incremental debt or cash available with us. Further, Equity Shares, if any, issued pursuant to Payment Method-1, will not be traded after the date of allotment until the Balance Amount Payable is received, the Equity Shares have been fully paid-up and corporate actions for credit of such Equity Shares into demat accounts of the successful allottees have been taken, and the receipt of listing and trading approvals from the Stock Exchanges. The process of corporate action may take two weeks from the Due Date for Balance Amount Payable. During this period, shareholders who pay the Balance Amount Payable for the partly paid Equity Shares will not be able to trade in those Equity Shares. For more details, see “Introduction – The Issue” on page 15 of this Draft Red Herring Prospectus.

**53. *If investors who opt for Payment Method-1 (partly paid shares) do not pay the Balance Amount Payable, the partly paid shares so allotted may be forfeited.***

Investors who are allotted partly paid shares under Payment Method-1 shall be required to make the payment of the Balance Amount Payable by the Due Date for Balance Amount Payable. The Call Notice in respect of the Balance Amount Payable will be dispatched to successful allottees and, upon completion of such dispatch, will also be published in the same newspaper where the statutory advertisement for the Basis for Allotment is published. Allottees paying the Balance Amount Payable after the Due Date shall be liable to pay interest in respect of the period of delay. The interest amount payable along with the Balance Amount Payable will be computed as a multiplication of the Balance Amount Payable, the interest rate and the period of delay. The period of delay shall be computed as the difference between the Due Date and the date prior to the making of such payment. However, the Company, in its absolute discretion, may forfeit Equity Shares in respect of which the Balance Amount Payable remains unpaid at any time after the Due Date for Balance Amount Payable. The Call Notice, to be sent to the successful allottees and to be published in the newspapers, will clearly state the aforementioned facts. For more details, see “The Issue” on page 15 of this Draft Red Herring Prospectus.

**54. *You will not be able to immediately sell any of the Equity Shares you subscribe to in this Issue on an Indian stock exchange.***

The Equity Shares are intended to be listed on the BSE and NSE. Pursuant to Indian regulations, certain actions must be completed before the Equity Shares can be listed and trading of them may commence. Investors’ book entry or demat accounts with depository participants in India are expected to be credited within two Indian business days of the date on which the issue and allotment is approved by our Board. Thereafter, upon receipt of final approval of the Stock Exchanges, trading in the Equity Shares is expected to commence within approximately four Indian business days. There can be no assurance that the Equity Shares allocated earlier to investors will be credited to their demat accounts, or that trading will commence, within six Indian business days of the issue and allotment being approved by our Board, or at all. Additionally, we are liable to pay interest at 15.0% per annum if allotment is not made, refund orders are not dispatched or demat credits are not made to investors within 15 days from the Bid/Issue Closing Date.

**55. *There is no existing market for the Equity Shares and the price of the Equity Shares may be volatile and fluctuate significantly in response to various factors.***

An active market for the Equity Shares may not develop or be sustained after the Issue. The market price of our Equity Shares may vary from the Issue Price after the Issue. The market price of our Equity Shares may fluctuate significantly due to factors beyond our control, including, but not limited to, volatility in the Indian and global securities markets; external factors affecting our operating results, including the risks outlined in this section; investor perceptions of our future performance; changes in factors affecting general market valuations of companies in the telecommunications industry; announcements by us or others of significant technological developments, contracts, acquisitions, strategic partnerships, joint ventures, or capital commitments; political developments or other governmental action or regulation in India or other countries; and additions or departures of key personnel. There is a risk that investors will not be able to sell their Equity Shares at a price at or above the Issue Price, or at all.

**56. *Future sales of Equity Shares by our shareholders, including by RCOM, or any future equity offerings by our Company, may adversely affect the market price of the Equity Shares.***

Upon completion of the Issue, RCOM will indirectly hold or control approximately 85.0% of our issued Equity Shares. The market price of the Equity Shares could be affected by sales of a large number of Equity Shares by RCOM or its subsidiaries, or by a perception that such sales may occur. In addition, if we do not have sufficient internal resources to fund our working capital or capital expenditure needs in the future, we may need to raise funds through further equity offerings. As purchasers of the Equity Shares, investors may experience dilution of their shareholdings to the extent that we conduct future equity or convertible equity offerings. Such dilutions can adversely affect the market price of the Equity Shares. In addition, any perception by investors that such issuances or sales might occur could also adversely affect the trading price of the Equity Shares.

**57. *We will not be in position to pay dividends to our shareholders in the foreseeable future.***

The amount of our future dividend payments, if any, will depend upon our future earnings, financial condition, cash flows, working capital requirements, capital expenditures and other factors. Further, our business is capital intensive and we plan to make substantial capital expenditures to complete our current expansion plans.

Further, under the PTI Demerger Scheme, the tower assets and related liabilities of RCOM and RTL have been transferred into our Company at a fair value sanctioned by the High Court of Bombay. The valuation for the PTI Demerger Scheme was done by an independent chartered engineer, M/s. R. B. Shah & Associates. We have credited an amount equal to the fair value of the tower assets to general reserves and this amount constitutes the free reserves of our Company. Since we have recently commenced operations as an independent entity pursuant to the PTI Demerger Scheme, and our free reserves are only equal to the fair value of the assets that have been acquired under the PTI Demerger Scheme, we do not expect having distributable funds or paying any dividends in the foreseeable future. Additionally, we have taken unsecured loans from our Promoters, which may be recalled at any time by the lenders.

We may be unable to pay dividends in the near or medium term, and our future dividend policy will depend on our capital requirements and financing arrangements for further expansion, financial condition and results of operations.

**58. *We have issued Equity Shares in the year prior to the date of this Draft Red Herring Prospectus and the price of such issuances are lower than the Issue Price.***

On September 19, 2009, we have issued 997,550,667 Equity Shares of face value of Rs. 10 as bonus shares to our shareholders in the ratio of 2:5.

**59. *Conditions in the Indian securities market may affect the price or liquidity of the Equity Shares.***

The Indian securities markets are smaller than securities markets in more developed economies. Further, the regulation and monitoring of Indian securities markets and the activities of investors, brokers and other participants differ, in some cases significantly, from those in the US and Europe. In the past, Indian stock exchanges have experienced temporary exchange closures, broker defaults and settlement delays which, if continuing or recurring, could affect the market price and liquidity of the securities of Indian companies, including the Equity Shares. A closure of, or trading stoppage on, the stock exchanges could adversely affect the trading price of the Equity Shares.

In the past, the stock exchanges have experienced substantial fluctuations in the prices of listed securities. In addition, the governing bodies of the Indian stock exchanges have from time to time restricted securities from trading, limited price movements and restricted margin requirements. Further, from time to time, disputes have occurred between listed companies and the stock exchanges and other regulatory bodies that, in some cases, have had a negative effect on market sentiment. Similar problems could occur in the future and, if they do, they could harm the market price and liquidity of the Equity Shares.

## Notes to Risk Factors:

- The net worth of our Company was Rs. 40,367.76 million as of March 31, 2009 as per our restated financial statements under Indian GAAP and the issue size is [●].
- Public Issue of 156,000,000 Equity Shares of Rs.10 each for cash at a price of Rs.[●] per Equity Share (including share premium of Rs. [●] per Equity Share) aggregating Rs. [●]. The Issue will constitute 10.05% of the post-Issue paid-up capital of our Company.
- The average cost of acquisition of the Equity Shares by our Promoters is Rs. 2.86 per Equity Shares.
- The net asset value/book value per equity share of Rs.10 each was Rs. 28.90 as of March 31, 2009 as per our restated financial statements included in this Draft Red Herring Prospectus. As of March 31, 2009, the face value of the equity shares was Rs.5 per equity share (fully paid-up). The equity shares of face value of Rs. 5 were consolidated into equity shares of Rs. 10 each on September 15, 2009.
- SEBI has in its board meeting dated September 22, 2009 decided that an unlisted company undergoing any corporate restructuring and proposing to undertake an initial public offering of its securities is required to make disclosures in its draft red herring prospectus in terms of AS 14. If the SEBI Regulations are amended to give effect to the decision of SEBI, then we will make the appropriate disclosures as required by SEBI.
- Except as disclosed in “Capital Structure” on page 28 of this Draft Red Herring Prospectus, we have not issued any shares for consideration other than cash.
- Except as disclosed in “Our Management” and “Our Promoter and Group Companies” on pages 102 and 113 of this Draft Red Herring Prospectus, none of our Promoters, our Directors and our key management personnel have any interest in our Company except to the extent of remuneration and reimbursement of expenses and to the extent of the Equity Shares held by them or their relatives and associates or held by the companies, firms and trusts in which they are interested as directors, members, partners and/or trustees and to the extent of the benefits arising out of such shareholding.
- For details on the transactions by the group companies during the last year, the nature of the transactions and the cumulative value of transactions, see “Related Party Transactions” on page 127 of this Draft Red Herring Prospectus.
- In terms of Rule 19(2)(b) of the Securities Contracts Regulations Rules, 1957 (the “SCRR”), this being an Issue for less than 25.0% of the post-Issue capital, the Issue is being made through the 100% Book Building Process wherein at least 60.0% of the Issue shall be allocated on a proportionate basis to QIB Bidders. 5.0% of the QIB Portion (excluding the Anchor Investor Portion) shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion shall be available for allocation on a proportionate basis to all QIB Bidders, including Mutual Funds, subject to valid Bids being received at or above the Issue Price. If at least 60.0% of the Issue cannot be allocated to QIBs, then the entire application money shall be refunded forthwith. Further, at least 10.0% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and at least 30.0% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.
- Under-subscription, if any, in any category except in the QIB category will be met with spill-over from other categories at our sole discretion, in consultation with the BRLMs. If a minimum allotment of 60.0% of the Issue is not made to the QIBs, the entire subscription monies shall be refunded.
- Any clarification or information relating to the Issue shall be made available by the BRLMs and our Company to investors at large and no selective or additional information will be available for any subset of investors in any manner whatsoever. Investors may contact the BRLMs who have submitted the due diligence certificate to SEBI for any complaints pertaining to the Issue.
- Investors are advised to refer to the section titled “Introduction – Basis for Issue Price” on page 39 of this Draft Red Herring Prospectus.

- We expect that one of our Promoters, RCOM, and other Group Companies such as RTL will provide certain services to us. For more details of such services, see “History and Certain Corporate Matters” on page 93 of this Draft Red Herring Prospectus. Also see “Financial Statements – Related Party Transactions” on page 163 and Auditor’s Report dated September 23, 2009 on page 129 of this Draft Red Herring Prospectus.
- For details of transactions in Equity Shares undertaken by our Directors, Promoters or Promoter Group, see “Capital Structure – History of Equity Shares held by the Promoters” on page 30 of this Draft Red Herring Prospectus.
- Our Company was incorporated on April 16, 2001 as Reliance Communications Rajasthan Private Limited as a private limited company under the Companies Act, 1956 and we have changed our name three times thereafter. We adopted our current name, Reliance Infratel Limited on January 4, 2008. For details of the change in our name, see “History and Certain Corporate Matters” on page 93 of this Draft Red Herring Prospectus.
- Our Promoters may be engaged in businesses similar to ours. For more details, see “Our Promoters and Group Companies – Common Pursuits and Interests of Promoters” on page 117 of this Draft Red Herring Prospectus.
- Trading in Equity Shares of our Company shall be in dematerialized form for all investors.

## SECTION III: INTRODUCTION

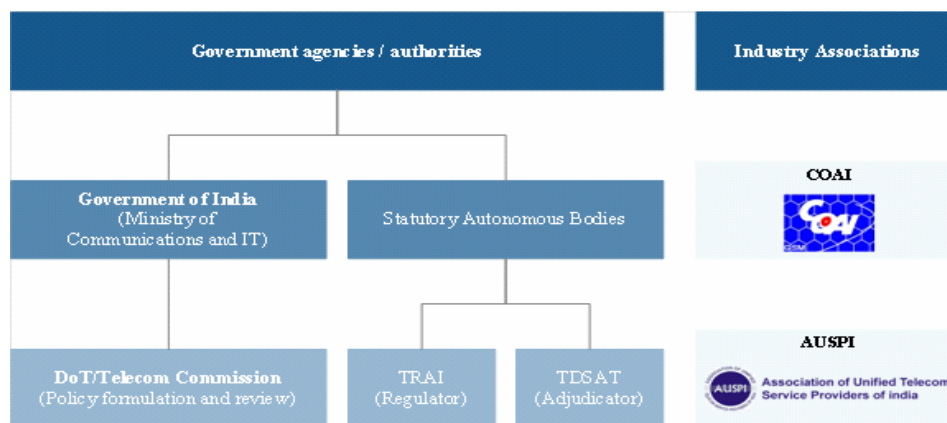
### SUMMARY OF INDUSTRY

*The following information includes extracts from publicly available information, data and statistics and has been extracted from official sources and other sources that our Company believes to be reliable, but which has not been independently verified by our Company or the BRLMs. The data may have been re-classified by us for the purpose of presentation. Our Company accepts responsibility for accurately reproducing such information, data and statistic. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured, and, accordingly, investment decisions should not be based on such information. Industry sources and publications are also prepared based on information and estimates as of specific dates and may no longer be current. Such information, data and estimates may be approximations or use rounded numbers.*

#### Telecommunications Industry in India

The Indian telecommunications industry has experienced significant growth in recent years, primarily in the wireless sector. The sector is regulated by the Ministry of Communications and Information Technology, DoT. The liberalisation of the telecommunication industry began in the early 1990s, and, since early 1998, all telecommunications services areas have been opened up to private sector participation. This transition to an industry with widespread private sector participation has been an instrumental factor in making the telecommunications sector one of the fastest growing sectors in India.

#### India telecommunications regulatory framework



Source: AUSPI, COAL, DoT, TDSAT, TRAI.

The Indian wireless telecommunications market is currently among the fastest growing telecommunications markets in the world. The Indian wireless subscriber base has grown to approximately 442 million as of July 31, 2009 as compared with 261 million as of March 31, 2008 (*Source: TRAI*). India is the fastest growing wireless market in the world in terms of net wireless subscriber additions.. From January 2009 to July 2009, India added 94.7 million wireless subscribers (averaging to 13.5 million per month) (*Source: TRAI*). Wireless technology has been very well accepted in India and has outpaced the wireline services in terms of growth (wireline subscribers have decreased from 39.3 million as of January 2008 to 37.4 million as of July 31, 2009) The DoT has indicated that it has a target of 500 million telephone in India by 2010. Current trends of subscriber additions indicate that this target could well be achieved before March 2010.

Delhi	Mumbai	Chennai	Kolkata		
Subscribers (mm)	24.0	20.8	10.0	Subscribers (mm)	12.7
Wireless penetration	137%	104%	119%	Wireless penetration	86%
ARPU (INR)	331.0	336.5	193.9	ARPU (INR)	209.0

Andhra Pradesh	Gujarat	Karnataka	
Subscribers (mm)	34.3	Subscribers (mm)	26.5
Wireless penetration	41%	Wireless penetration	45%
ARPU (INR)	259.3	ARPU (INR)	260.8

Maharashtra	Tamil Nadu		
Subscribers (mm)	34.4	Subscribers (mm)	31.9
Wireless penetration	37%	Wireless penetration	53%
ARPU (INR)	233.9	ARPU (INR)	198.3

Haryana	Uttar Pradesh (East and West) <sup>1</sup>	Madhya Pradesh	
Subscribers (mm)	10.8	Subscribers (mm)	23.2
Wireless penetration	44%	Wireless penetration	25%
ARPU (INR)	200.6	ARPU (INR)	181.1

West Bengal	Rajasthan		
Subscribers (mm)	18.0	Subscribers (mm)	26.3
Wireless penetration	24%	Wireless penetration	40%
ARPU (INR)	158.3	ARPU (INR)	203.2

Punjab	Kerala		
Subscribers (mm)	15.8	Subscribers (mm)	18.7
Wireless penetration	56%	Wireless penetration	55%
ARPU (INR)	263.6	ARPU (INR)	234.2

Uttar Pradesh (East and West) <sup>1</sup>	Bihar	J&K	
Total Subscribers (mm)	53.4	Subscribers (mm)	4.3
Wireless penetration	26%	Wireless penetration	37%
Subscribers (mm)	31.4	ARPU (INR)	307.6
ARPU (INR)	207.5		

Orissa	Himachal Pradesh	North East	
Subscribers (mm)	10.6	Subscribers (mm)	3.9
Wireless penetration	26%	Wireless penetration	30%
ARPU (INR)	182.7	ARPU (INR)	225.0

Assam	Chennai	Kolkata	
Subscribers (mm)	6.6	Subscribers (mm)	12.7
Wireless penetration	22%	Wireless penetration	86%
ARPU (INR)	194.9	ARPU (INR)	209.0

<sup>1</sup> Combined penetration is calculated for Uttar Pradesh (East) and Uttar Pradesh (West) due to non-availability of a breakdown of population data.

*Source:* DoT, Annual Report 2008-2009; COAI, Final Report on ARPU/Revenue Analysis for Private GSM Cellular Operators October – December 2008; and TRAI, Press Release for July numbers. Data is as of July 31, 2009, except ARPU data which is as of December 31, 2008.

Wireless service providers utilise a wide network of infrastructure elements, including backhauls, towers, masts, power sources, antennas, base station sites and radio links, in the provision of wireless telecommunications services for their subscribers. The infrastructure requirement for wireless telecommunications can be classified into passive and active infrastructure:

- “Active” infrastructure includes the telecommunication license, allocated spectrum, the telecommunication centres along with the hardware and software required for telecommunication services including antennas, feeders, spectrum, radio access network, cables, node B and transmission equipment;
- “Passive” infrastructure refers to the complementary elements of the network infrastructure, the principal components of which are:
  - The tower site, which, for a ground-based communications tower, is typically an approximately 4,000 square feet piece of land and, for a rooftop-based communications tower, is an appropriate space located on a high-rise or other building or structure, and each type of site, in our case, is typically

leased from their owners;

- The communications tower itself, which for the large majority of our communications towers, comprises a ground-based 40 meter steel communications tower;
- Battery back-up, which provides electricity during short-term power outages;
- A diesel generator set (including AVR) to provide a back-up power supply in case of extended interruption of electricity from the relevant power grid;
- SMPS systems, which convert alternating current electricity from the electricity grid to direct current electricity, which is less volatile and more suitable for the active electronic components of wireless communications networks;
- Air conditioning to cool the relevant electronic systems; Shelter to house relevant equipment; and Civil foundations to support the communications tower and the related equipment.

### ***International Experience in Infrastructure Sharing***

The passive infrastructure sharing business model is expected to be successful in countries where, among other things, the number of players is higher, there are large coverage requirements, minutes of usage are high and there are spectrum constraints. Certain mature wireless markets that satisfy most of the above criteria, such as the United States, have developed a sub-industry which focuses on the provision of passive infrastructure to wireless service providers.

The Indian telecommunications industry shares similarities with the United States telecommunications industry and is amenable to such passive infrastructure sharing, as indicated by the table below.

### **India Compared to the US**

<b>Parameter</b>	<b>US</b>	<b>India</b>
Multiple operators	six–eight players	12 players
Top three-four operators having comparable market shares	Yes	Yes
Large coverage requirements (urban, rural, highways)	Yes	Yes
Voice pricing and margin pressure	Yes	Yes
Significant capacity needs from high MOUs	Yes	Yes
Spectrum scarcity forcing denser coverage	Yes	Yes

### ***Optic fibre Cable (“OFC”)***

An optic fibre is a glass or plastic fibre that carries light along its length. Optic fibres are widely used in fibre-optic communications, which permits transmission over longer distances and at higher bandwidths (data rates) than other forms of communications. Fibres are used instead of metal wires because signals travel along them with less loss, and they are also immune to electromagnetic interference. Fibres are also used for illumination, and are wrapped in bundles so they can be used to carry images, thus allowing viewing in tight spaces. Specially designed fibres are used for a variety of other applications, including sensors and fibre lasers.

Fibre-optic communication is a method of transmitting information from one place to another by sending pulses of light through an optic fibre. The process of communicating using fibre-optics involves the following basic steps: Creating the optic signal involving the use of a transmitter, relaying the signal along the fibre, ensuring that the signal does not become too distorted or weak, receiving the optic signal, and converting it into an electrical signal. Modern fibre-optic communication systems generally include:



- **Transmitters:** used to convert an electrical signal into an optic signal to send into the optic fibre.
- **Receivers:** the main component of an optic receiver is a photodetector, which converts light into electricity using the photoelectric effect.
- **Fibre cable:** containing bundles of multiple optic fibres that are routed through underground conduits and buildings.
- **Amplifiers:** amplifies the optic signal directly without having to convert the signal into the electrical domain.

#### **OFC network in India:**

Currently around 700,000 route-kilometers of optic fibre are present across India. This OFC belongs to various NLD operators or access service providers. Out of the existing 29,000 rural exchanges of the incumbent BSNL in the country, the majority of them (around 70%) have OFC connectivity. However, majority of this connectivity has very low bandwidth (8 Mbps) and, therefore, cannot be shared. Our Company has one of the largest OFC coverage in the country with approximately 192,000 route-kilometres of optic fibre.

As per the data provided by the service providers, about 75–80% of their rural BTSs have microwave as the backhaul. One of the major reasons for the high percentage of microwave links is that microwave links are cheaper to install and have no incremental annual charges. The spectrum for access and backhaul (for BTS to BSC connectivity) is charged on AGR basis, and, therefore, there is no incremental cost involved in using that microwave for rural areas which is already allotted for urban areas.

#### **Telecom resources as of June 2008**

<b>BTSS</b>	
Total	222,137
Urban	115,619
Rural	106,518
Rural shared	29,723
%	27.9%
<b>Connectivity to Rural BTSS</b>	
No. of BTS on OFC / UG Cable	21,795
No. of BTS on Microwave	84,458
No. of BTS on Satellite Link	265
<b>Total</b>	<b>106,518</b>

## SUMMARY OF OUR BUSINESS, STRENGTHS AND STRATEGY

### Overview

We are one of the leading passive telecommunication infrastructure providers in India, based on the number of telecommunication towers that we own and the extent of the coverage of our optic fibre cable (“OFC”) network. “Passive infrastructure” refers to the telecommunication towers for wireless telecommunication services and OFC used for the purpose of hosting and assisting in the operation of the active infrastructure used for transmitting telecommunications signals or transporting voice and data traffic. Our business is to build, own and operate telecommunication towers, OFC and related assets and to provide these passive infrastructure assets on a shared basis to wireless and other communications service providers, as well as non-communications customers under long-term contracts. These customers use the space on our telecommunication towers to install active communication-related equipment to operate their wireless communications networks.

We are a part of the Reliance ADA Group, one of India’s leading business conglomerates, with business interests in the communications, power, financial services and entertainment sectors, among others. We were founded by, and are a subsidiary of, RCOM, the second largest wireless communications company in India (in terms of subscriber base) (Source: TRAI), with a total of 72.66 million CDMA and GSM subscribers as of March 31, 2009, and the flagship company of the Reliance ADA Group’s communications business. Currently, RCOM and its wholly-owned subsidiary, Reliance Telecom Limited (“RTL”), are our anchor tenants for our towers, and RCOM is our anchor tenant for our OFC network.

We were incorporated on April 16, 2001 under the Companies Act, 1956, but until March 30, 2007, we were a dormant company with no material business or assets. On March 30, 2007, pursuant to the Merger Scheme approved by the High Court of Bombay, RNGTPL, a subsidiary of RCIL which held certain telecommunications assets that could usefully be combined with passive infrastructure, was transferred into our Company. On April 10, 2007, pursuant to the PTI Demerger Scheme, RCOM and RTL transferred to us the telecommunication towers and related assets that now constitute a substantial portion of our business operations. On September 15, 2009, pursuant to the OFC Demerger Scheme, the OFC assets of RCOM were transferred into our Company.

For a detailed description of each of the Demerger Schemes, see “Reorganisation” on page 65 of this Draft Red Herring Prospectus. Further to the Demerger Schemes, we are in the process of implementing the following measures:

- transferring leases, for the land on which our telecommunication tower sites are located, from RCOM and RTL to us; and
- transferring various approvals from local and municipal authorities issued to RCOM and RTL to us to allow us to own and operate our telecommunication tower portfolio and OFC assets.

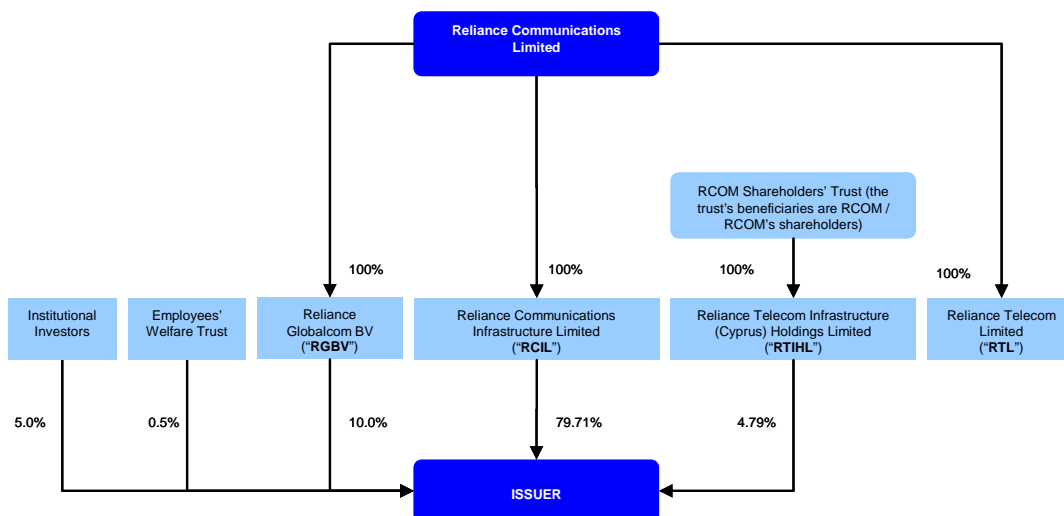
For a description of certain risks associated with these ongoing matters and with the Reorganisation in general, see “Risk Factors – We face certain risks associated with the Demerger Schemes” beginning on page xx of this Draft Red Herring Prospectus.

Prior to their transfer to us, RCOM and RTL principally used these passive infrastructure assets in a proprietary manner to operate their own respective wireless communications and voice and data networks.

We intend to capitalize upon what we believe to be emerging trends within the Indian telecommunications industry towards infrastructure integration and sharing, as well as the outsourcing of passive infrastructure operations to independent third-party passive infrastructure providers, by offering passive infrastructure sharing to multiple wireless service and voice and data providers on a co-location basis across our integrated telecommunication tower and OFC network.

### Corporate structure

The following chart sets out our corporate structure as of the date of this Draft Red Herring Prospectus:



Prior to the Issue, 94.5% of our issued share capital was indirectly owned or controlled by RCOM. Of this, 79.71% was owned by RCIL (which is wholly owned by RCOM), 10.0% was owned by RGBV and 4.79% was owned by RTIHL. RTIHL is a subsidiary of RCOM by virtue of being controlled by RCOM. Approximately 0.5% and 5.0% of our issued share capital was held by an employees' welfare trust and certain institutional investors, respectively.

Subsequent to the Issue, RCOM will continue to indirectly own or control approximately 85.0% of our issued share capital.

### Competitive strengths

We believe that our principal competitive strengths are as follows:

#### ***One of the largest passive telecom infrastructure operators in India with countrywide networks of tower sites and optic fibre***

- We are one of the leading passive telecommunication infrastructure providers in India, based on the number of telecommunication towers that we own. Our telecommunication tower portfolio spans 23 circles and comprised a total of 47,358 towers as of March 31, 2009 and a total of 48,139 towers as of August 31, 2009 (each including telecommunication towers that are ready for installation and that are currently capital work-in-progress). Our network of telecommunication towers currently covers over 24,000 cities and 600,000 villages and is one of the most extensive coverage of telecommunication towers in the country.
- As of August 31, 2009, our OFC network encompassed approximately 192,000 kilometers of OFC comprising approximately 130,000 intercity kilometers in India and 66,000 kilometers of metropolitan cable. Our metropolitan network covers approximately 24,000 cities. Our network also covers approximately 600,000 rural villages.

We have a pan-India contiguous portfolio comprising a total of 47,358 telecommunication towers as of March 31, 2009 and a total of 48,139 towers as of August 31, 2009 of which approximately 33%, were linked with our OFC network. We believe our integrated and comprehensive infrastructure solution combined with the reach of our portfolio will provide faster time to market for wireless operators and offers us a significant marketing advantage over our competitors. RCOM has incurred significant resources over a substantial period in developing our passive infrastructure, including laying our OFC network and ducts and obtaining various regulatory and other approvals from several agencies. We believe that this gives us an inherent advantage, as it will take our competitors several years to replicate our passive infrastructure.

### ***Significant infrastructure in place to capture the future growth potential of the telecommunications sector***

- All our telecommunication towers are configured to host multiple wireless service providers. As of August 31, 2009, our average system-wide telecommunication tower capacity (measured in terms of available hosting slots per telecommunication tower) was four tenants per tower, while our actual system-wide average telecommunication tower occupancy rate was 1.6 tenants per tower. We believe that the capacity available on our telecommunication tower portfolio, and our overall portfolio profile, position us well to capitalize on an increase in tower-sharing within India. We believe we are in a favorable position to accept large infrastructure sharing contracts from communications service providers, such as the recently executed contracts with entities such as Etisalat DB Telecom Private Limited (“EDB”), Sistema Shyam Infrastructure Limited, Tata Teleservices Limited and Aircel Private Limited, due to the size of our passive infrastructure network. We are also in advanced stages of negotiations with various operators and cable television providers for OFC and duct-sharing arrangements.
- We believe our OFC business has large capacity on its network, which can be made available to our customers in accordance with their requirements which will enable the growth of our business. Our OFC assets include extra ducts and a large part of our OFC network has been laid with eight ducts, a significant portion of which remain unutilized and can be leased out to our customers. We believe such an arrangement is economical and provides immediate strategic advantages to the telecom operator such as reducing the time to market its services, thereby allowing the operator to focus on core business activities such as marketing and reducing capital expenditure instead of requiring the operator to set up its own infrastructure for connecting equipment. We believe that no other existing passive infrastructure company operating in India currently has similar competitive and cost advantages.
- We believe that we have a relatively young portfolio of telecommunication tower assets, which positions us favourably to capture the incremental demand from the new GSM operators in the country. Substantially all of our telecommunication tower portfolio is capable of hosting the 1800 MHz spectrum. Given that new telecommunications operators have been granted spectrum in the 1800 MHz bandwidth, we believe this positions us favourably to capture the infrastructure needs of the new GSM service providers that are commencing operations in India. Our portfolio of telecommunication tower assets has an average age of approximately two years as of August 31, 2009, which we believe will allow us to incur relatively lower maintenance expenses than we would if our portfolio were older and also means that we will not be required to replace our existing telecommunication towers for a longer period.

### ***Unique ability to offer a comprehensive end-to-end value proposition***

- We believe the combination of our OFC network and the telecommunication towers enables our Company to provide pan-India, state-of-the-art passive infrastructure on a one stop shop basis to wireless and other communications service providers, as well as non-communications customers. Our infrastructure, combined with the services provided by RCOM and other group companies, enables us to provide a comprehensive range of communications services designed to meet the needs of our customers over our network, including IP and data services, co-location services, and softswitch and voice services.
- We have access to critical information technology systems, which allow us to monitor the performance of our telecommunication tower sites on a real-time basis and positions us to respond quickly to potential problems. Most of our sites are connected to RCOM’s NNOC at Dhirubhai Ambani Knowledge City in Navi Mumbai. These sites are monitored from NNOC, which provides us with continuous, real-time information on the functioning of these telecommunication towers, including the identification of any power fluctuations, security breaches or temperature changes. We believe that this allows us to offer customers a robust tower network with significant reliability advantages.
- Given our pan-India and contiguous telecommunication tower portfolio and our OFC presence, we believe we are able to leverage economies of scale in relation to maintaining our existing infrastructure, as well as in relation to new infrastructure that we develop. We believe this allows us deliver value to our customers on a sustained basis. We believe our Company is well positioned to optimize the future expansion of passive infrastructure on an integrated basis.

### ***Significant project execution, operational and management experience***

- We are led by a management team that has been involved in the roll-out of our existing portfolio (including when it belonged to RCOM and RTL) from the start of its development until the present. Throughout the course of building a telecommunication tower portfolio numbering 47,358 and 48,139 telecommunication towers (each including telecommunication towers that are ready for installation and that are current capital work-in-progress) as of March 31, 2009 and August 31, 2009, respectively, and rolling out approximately 192,000 kilometers of OFC, our management team has developed project and operational management expertise and understands the key opportunities and risks associated with our business. We believe that this expertise, which also extends down from our management team to many levels of our working teams (key members of which also joined us in connection with the Demerger Schemes), will prove to be a critical business strength as we look to expand our portfolio and customer base over the course of the coming years. We believe that, among other things, this experience will provide us with advantages with respect to commercial negotiations with suppliers, identifying areas for cost reductions and other efficiencies, anticipating and avoiding potential execution roadblocks and completing our expansion plans on time and within budget.

### ***Relationship with the Reliance ADA Group and the Reliance ADA Group brand***

We are a part of the Reliance ADA Group, one of India's top private sector conglomerates with a net worth in excess of Rs. 780,000 million as of March 31, 2009. Of particular importance to our Company is the communications business of RCOM, the Reliance ADA Group's flagship company in the communications business, as it is India's second largest information and communications company in terms of wireless subscribers, with 72.66 million wireless subscribers as of March 31, 2009 (*Source*: TRAI). RCOM has established a pan-India, high-capacity, integrated (wireless and wire line), convergent (voice, data and video) digital network, offering services spanning the entire telecommunications value chain. RCOM currently provides services in both CDMA and GSM across India, with GSM services available in all circles and CDMA services in 21 circles. We have tower sites in all of India's 23 circles. For an explanation of India's classifications of telecommunication circles or "circles", see "Industry Overview" on page 46 of this Draft Red Herring Prospectus. RCOM is the second largest wireless communications company in India, with 18.5% of overall wireless communications market share as of March 31, 2009 and 20.6% net subscriber addition share for the year ended March 31, 2009 (*Source*: TRAI). Additionally, we have entered into an agreement with Reliance ADA Group Private Limited for shared services and cost sharing arrangements.

We believe that our affiliation with RCOM and the Reliance ADA Group, and the associated rights to use the "Reliance ADA" name, offers us significant branding strength within India, which we believe we can leverage to our advantage to develop our business.

### ***Well positioned to benefit from RCOM and its subsidiaries' growth plans***

We believe our relationship with RCOM and RTL offers us a number of key business advantages, including the following:

- we believe that we are well positioned to benefit from RCOM and RTL's expansion plans and have significant opportunities for growth as a result of having a long-term Master Services Agreement with RCOM and RTL providing that, among other things, we have a right of first refusal to develop new tower sites for the expansion of their respective wireless networks and they will not compete with our Company in the telecommunication tower business. We also believe there to be a number of areas for synergies between our business and that of RCOM and its subsidiaries (including, for example, joint arrangements to allow third-party wireless service providers to offer our telecommunication towers together with RCOM's bandwidth sharing services) which we believe will present growth opportunities for our business in the future;
- under our Master Services Agreement dated April 10, 2007 with RCOM and RTL, RCOM and RTL have agreed to provide us with reasonable financial support in the event that we require such support and under our Shared Services Agreement with RCOM and its subsidiary companies, our business has access to RCOM's communications-related expertise in a number of areas that are critical to our business; and

- we have signed the OFC MOU dated March 15, 2009 with RCOM as the anchor tenant for our OFC network. Pursuant to the OFC MOU, we have granted RCOM an indefeasible right to use (“IRU”) upto 80% of the total OFC network capacity as on the effective date of the OFC Demerger Scheme, and we believe the remaining capacity provides a significant opportunity for leasing to other wireless operators and other entities offering new services like data services, IP television, video on demand, cable television, online gaming, video chat, video conferencing, digital movies and digital music.

### **Business strategy**

Our business objective is to capitalize on emerging trends within the Indian telecommunications industry to expand our business, through the following strategies:

#### ***Anticipate and capitalize on emerging trends within the Indian telecommunications market***

According to a press release by the TRAI on April 21, 2009, India had approximately 429.72 million fixed-line and wireless telecommunication subscribers as of March 31, 2009, of which 391.76 million were wireless telecommunication subscribers. The DoT has indicated that it expects India to have approximately 500 million telephones in use by December 2010. To meet this target, TRAI estimates that approximately 330,000 telecommunication towers will be required by 2010. As of March 31, 2009, India had approximately 240,000 telecommunication towers. At the same time, we believe there are, and will be, increasing reasons, both market-driven and otherwise, for wireless service providers to actively seek to share passive infrastructure, including declining ARPUs, government incentive schemes and policies that promote such sharing, relative saturation of India’s major telecommunications markets, wireless service providers’ expansion of wireless networks to India’s less densely-populated and more remote areas and the emergence of new technologies like 3G services. As such, we are planning to expand our portfolio in a manner that will enable us to benefit from this overall growth and tap into what we believe will be an increasing demand by wireless service providers for passive wireless infrastructure sharing.

As of April 1, 2008, the Ministry of Communications and Information Technology permitted active sharing of infrastructure among service providers. Such active infrastructure sharing is limited to antennae, feeder cables, Node B, radio access network (“RAN”) and transmission systems only. However, sharing of allocated spectrum is not permitted.

We intend to explore the opportunities that such sharing presents to our Company and look for ways in which we may enter into such an integrated market and expand our business. Clause 2.9 of the Master Services Agreement provides that if applicable laws and regulations permit active infrastructure sharing, and subject to ourselves, RCOM and RTL agreeing to mutually acceptable terms, RCOM and RTL shall first offer to transfer their active infrastructure to our Company.

We believe the entry of several new communications service providers and the expanding networks of existing communications service providers are contributing to an unprecedented demand for passive infrastructure. At the same time, affordability and time to market are the cornerstones of infrastructure expansion. As a result, there is a trend of outsourcing passive infrastructure to independent third-party passive infrastructure providers who have such infrastructure in place. We believe our Company, with its ability to offer advanced passive infrastructure with pan-India coverage is best positioned to offer passive infrastructure to multiple communication services, as well as voice and data service providers under long-term contracts.

#### ***Expand our portfolio and business***

We believe our relationship with RCOM is one of our key competitive strengths and we intend to leverage this relationship by expanding our telecommunication tower and OFC networks as RCOM and RTL expand their respective wireless networks. The core strategy for our expansion is to roll out our network with at least one anchor customer in place for each of our telecommunication towers, which provides revenue visibility. In addition, in our Master Services Agreement with both RCOM and RTL, these companies have granted us a right of first refusal to develop new telecommunication tower sites for the expansion of their respective wireless networks, which we believe will offer us significant opportunities to expand our business and revenues. Moreover, by growing our business as RCOM and RTL expand their networks, we believe we can ensure that we have the commitment from an anchor customer prior to constructing our telecommunication towers, which reduces our tenancy risk.

We have also recently expanded our business to include the OFC network and further intend to increase the capacity of this network. We envisage network expansion to include growth into areas in which we do not currently have a presence, as well as increasing the overall resilience of our existing network.

***Actively seek opportunities to increase tenancy of our portfolio***

In January 2008, the WPC, a wing of DoT, issued an order outlining revised subscriber-based criteria for the allocation of GSM and CDMA spectrum in different types of telecommunications circles (Metro, Circles A, B and C). Tighter spectrum allocation norms will lead to telecommunications service providers deploying more BTS, thereby creating higher demand for the telecommunication towers of passive infrastructure providers.

We intend to actively seek out opportunities to add additional third-party wireless service providers as customers to our portfolio. As the costs of operating a tower site are largely fixed and are recovered under the terms of the rental arrangement with the initial customer for any site, each additional customer beyond the first would be likely to have a positive effect on our margins. As such, we intend to actively look for opportunities to attract multiple wireless service providers to our telecommunication towers, including smaller and new Indian telecommunications companies with small networks which are unable or unwilling to make the significant investments required to build substantial proprietary passive infrastructure networks, wireless service providers who prioritize quick access to new markets and operators of new and emerging wireless technologies who will look to roll out their new networks in an effective and cost-efficient manner.

We also intend to explore other expansion opportunities to maximize the capacity utilisation of our existing portfolio and expand our operations, including by attracting new customers, to host 3G, 4G, WiMAX and/or other new and emerging communications technologies on our telecommunication towers and, if permitted by regulation in the future, using our telecommunication towers for broadcasting purposes.

Recently, we signed a contract with EDB to provide passive infrastructure in relation to over 30,000 sites. In addition, we have also signed passive infrastructure sharing contracts with certain telecommunication operators and are in the advanced stages of discussions with other key operators for the provision of similar services. These contracts are expected to be signed and put into operation in the current financial year.

With the execution of these contracts, we expect to improve the system-wide average telecommunication tower occupancy rate of our portfolio. Our actual system-wide average telecommunication tower occupancy rate was 1.6 tenants per tower as of August 31, 2009.

***Strategic network planning capability***

We intend to leverage our management team's extensive industry experience to offer network planning services to current and potential customers. Under our Shared Services Agreement with RCOM, we have access to key data and planning tools that allow us to offer network planning services. This data includes information regarding the locations of existing tower sites, tools to locate and establish the suitability of proposed new sites and other tools and information.

Together with RCOM, we are well positioned to offer better value to customers by offering a combination of operations and maintenance support in conjunction with our provision of OFC. As part of our marketing strategy, we are also focusing on integrating our portfolio with RCOM's capabilities to offer a new range of services.

## SUMMARY FINANCIAL INFORMATION

The following tables set forth summary information on our assets and liabilities as of March 31, 2009, 2008, 2007, 2006 and 2005 and our income statements and cash flows for financial years ended March 31, 2009, 2008, 2007, 2006 and 2005. These should be read in conjunction with our restated financial statements in the section titled “Financial Statements” on page 129 of this Draft Red Herring Prospectus and the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on page 165 of this Draft Red Herring Prospectus.

### Summary Statement of Assets and Liabilities, As Restated

(Rs. in Million)

Particulars		As at				
		March 31, 2005	March 31, 2006	March 31, 2007	March 31, 2008	March 31, 2009
<b>A</b>	<b>FIXED ASSETS</b>					
	Gross Block	-	-	-	88,886.57	185,606.71
	Less: Accumulated Depreciation	-	-	-	10,249.57	38,093.38
	<b>Net Block</b>	-	-	-	<b>78,637.00</b>	<b>147,513.33</b>
	Capital Work in Progress (including capital advance )	-	-	-	28,165.45	38,065.19
		-	-	-	<b>106,802.45</b>	<b>185,578.52</b>
<b>B</b>	<b>INVESTMENTS</b>	0.10	0.10	4.53	13,516.77	0.13
<b>C</b>	<b>CURRENT ASSETS, LOANS AND ADVANCES</b>					
	<b>Current Assets</b>					
	Inventories	-	-	-	227.69	449.77
	Sundry Debtors	-	-	-	6,345.17	6,198.85
	Cash and Bank Balances	0.41	0.36	2.27	491.22	1,538.26
	Other Current Assets	0.01	0.01	-	0.19	8,930.57
		0.42	0.37	2.27	7,064.27	17,117.45
	<b>Loans and Advances</b>	-	-	1,002.15	3,204.39	4,917.39
		<b>0.42</b>	<b>0.37</b>	<b>1,004.42</b>	<b>10,268.66</b>	<b>22,034.84</b>
<b>D</b>	<b>LIABILITIES &amp; PROVISIONS</b>					
	Unsecured Loans	0.05	-	2.95	65,091.29	151,612.90
	Current Liabilities	0.02	0.01	0.48	19,835.71	15,632.61
	Provisions for Income Tax	-	-	1.67	-	0.22
		<b>0.07</b>	<b>0.01</b>	<b>5.10</b>	<b>84,927.00</b>	<b>167,245.73</b>
<b>E</b>	<b>Net Worth( A+B+C-D)</b>	<b>0.45</b>	<b>0.46</b>	<b>1,003.85</b>	<b>45,660.88</b>	<b>40,367.76</b>
	<b>Represented by:</b>					
	Share Capital	0.50	0.50	1,000.60	3,990.20	3,990.20
	Reserves and Surplus	(0.05)	(0.04)	3.25	41,670.68	36,377.56
<b>F</b>	<b>Net Worth</b>	<b>0.45</b>	<b>0.46</b>	<b>1,003.85</b>	<b>45,660.88</b>	<b>40,367.76</b>



# Summary Statement of Profit and Loss, As Restated

(Rs. in Million)

Particulars	For the year ended				
	March 31, 2005	March 31, 2006	March 31, 2007	March 31, 2008	March 31, 2009
<b>INCOME</b>					
Services Revenue	-	-	-	16,366.56	44,370.61
Less: Service Tax	-	-	-	(1,800.37)	(4,202.45)
Net Service Revenue				14,566.19	40,168.16
Operating Lease Revenue	-	-	-	-	9,040.30
Less: Service Tax	-	-	-	-	(10.30)
Net Operating Lease Revenue	-	-	-	-	9,030.00
Net Service and Lease Revenue	-	-	-	<b>14,566.19</b>	<b>49,198.16</b>
Other Income	-	0.02	0.56	9.96	141.91
<b>Total Income</b>	-	<b>0.02</b>	<b>0.56</b>	<b>14,576.15</b>	<b>49,340.07</b>
<b>EXPENDITURE</b>					
Network Operation Expenses	-	-	-	7,480.30	17,009.70
Less: Fuel expenses withdrawn from General Reserve (Refer Note 3 (b) of Annexure V)	-	-	-	-	(1,910.68)
				7,480.30	15,099.02
Personnel Expenses	-	-	0.01	208.23	236.05
General and Administrative Expenses	0.01	0.03	0.05	131.98	203.14
<b>Total Expenditure</b>	<b>0.01</b>	<b>0.03</b>	<b>0.06</b>	<b>7,820.51</b>	<b>15,538.21</b>
<b>Operating Profit/(Loss) before Finance Charges, Depreciation and Adjustment pursuant to the Scheme of Arrangement</b>	<b>(0.01)</b>	<b>(0.01)</b>	<b>0.50</b>	<b>6,755.64</b>	<b>33,801.86</b>
Finance Charges (Net)	-	-	-	(3.13)	1,293.59
<b>Operating Profit/(Loss) before Depreciation and Adjustment pursuant to the Scheme of Arrangement</b>	<b>(0.01)</b>	<b>(0.01)</b>	<b>0.50</b>	<b>6,758.77</b>	<b>32,508.27</b>
Depreciation	-	-	-	3,796.73	34,296.65
Less : Transferred from General Reserve (Refer Note 3 (b) of Annexure V)	-	-	-	(1,250.52)	(17,642.64)
	-	-	-	<b>2,546.21</b>	<b>16,654.01</b>
<b>Profit/(Loss) before Adjustment pursuant to the Scheme of Arrangement and tax</b>	<b>(0.01)</b>	<b>(0.01)</b>	<b>0.50</b>	<b>4,212.56</b>	<b>15,854.26</b>
<b>Adjustment pursuant to the Scheme of Arrangement inter alia for transfer of Optic Fibre Undertaking from Reliance Communications Limited</b>					
Exchange Loss on Loans and Liabilities	-	-	-	-	8,042.89
Less: Equivalent amount withdrawn from General Reserve (Refer Note 3 (a) of Annexure V)	-	-	-	-	(8,042.89)
<b>Profit/(Loss) before tax</b>	<b>(0.01)</b>	<b>(0.01)</b>	<b>0.50</b>	<b>4,212.56</b>	<b>15,854.26</b>
<b>PROVISION FOR TAX</b>					
Current Tax	-	-	0.18	335.60	-
Less: MAT Credit	-	-	-	(335.60)	-
Deferred Tax	-	-	-	1,006.80	(1,006.80)
Fringe Benefit Tax	-	-	-	-	4.02
	-	-	<b>0.18</b>	<b>1,006.80</b>	<b>(1,002.78)</b>
<b>Profit/(Loss) after Tax as per Audited Accounts</b>	<b>(0.01)</b>	<b>(0.01)</b>	<b>0.32</b>	<b>3,205.76</b>	<b>16,857.04</b>
<b>Adjustments on account of Change in accounting policies (Refer Note 1 of Annexure V)</b>					
a) Preliminary Expenditure Written Off	(0.01)	0.02	-	-	-
b) Depreciation due to change in method	-	-	-	6,452.85	(6,452.85)
Less: Transferred from General Reserve	-	-	-	(6,452.85)	6,452.85
c) Tax impact of above adjustments	-	-	-	1,006.80	(1,006.80)
<b>Total of adjustments</b>	<b>(0.01)</b>	<b>0.02</b>	<b>-</b>	<b>1,006.80</b>	<b>(1,006.80)</b>

Particulars	For the year ended				
	March 31, 2005	March 31, 2006	March 31, 2007	March 31, 2008	March 31, 2009
<b>NET PROFIT/(LOSS), AS RESTATED</b>	<b>(0.02)</b>	<b>0.01</b>	<b>0.32</b>	<b>4,212.56</b>	<b>15,850.24</b>
Profit and Loss account at the beginning of the year	(0.03)	(0.05)	(0.04)	0.28	4,212.84
<b>Balance available for appropriation, as restated</b>	<b>(0.05)</b>	<b>(0.04)</b>	<b>0.28</b>	<b>4,212.84</b>	<b>20,063.08</b>
<b>BALANCE CARRIED FORWARD RESTATED</b>	<b>(0.05)</b>	<b>(0.04)</b>	<b>0.28</b>	<b>4,212.84</b>	<b>20,063.08</b>

# Summary of Cash Flows, As Restated

(Rs. in Million)

Particulars		For the year ended				
		March 31, 2005	March 31, 2006	March 31, 2007	March 31, 2008	March 31, 2009
<b>A.</b>	<b>Cash Flow From Operating Activities</b>					
	Profit/(Loss) before Tax, as restated	(0.02)	0.01	0.50	4,212.56	15,854.26
	Adjustment for -					
	Depreciation, net of withdrawal of general reserve (Refer Note 3 (b) of Annexure V)	-	-	-	2,546.21	16,654.01
	Interest Income	-	(0.02)	(0.56)	(4.77)	(0.46)
	Interest Expense	-	-	-	25.40	1,315.67
	Profit on Sale of Investments	-	-	-	(5.13)	(24.94)
	Withdrawal of Fuel Expenses from General Reserve (Refer Note 3 (b) of Annexure V)	-	-	-	-	(1,910.68)
	Unrealised foreign exchange gain (net)	-	-	-	40.66	267.75
	<b>Operating Profit/(Loss) before working capital changes</b>	<b>(0.02)</b>	<b>(0.01)</b>	<b>(0.06)</b>	<b>6,814.93</b>	<b>32,155.62</b>
	<b>Movements in Working Capital</b>					
	Changes in Debtors and other Current Assets	-	-	-	(7,503.38)	(9,849.61)
	Change in Inventories	-	-	-	(227.68)	(222.09)
	Changes in Trade and other Payables	-	-	2.40	3,051.98	(1,042.66)
	<b>Cash from/(used) in operations</b>	<b>(0.02)</b>	<b>(0.01)</b>	<b>2.34</b>	<b>2,135.85</b>	<b>21,041.26</b>
	Tax paid (including FBT)	-	-	(1.62)	(500.14)	(651.86)
	<b>Net Cash (used in) / from by Operating Activities</b>	<b>(0.02)</b>	<b>(0.01)</b>	<b>0.72</b>	<b>1,635.71</b>	<b>20,389.40</b>
<b>B.</b>	<b>Cash flow from Investing Activities</b>					
	Purchase of Fixed Assets and CWIP	-	-	-	(55,797.79)	(34,835.29)
	Purchase of Investments	-	-	-	(19,863.77)	(19,977.53)
	Sale of Investments	0.02	-	0.10	6,613.86	33,261.71
	Dividend Income	-	-	-	36.16	-
	Interest Received	-	0.02	0.56	86.48	0.22
	<b>Net Cash (used in) / from by Investing Activities</b>	<b>0.02</b>	<b>0.02</b>	<b>0.66</b>	<b>(68,925.06)</b>	<b>(21,550.89)</b>
<b>C.</b>	<b>Cash flow from Financing Activities</b>					
	Unsecured loan received	-	-	0.53	81,032.38	131,820.83
	Unsecured loan repaid	(0.05)	(0.06)	-	(16,509.17)	(128,149.60)
	Proceeds from issued equity share capital	0.40	-	-	2,989.60	-
	Interest Paid	-	-	-	272.52	(1,473.16)
	<b>Net Cash from / (used in) Financing Activities</b>	<b>0.35</b>	<b>(0.06)</b>	<b>0.53</b>	<b>67,785.33</b>	<b>2,198.07</b>
	<b>Net Increase/Decrease in Cash and Cash Equivalents (A+B+C)</b>	<b>35</b>	<b>(0.05)</b>	<b>1.91</b>	<b>495.98</b>	<b>1,036.58</b>
	Cash and Cash Equivalents at the beginning of the year	0.06	0.41	0.36	2.27	491.21
	Effect of Exchange (loss)/ Gain on cash and Cash Equivalents	-	-	-	(7.04)	10.47
	<b>Cash and Cash Equivalents at the end of the year</b>	<b>0.41</b>	<b>0.36</b>	<b>2.27</b>	<b>491.21</b>	<b>1,538.26</b>

## THE ISSUE

	Number of Equity Shares*
<b>Issue of Equity Shares</b>	156,000,000*
Of which:	
Qualified Institutional Buyers (QIBs) Portion <sup>##</sup>	At least [●]*
<i>of which</i>	
Mutual Fund Portion	[●]*
Balance of QIB Portion (available for QIBs including Mutual Funds)	[●]*
Non-Institutional Portion	Not less than [●]*
Retail Portion	Not less than [●]*
<b>Pre and post-Issue Equity Shares</b>	
Equity Shares outstanding prior to the Issue	1,396,570,934
Equity Shares outstanding after the Issue	1,552,570,934*
<b>Use of Issue Proceeds</b>	See “Objects of the Issue” on page 36 of this Draft Red Herring Prospectus.

\* Allocation to all categories, except the Anchor Investor Portion, if any, shall be made on a proportionate basis.

<sup>##</sup> The Company may allocate up to 30% of the QIB Portion to Anchor Investors on a discretionary basis. One-third of the Anchor Investor Portion shall be reserved for domestic mutual funds, subject to valid Bids being received from domestic mutual funds at or above the price at which allocation is being done to Anchor Investors. For further details, please see the section entitled “Issue Procedure” on page 222 of this Draft Red Herring Prospectus.

Undersubscription, if any, in the categories, except the QIB Portion would be allowed to be met with spill over from any other category at the sole discretion of our Company, in consultation with the BRLMs. If at least 60% of the Issue is not allocated to QIBs, the entire application monies shall be refunded.

### Payment Methods

The Payment Methods available to investors to apply in this Issue are as follows:

Amount Payable per Equity Share (Rs.)	Payment Method-1 <sup>@</sup>			Payment Method-2		
	Retail Individual Bidders and Non-Institutional Bidders			Any Category***		
	Face Value	Premium	Total	Face Value	Premium	Total
On Application	2.5	[●]	[●]	10.0	[●] <sup>#</sup>	[●] <sup>#</sup>
By Due Date for Balance Amount Payable **	7.5	[●] <sup>#</sup>	[●] <sup>#</sup>	-	-	-
<b>Total</b>	10.0	[●] <sup>#</sup>	[●] <sup>#</sup>	10.0	[●] <sup>#</sup>	[●] <sup>#</sup>

Note: Non-Residents require the approval of RBI for subscribing to partly paid-up Equity Shares and copy of such approval should be submitted along with the Bid cum Application Form.

<sup>@</sup> See page xxxix for risks associated with Payment Method-1.

\*\* Retail Individual Bidders and Non-Institutional Bidders opting for Payment Method-1 shall be required to make the payment of the Balance Amount Payable by the Due Date for Balance Amount Payable. The notice of the Balance Amount Payable will also be published in two widely circulated newspapers (one each in English and Hindi) and a regional newspaper along with the statutory advertisement for the Basis for Allotment.

\*\*\* Bidders in the QIB category will be required to make payment of 10% of the Bid Amount multiplied by the number of Equity Shares bid, with the balance being payable on allocation.

<sup>#</sup> net of Retail Discount, as applicable, to be adjusted.

## Key Features of the Payment Methods

### 1) Payment Method-1

- a) Only Retail Individual Bidders and Non-Institutional Bidders are eligible for this method. QIBs cannot submit a Bid under this Payment Method.
- b) While bidding, the Bidder shall make a payment of Rs. [●] per Equity Share, irrespective of the Bid Price. Investors should note that the total Bid Amount will be used to determine whether a Bid is in the Retail Individual category or the Non-Institutional category, and not the amount payable on submission of Bid Cum Application Form.
- c) Under Payment Method-1, of the Rs. [●] paid while bidding, Rs. 2.50 would be adjusted towards the face value of the Equity Shares and Rs. [●] shall be towards share premium of the Equity Shares applied for.
- d) At the time of Allotment:
  1. If the amount paid by the Bidder is equal to or higher than the total amount payable (being the Issue Price multiplied by the number of shares allotted, net of Retail Discount) by the Bidder on the Equity Shares allotted to the Bidder, we reserve the right to adjust the excess amount towards the Balance Amount Payable and to issue fully paid Equity Shares only. The excess amount, if any, after adjusting the Balance Amount Payable shall be refunded to the Bidder (i.e., refund = total amount paid on bidding minus the total amount payable on the Equity Shares allotted).
  2. If the amount paid by the Bidder is less than the total amount payable by the Bidder (being the Issue Price multiplied by the number of Equity Shares allotted, net of Retail Discount) on the Equity Shares Allotted to the Bidder, we reserve the right to adjust the excess of the amount received from the Bidder over the Amount Payable on Submission of Bid cum Application Form towards the Balance Amount Payable and issue a Call Notice for the balance.
  3. The notice of the Balance Amount Payable will also be published in two widely circulated newspapers (one each in English and Hindi) and a regional newspaper along with the statutory advertisement for the Basis for Allotment.
- e) Equity Shares in respect of which the Balance Amount Payable remains unpaid may be forfeited, at any time after the Due Date for Balance Amount Payable.
- f) Set forth below is the indicative timetable for payment and corporate action with respect to Balance Amount Payable under d (2) above:

Sr. No.	Event	Indicative Time Period (on or around)
a.	(i) Basis of Allotment	Day X - 9 days
	(ii) CAN along with the Call Notice, including a statement of Balance Amount Payable per allotted share, issued to the successful Bidders opting for Payment Method-1	
b.	Listing of shares	Day X
c.	Period (21 days) during which shareholders may make payment for the Balance Amount Payable (at the designated bank branches to be announced)	Day X + 12 days
d.	Corporate action for appropriation of the Balance Amount Payable and for credit of fully paid Equity Shares to the demat accounts of shareholders who have paid the amount	Day X + 26 days

**INVESTORS SHOULD NOTE THAT THESE SHARES WILL NOT BE TRADED UNTIL THE DATE OF CORPORATE ACTION FOR CREDIT OF FULLY PAID UP EQUITY SHARES TO THE DEMAT**

ACCOUNT OF SUCH ALLOTTEES AND LISTING AND TRADING APPROVAL FROM THE STOCK EXCHANGE IS RECEIVED WITH RESPECT TO THESE SHARES. SEE RISK FACTORS ON PAGE XXXIX OF THIS DRAFT RED HERRING PROSPECTUS.

ALL NON RESIDENT BIDDERS AVAILING THE OPTION OF PAYMENT METHOD-1 ARE REQUIRED TO SUBMIT A COPY OF AN APPROVAL FROM THE RBI ALLOWING THEM TO SUBSCRIBE TO THE PARTLY PAID-UP EQUITY SHARES.

THE BALANCE AMOUNT PAYABLE, IF ANY, MAY NOT BE PAID AND THE AMOUNT TO BE RAISED THROUGH THE ISSUE MAY BE LOWER THAN THE PROPOSED ISSUE SIZE.

2) *Payment Method- 2*

- a) Bidders under any category can choose this method.
  - b) While bidding, the Bidder shall have to make the full payment (the Bid Amount multiplied by the number of Equity Shares bid, net of Retail Discount) for the Equity Shares bid. Bidders in QIB category will be required to make payment of 10% of the Bid Amount multiplied by the number of Equity Shares bid, with the balance being payable on allocation but before allotment.
- 3) Illustration of the Payment Methods (Investors should note that the following are solely for the purpose of illustration and is not specific to this Issue):

**Illustration of the payment methods available to the investors for applying in this Issue are as follows:**

- I. This illustration is for the benefit of the investors and should not be indicative of the Issue Price.

**Assumptions:**

- *Issue Price Rs. 100 per equity share*
- *Under Payment Method-1, Rs. 25.0 is payable on submission of the Bid cum Application Form, and*
- *Under Payment Method – 1, out of the Amount Payable on Application, Rs. 2.5 is towards face value and Rs. 22.5 is towards premium.*

Amount Payable (In Rs.) (per share)	Payment Method-1			Payment Method-2		
	Retail Individual Bidders and Non-Institutional Bidders			Any Category***		
	Face Value	Premium	Total	Face Value	Premium	Total
On Application	2.5	22.5	25.0	10.0	90.0	100.0
By Due Date for Balance Amount Payable **	7.5	67.5	75.0	-	-	-
<b>Total</b>	<b>10.0</b>	<b>90.0</b>	<b>100.00</b>	<b>10.0</b>	<b>90.0</b>	<b>100.0</b>

\*\* Retail Individual Bidders and Non-Institutional Bidders opting for Payment Method-1 shall be required to make the payment of the Balance Amount Payable by the Due Date for Balance Amount Payable.

\*\*\* Bidders in QIB category will be required to make payment of 10% of the Bid Amount multiplied by the number of Equity Shares bid with the balance being payable on allocation.

## II. Comparison of Payment Methods using different application sizes based on the above assumptions:

Payment Method	1	2	1	2	1	2	1	2	1	2
	Illustration 1		Illustration 2		Illustration 3		Illustration 4		Illustration 5	
Application (No. of Equity Shares)	150		100		200		400		500	
Subscription (Times)	3.00		2.00		1.33		4.00		10.00	
Allotment (No. of Equity Shares)*	50		50		150		100		50	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Amount Paid on Application	3750.0	15,000.0	2,500.0	10,000.0	5,000.0	3750.0	15,000.0	2,500.0	10,000.0	5,000.0
Refund, if any	Nil	10,000	Nil	5,000	Nil	Nil	10,000	Nil	5,000	Nil
By Due Date for Balance Amount Payable	1,250.0	Nil	2,500.0	Nil	10,000.0	1,250.0	Nil	2,500.0	Nil	10,000.0
Total Amount payable on allotment	5,000.0	5,000.0	5,000.0	5,000.0	15,000.0	5,000.0	5,000.0	5,000.0	5,000.0	15,000.0

Payment Method	1	2	1	2	1	2	1	2	1	2
	Illustration 1		Illustration 2		Illustration 3		Illustration 4		Illustration 5	
Type of share issued	Not tradable till corporate action for credit of fully paid shares and receipt of listing and trading approval from the Stock Exchanges	Fully paid-up and tradable	Fully paid-up and tradable	Fully paid-up and tradable	Fully paid-up and tradable	Fully paid-up and tradable	Fully paid-up and tradable	Fully paid-up and tradable	Fully paid-up and tradable	Fully paid-up and tradable

\* Assuming allotment arrived based on the Basis of Allocation and as per the mechanism described in the "Issue Procedure" on page 222 and approved by the Stock Exchanges.

In the event the Issue under the retail category is oversubscribed by four or more times as explained in Illustration 2 to Illustration 5 in the table above, no further amount will be payable on allotment. Excess amount after adjusting the full amount payable for the shares allotted will be refunded

In the event the Issue under the retail category is subscribed less than four times as explained in Illustration 1 above, the successful bidders under Payment Method-1 will be required to pay the Balance Amount Payable. Excess amount after adjusting the Balance Amount Payable for the Allotted Equity Shares will be refunded.

Every Retail Individual Bidder should indicate the choice of Payment Method (i.e., Payment Method-1 or Payment Method-2 as applicable) in the Bid cum Application Form, subject to the Bidder's eligibility for the Payment Method. Once the choice is indicated, the Bidder should not revise the selection. No Bidder can select both the Payment Methods in a Bid cum Application Form. In case no Payment Method is selected and the full Bid Amount is paid, then the default Payment Method would be Payment Method-2.

### Important note:

*If investors who opt for Payment Method-1 do not pay the Balance Amount Payable, the amount raised through the Issue will be lower than the proposed Issue size. In the event of such shortfall, the extent of the shortfall will be made up by way of such means available to our Company and at the discretion of the management, including by way of incremental debt or cash available with us.*

*Further, Equity Shares issued to investors who opt for Payment Method-1 will not be traded till the corporate action for credit of fully-paid shares and receipt of listing and trading approval from the Stock Exchanges is completed. The Equity Shares for which the Balance Amount Payable has not been paid within the prescribed time limit are liable for forfeiture. The shortfall due to forfeiture may be made up by re-issue of the forfeited Equity Shares.*



## GENERAL INFORMATION

### Registered and Corporate Office of our Company

H Block, 1st Floor  
Dhirubhai Ambani Knowledge City  
Navi Mumbai 400 710  
Maharashtra  
Tel: (91 22) 3038 6286  
Fax: (91 22) 3037 6622  
Email: [ritl.investors@relianceada.com](mailto:ritl.investors@relianceada.com)  
Website: [www.ritl.co.in](http://www.ritl.co.in)  
Registration Number: U72900MH2001PLC131598

### Address of Registrar of Companies

Our Company is registered with the Registrar of Companies, Mumbai, Maharashtra, situated at the following address:

Registrar of Companies  
Everest, 100 Marine Drive  
Mumbai 400 002  
Maharashtra  
Tel: (91 22) 2281 2639

### Board of Directors

Our Board comprises the following:

Name, Designation and Occupation	Age (Years)	DIN	Address
<b>Mr. Anil Dhirubhai Ambani</b> Chairman Non-Executive Director  <i>Industrialist</i>	50	00004878	39, Sea Wind Cuffe Parade, Colaba Mumbai 400 005
<b>Mr. S. P. Talwar</b> Independent Director  <i>Former Deputy Governor, Reserve Bank of India</i>	70	00059681	163, Beach Towers, P. Baloo Marg, Prabhadevi, Mumbai – 400 025
<b>Mr. E.B. Desai</b> Independent Director  <i>Advocate and Solicitor</i>	77	00023290	81, Sonarica 33A Peddar Road Mumbai 400 026
<b>Mr. Vijay K. Aggarwal</b> Whole Time Director and CEO  <i>Service</i>	56	01281634	F-104 Great Eastern Gardens, L.B.S. Marg, Kanjur Marg (W), Mumbai 400 078
<b>Mr. R. N. Bhardwaj</b> Independent Director  <i>Retired Banker</i>	64	01571764	402, Moksh Apartment Upper Govind Nagar Malad (E), Mumbai

For further details of our Directors, see “Our Management” on page 102 of this Draft Red Herring Prospectus.

**Company Secretary and Compliance Officer**

**Mr. Anil C. Shah**

H Block, 1st Floor  
Dhirubhai Ambani Knowledge City  
Navi Mumbai 400 710  
Maharashtra  
Tel: (91 22) 3038 6286  
Fax: (91 22) 3037 6622  
Email: ritl.investors@relianceada.com

Investors can contact the Compliance Officer or the Registrar to the Issue in case of any pre- or post-Issue related problems, such as non-receipt of letters of allotment, credit of allotted shares in the respective beneficiary account and refund orders.

**Book Running Lead Managers**

**JM Financial Consultants Private Limited**

JM Financial Consultants Private Limited  
141, Maker Chambers III,  
Nariman Point,  
Mumbai 400 021  
Tel: (91 22) 6630 3030  
Fax: (91 22) 2204 7185  
Email: ritl.ipo@jmfinancial.in  
Investor Grievance ID:  
grievance.ibd@jmfinancial.in  
Website: www.jmfinancial.in  
Contact Person: Mr. Mayank Jain  
SEBI Registration number: INM000010361

**Deutsche Equities India Private Limited**

DB House  
Hazarimal Somani Marg, Fort  
Mumbai 400 001  
Tel: (91 22) 6658 4600  
Fax: (91 22) 2200 6765  
E-mail : ritl.ipo@db.com  
Investor Grievance Id: db.redressal@db.com  
Website: www.db.com/india  
Contact Person: Mr. Sameer Taimni  
SEBI Registration Number: INM000010833

**ICICI Securities Limited**

ICICI Centre,  
H. T. Parekh Marg, Churchgate,  
Mumbai 400020  
Tel: (9122) 2288 2460  
Fax: (91 22) 2282 6580  
E-mail ID: ritl.ipo@icicisecurities.com  
Investor Grievance Id:  
customercare@icicisecurities.com  
Website: www.icicisecurities.com  
Contact Person: Mr. Rajiv Poddar  
SEBI Registration Number: INM000011179

**J.P. Morgan India Private Limited**

9th Floor, Mafatlal Centre  
Nariman Point  
Mumbai 400 021  
Tel: 91 (22) 6719 8256  
Fax: 91 (22) 6639 3091  
Email: ritl\_ipo@jpmorgan.com  
Investor Grievance ID:  
investorsmb.jpmpil@jpmorgan.com  
Website: www.jpmpil.com  
Contact Person: Mr. Rohit Ramana  
SEBI Registration number: INM000002970

**Enam Securities Private Limited**

801, Dalamal Towers  
Nariman Point  
Mumbai 400 001  
Tel: (91 22) 6638 1800  
Fax: (91 22) 2284 6824  
E-mail: ritl.ipo@enam.com  
Investor Grievance Id: complaints@enam.com  
Website: www.enam.com  
Contact Person: Ms. Lakha Nair  
SEBI Registration Number: INM000006856

**Macquarie Capital Advisers (India) Private Limited**

Level 4, Earnest House  
NCPA Marg, Nariman Point  
Mumbai 400 021  
Tel: (91 22) 4230 1200  
Fax: (91 22) 4002 8707  
Email: ritl.ipo@macquarie.com  
Investor Grievance Id:  
MSGrievanceRedressal@macquarie.com  
Website: www.macquarie.com/in  
Contact Person: Mr. Hari Kishan Movva  
SEBI Registration number: INM000010932

**UBS Securities India Private Limited**  
2/F 2 North Avenue, Maker Maxity  
Bandra Kurla Complex, Bandra (E)  
Mumbai 400 051  
Tel: (91 22) 6155 6000  
Fax: (91 22) 6155 6300  
E-mail: [relianceinfratelipo@ubs.com](mailto:relianceinfratelipo@ubs.com)  
Investor Grievance Id: [customercare@ubs.com](mailto:customercare@ubs.com)  
Website: [www.ubs.com/indianoffers](http://www.ubs.com/indianoffers)  
Contact Person: Mr. Girish Punjabi  
SEBI Registration Number: INM000010809

**HSBC Securities and Capital Markets (India) Private Limited**  
52/60 Mahatma Gandhi Road  
Fort, Mumbai -400001  
Tel: (91 22) 2267 4921  
Fax: (91 22) 2263 1984  
E-mail: [ritlipo@hsbc.co.in](mailto:ritlipo@hsbc.co.in)  
Investor Grievance Id: [investorgrievance@hsbc.co.in](mailto:investorgrievance@hsbc.co.in)  
Web site: <http://www.hsbc.co.in/1/2/corporate/equities-global-investment-banking>  
Contact Person: Ms. Sonam Jalan  
SEBI Registration Number: INM000010353\*  
\* expired on February 21, 2009. The application for renewal was made on November 20, 2008, and is awaited.

#### **Legal Advisors**

##### **Domestic Legal Counsel to the Company**

**Amarchand & Mangaldas & Suresh A. Shroff & Co.**  
5<sup>th</sup> Floor, Peninsula Chambers  
Peninsula Corporate Park  
Ganpatrao Kadam Marg, Lower Parel  
Mumbai 400 013  
Tel: (91 22) 2496 4455  
Fax: (91 22) 2496 3666

##### **Domestic Legal Counsel to the Underwriters**

**Khaitan & Co.**  
Meher Chambers  
4<sup>th</sup> and 5<sup>th</sup> Floor  
R. K. Marg  
Ballard Estate  
Mumbai 400 038  
Tel: (91 22) 6636 5000  
Fax: (91 22) 6636 5050

##### **International Legal Counsel to the Underwriters**

**Linklaters LLP**  
#28-00, One Marina Boulevard  
Singapore 018989  
Tel: (65) 6890 7300  
Fax: (65) 6890 7308

#### **Syndicate Members**

**Reliance Securities Limited**  
570, Rectifier House  
Naigaum Cross Road  
Next to Royal Industrial Estate  
Wadala (W), Mumbai 400 031  
Tel: (91 22) 3047 9200  
Fax: (91 22) 3047 9350  
Email: [jithesh.narayanan@relianceada.com](mailto:jithesh.narayanan@relianceada.com)  
Contact Person: Mr. Jithesh Narayanan  
Website: [www.reliancemoney.com](http://www.reliancemoney.com)  
SEBI Registration No.: INB 011234839 (BSE)/INB 231234833 (NSE)

**Karvy Stock Broking Limited**  
46, Avenue 4  
Street No 1  
Banjara Hills  
Hyderabad 500 034  
Tel: (91 40) 2331 2454  
Fax: (91 40) 2331 1968  
E-mail: [jayantkumard@karvy.com](mailto:jayantkumard@karvy.com)  
Contact Person: Mr. Jayant Kumar  
Website: [www.karvy.com](http://www.karvy.com)  
SEBI Registration No.: INB 230770138

**JM Financial Services Private Limited**  
Apeejay House 3  
Dinshaw Vaccha Road  
Churchgate  
Mumbai 400 020  
Tel: (91 22) 6704 3184

Fax: (91 22) 6654 1511  
Email: ritl.ipo@jmfinancial.in  
Investor grievance id:  
grievance.ibd@jmfinancial.in  
Website: www.jmfinancial.in  
Contact Person: Mr. T.N. Kumar  
SEBI Registration Number: INB11054831  
(BSE)/ INB231054835 (NSE)

### **IPO Grading Agency**

This Issue has been graded by [●] as [●], indicating [●]. The rationale furnished by the grading agency for its grading will be updated at the time of filing the Red Herring Prospectus with the RoC.

### **Experts**

Except the report of [●] in respect of the IPO grading of this Issue annexed herewith, our Company has not obtained any expert opinions.

### **Registrar to the Issue**

**Karvy Computershare Private Limited**  
Plot No. 17-24, Vittal Rao Nagar  
Madhapur  
Hyderabad 500 081  
Tel: (91 40) 2342 0815/ 2342 0816  
Fax: (91 40) 2342 0859  
Contact Person: Mr. M. Murali Krishna  
Email: relianceinfratel.ipo@karvy.com  
Website: www.karvy.com  
SEBI Registration No.: INR000000221

### **Bankers to the Issue and Escrow Collection Banks**

[●]

### **Bankers to the Company**

**DBS Bank Limited**  
3<sup>rd</sup> Floor, Fort House  
221 DN Road  
Fort  
Mumbai 400 001  
Tel: (91 22) 6638 8842  
Fax: (91 22) 6638 8898  
Email: sonalshah@db.com  
Contact Person: Ms. Sonal Shah

**HDFC Bank Limited**  
2<sup>nd</sup> Floor, Process House  
Kamala Mills Compound  
Senapati Bapat Marg, Lower Parel  
Mumbai 400 013  
Tel: (91 22) 2490 2856  
Fax: (91 22) 2496 8135  
Email: devang.shah@hdfcbank.com  
Contact Person: Mr. Devang Shah

**Hongkong & Shanghai Banking Corporation Limited**  
52/60, Mahatma Gandhi Road  
P. O. Box 128  
Mumbai 400 001  
Tel: (91 22) 2268 1099  
Fax: (91 22) 2265 8309  
Email: kvnarayanan@hsbc.co.in  
Contact Person: Mr. K V Narayanan

**ING Vysya Bank Limited**  
702-B, Poonam Chambers  
Worli  
Mumbai 400 018  
Tel: (91 22) 6666 6418  
Fax: (91 22) 6666 6430  
Email: suvabratag@ingvysyabank.com  
Contact Person: Mr. Suvabrata Guha

**ICICI Bank Limited**

Corporate Banking - Global Client Group  
 ICICI Bank Tower  
 Bandra Kurla Complex  
 Bandra (E)  
 Mumbai 400 051  
 Tel: (91 22) 2653 6454  
 Fax: (91 22) 2653 1233/1206  
 Email: pankaj.agrawal@icicibank.com  
 Contact Person: Mr. Pankaj Agrawal

**Auditors of the Company****Chaturvedi & Shah, Chartered Accountants**

912-913, Tulsiani Chambers  
 212, Nariman Point  
 Mumbai 400 021  
 Tel: (91 22) 4009 0583  
 Fax: (91 22) 3021 8595  
 Email: cas@chaturvedi-and-shah.com

**S.R. Batliboi & Co., Chartered Accountants**

6<sup>th</sup> Floor, Express Towers,  
 Nariman Point  
 Mumbai 400 021  
 Tel: (91 22) 2287 6485  
 Fax: (91 22) 2287 6401  
 Email: SRBC@in.ey.com

**Monitoring Agent**

We have appointed [•] as the monitoring agency pursuant to our agreement dated [•]. The appointment of the monitoring agency will be pursuant to Regulation 16 of the SEBI Regulations.

**Inter Se Allocation of Responsibilities between the BRLMs**

The following table sets forth the *inter se* allocation of responsibilities for various activities among the BRLMs for the Issue:

Activity		Responsibility	Co-ordination
1.	Capital structuring with relative components and formalities such as type of instruments, etc.	BRLMs	JPM
2.	Due diligence of Company's operations/ management/ business plans/ legal etc. Drafting and design of Red Herring Prospectus and of statutory advertisement including memorandum containing salient features of the Prospectus. The BRLMs shall ensure compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchanges, RoC and SEBI including finalisation of Prospectus and RoC filing	BRLMs	JM
3.	Drafting and approval of all statutory advertisement	BRLMs	JM
4.	Drafting and approval of all publicity material other than statutory advertisement as mentioned in (2) above including corporate advertisement, brochure, etc.	BRLMs	JPM
5.	Appointment of other intermediaries, i.e., Registrar(s), Printers, Advertising Agency and Bankers to the Issue	BRLMs	JM
6.	Preparation of road show presentations	BRLMs	JPM
7.	International Institutional Marketing strategy <ul style="list-style-type: none"> <li>Finalise the list and division of investors for one to one meetings, in consultation with the Company; and</li> <li>Finalizing the International road show schedule and investor meeting schedules</li> </ul>	BRLMs	JM
8.	Domestic institutions / banks / mutual funds marketing strategy	BRLMs	JM

Activity		Responsibility	Co-ordination
	<ul style="list-style-type: none"> <li>Finalise the list and division of investors for one to one meetings, institutional allocation in consultation with the Company;</li> <li>Finalizing the list and division of investors for one to one meetings; and</li> <li>Finalizing investor meeting schedules</li> </ul>		
9.	Non-Institutional and Retail Marketing of the Issue, which will cover, <i>inter alia</i> , <ul style="list-style-type: none"> <li>Formulating marketing strategies, preparation of publicity budget</li> <li>Finalise Media and PR strategy</li> <li>Finalising centres for holding conferences for press and brokers</li> <li>Follow-up on distribution of publicity and Issuer material including form, prospectus and deciding on the quantum of the Issue material</li> <li>Finalize collection centres</li> </ul>	BRLMs	Enam
9.	Co-ordination with Stock Exchanges for Book Building Software, bidding terminals and mock trading	BRLMs	JM
10.	Finalisation of Pricing, in consultation with the Company	BRLMs	I-Sec
11.	The post bidding activities including management of escrow accounts, co-ordination of non-institutional allocation, intimation of allocation and dispatch of refunds to bidders etc. The post Issue activities for the Issue involving essential follow up steps, which include the finalisation of trading and dealing of instruments and demat of delivery of shares, with the various agencies connected with the work such as the Registrar(s) to the Issue and Bankers to the Issue and the bank handling refund business. The merchant banker shall be responsible for ensuring that these agencies fulfill their functions and enable it to discharge this responsibility through suitable agreements with the Company	BRLMs	JM

### Credit Rating

As this is an Issue of Equity Shares, there is no credit rating for this Issue.

### Trustees

As the Issue is of Equity Shares, the appointment of trustees is not required.

### Book Building Process

Book building, with reference to the Issue, refers to the process of collection of Bids on the basis of the Red Herring Prospectus within the Price Band, which will be decided by the Company in consultation with the BRLMs and advertised at least two days prior to the Bid/Issue Opening Date. The Issue Price is finalized after the Bid / Issue Closing Date. The principal parties involved in the Book Building Process are:

- Our Company;
- the BRLMs;
- Syndicate Members who are intermediaries registered with SEBI or registered as brokers with BSE/NSE and eligible to act as Underwriters. The Syndicate Members are appointed by the BRLMs;
- Registrar to the Issue; and
- Escrow Collection Banks.

In terms of Rule 19(2)(b) of the SCRR, this being an Issue for less than 25% of the post-Issue capital, the Issue is being made through the 100% Book Building Process wherein at least 60% of the Issue shall be allocated on a proportionate basis to QIB Bidders. 5% of the QIB Portion (excluding Anchor Investor Portion) shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion shall be available for allocation on a proportionate basis to all QIB Bidders, including Mutual Funds, subject to

valid Bids being received at or above the Issue Price. If at least 60% of the Issue cannot be allocated to QIBs, then the entire application money shall be refunded forthwith. Further, not less than 10% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 30% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.

**In accordance with the SEBI Regulations, QIBs bidding in the QIB Portion are not allowed to withdraw their Bid(s) after the Bid/Issue Closing Date.** For further details, see “Terms of the Issue” on page 215 of this Draft Red Herring Prospectus.

We will comply with the SEBI Regulations and any other ancillary directions issued by SEBI for this Issue. In this regard, we have appointed the BRLMs to manage the Issue and procure subscriptions to the Issue.

**The process of Book Building under the SEBI Regulations is subject to change from time to time and the investors are advised to make their own judgment about investment through this process prior to making a Bid or application in the Issue.**

**Illustration of Book Building and Price Discovery Process** *(Investors should note that this example is solely for illustrative purposes and is not specific to the Issue.)*

Bidders can bid at any price within the price band. For instance, assume a price band of Rs. 20 to Rs. 24 per share, issue size of 3,000 equity shares and receipt of five bids from bidders, details of which are shown in the table below. A graphical representation of the consolidated demand and price would be made available at the bidding centres during the bidding period. The illustrative book below shows the demand for the shares of the issuer company at various prices and is collated from bids received from various investors.

Bid Quantity	Bid Price (Rs.)	Cumulative Quantity	Subscription
500	24	500	16.67%
1,000	23	1,500	50.00%
1,500	22	3,000	100.00%
2,000	21	5,000	166.67%
2,500	20	7,500	250.00%

The price discovery is a function of demand at various prices. The highest price at which the issuer is able to issue the desired number of shares is the price at which the book cuts off, i.e., Rs. 22 in the above example. The issuer, in consultation with the book running lead managers, will finalise the issue price at or below such cut-off price, i.e., at or below Rs. 22. All bids at or above this issue price and cut-off bids are valid bids and are considered for allocation in the respective categories.

#### **Steps to be taken by the Bidders for Bidding**

1. Check eligibility for making a Bid (see “Issue Procedure – Who Can Bid?” on page 222 of this Draft Red Herring Prospectus);
2. Ensure that you have a demat account and the demat account details are correctly mentioned in the Bid cum Application Form;
3. Ensure that you have mentioned your PAN and (see “Issue Procedure – ‘PAN’ Number” on page 240 of this Draft Red Herring Prospectus);
4. Ensure that the Bid cum Application Form is duly completed as per instructions given in this Draft Red Herring Prospectus and in the Bid cum Application Form; and
5. Bids by QIBs will only have to be submitted to the BRLMs and/or their affiliates.

## Underwriting Agreement

After the determination of the Issue Price and allocation of our Equity Shares, but prior to the filing of the Prospectus with the RoC, our Company will enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be offered through the Issue. It is proposed that pursuant to the terms of the Underwriting Agreement, the BRLMs shall be responsible for bringing in the amount devolved in the event that the Syndicate Members do not fulfil their underwriting obligations. The Underwriting Agreement is dated [●].

The Underwriters have indicated their intention to underwrite the following number of Equity Shares:

*This portion has been intentionally left blank and will be filled in before filing of the Prospectus with the RoC.*

Name and Address of the Underwriters	Indicated Number of Equity Shares to be Underwritten	Amount Underwritten (Rs. in Million)
<b>JM Financial Consultants Private Limited</b> 141, Maker Chambers III, Nariman Point, Mumbai 400 021	[●]	[●]
<b>J.P. Morgan India Private Limited</b> 9th Floor, Mafatlal Centre, Nariman Point, Mumbai 400 021	[●]	[●]
<b>Deutsche Equities India Private Limited</b> DB House , Hazarimal Somani Marg, Fort , Mumbai 400 001	[●]	[●]
<b>Enam Securities Private Limited</b> 801, Dalamal Towers, Nariman Point, Mumbai 400 001	[●]	[●]
<b>ICICI Securities Limited</b> ICICI Centre, H. T. Parekh Marg, Churchgate, Mumbai 400 020	[●]	[●]
<b>Macquarie Capital Advisers (India) Private Limited</b> Level 4, Earnest House, NCPA Marg, Nariman Point, Mumbai 400 021	[●]	[●]
<b>UBS Securities India Private Limited</b> 2/F 2 North Avenue, Maker Maxity, Bandra Kurla Complex, Bandra (E), Mumbai 400 051	[●]	[●]
<b>HSBC Securities and Capital Markets (India) Private Limited</b> 52/60 Mahatma Gandhi Road, Fort, Mumbai 400 001	[●]	[●]
<b>Reliance Securities Limited</b> 570, Rectifier House, Naigaum Cross Road, Next to Royal, Industrial Estate, Wadala (W), Mumbai 400 031	[●]	[●]
<b>Karvy Stock Broking Limited</b> 46, Avenue 4, Street No 1, Banjara Hills, Hyderabad 500 034	[●]	[●]
<b>JM Financial Services Private Limited</b> Apeejay House 3, Dinshaw Vaccha Road, Churchgate, Mumbai 400 020	[●]	[●]

The above-mentioned is indicative underwriting and this will be finalized after the pricing and actual allocation.

In the opinion of our Board of Directors (based on a certificate given by the Underwriters), the resources of the above mentioned Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. The abovementioned Underwriters are registered with SEBI under Section 12(1) of the SEBI Act or registered as brokers with the Stock Exchange(s). Our Board of Directors / Committee of Directors, at its meeting held on [●], has accepted and entered into the Underwriting Agreement mentioned above on behalf of our Company.

Notwithstanding the above table, the BRLMs and the Syndicate Members shall be responsible for ensuring payment with respect to Equity Shares allocated to investors procured by them. In the event of any default in payment, the respective Underwriter, in addition to other obligations defined in the underwriting agreement, will also be required to procure/subscribe to Equity Shares to the extent of the defaulted amount.



## CAPITAL STRUCTURE

Our share capital as of the date of this Draft Red Herring Prospectus is set forth below:

(Rs. in Million, except share data)

		Aggregate Nominal Value	Aggregate Value at Issue Price
A)	<b>AUTHORISED SHARE CAPITAL</b>		
	2,000,000,000 Equity Shares of Rs.10 each	20,000.00	
	500,000,000 Preference Shares of Rs. 10 each	5,000.00	
	<b>Total</b>	<b>25,000.00</b>	
B)	<b>ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL BEFORE THE ISSUE</b>		
	1,396,570,934 Equity Shares of Rs. 10 each	13,965.71	[●]
	15,000,000 Preference Shares of Rs. 10 each	150.00	
	<b>Total</b>	<b>14,115.71</b>	
C)	<b>PRESENT ISSUE IN TERMS OF THIS DRAFT RED HERRING PROSPECTUS*</b>		
	156,000,000 Equity Shares of Rs. 10 each	1,560.00	[●]
D)	<b>EQUITY CAPITAL AFTER THE ISSUE</b>		
	1,552,570,934 Equity Shares of Rs. 10 each	15,525.71	[●]
E)	<b>SHARE PREMIUM ACCOUNT</b>		
	Before the Issue	4,874.49	-
	After the Issue	[●]	-

\* The Issue has been authorised by the Board of Directors by circular resolution dated September 10, 2009 and by the shareholders of our Company at an EGM held on September 15, 2009.

### Changes in Authorised Share Capital

1. The initial authorised share capital of Rs. 100,000 divided into 10,000 equity shares of Rs. 10 each was increased to Rs. 500,000 divided into 50,000 equity shares of Rs. 10 each pursuant to a resolution of shareholders passed at an EGM held on April 2, 2004.
2. The authorised share capital of Rs. 500,000 divided into 50,000 equity shares of Rs. 10 each was increased to Rs. 1,000,500,000 divided into 100,050,000 equity shares of Rs. 10 each pursuant to a resolution of shareholders passed at an EGM held on November 23, 2006.
3. The authorised share capital of Rs. 1,000,500,000 divided into 100,050,000 equity shares of Rs. 10 each increased to Rs. 15,000,000,000 divided into 1,500,000,000 equity shares of Rs.10 each pursuant to a resolution of shareholders passed at an EGM held on February 21, 2007.
4. The authorised share capital of Rs. 15,000,000,000 divided into 1,500,000,000 equity shares of Rs.10 each was changed to Rs. 15,000,000,000 divided into 3,000,000,000 Equity Shares of Rs.5 each pursuant to a resolution of shareholders passed at an EGM held on January 30, 2008.

5. The authorised share capital of Rs. 15,000,000,000 divided into 3,000,000,000 Equity Shares of Rs. 5 each was increased to Rs. 25,000,000,000 divided into 4,000,000,000 Equity Shares of Rs. 5 each and 500,000,000 preference shares of Rs. 10 each pursuant to a resolution of shareholders passed at an AGM held on September 4, 2009.
6. The authorised equity share capital of Rs. 20,000,000,000 divided into 4,000,000,000 Equity Shares of Rs.5 each was consolidated into Rs. 20,000,000,000 divided into 2,000,000,000 Equity Shares of Rs. 10 each pursuant to a resolution of shareholders passed at an EGM held on September 15, 2009.

## Notes to Capital Structure

### 1. Share Capital History of our Company

(a) The following is the history of the equity share capital of our Company:

Date of allotment	No. of equity shares allotted	Face Value (Rs.)	Issue Price (Rs.)	Nature of Consideration	Issued Equity Capital (Rs.)	Cumulative No. of equity shares	Cumulative Paid-up equity share Capital (Rs.)	Cumulative Share Premium (Rs.)
April 16, 2001	100,000 equity shares allotted on subscription to Memorandum of Association to:  i. Jade Merchandise Private Limited - 50,000 equity shares;  ii. Viddeshwar Leasing and Investment Private Limited - 50,000 Equity Shares	1	1	Cash	100,000	100,000	100,000	Nil
June 16, 2001	100,000 equity shares of Re. 1 each were consolidated into 10,000 equity shares of Rs. 10 each	-	-	-	-	10,000	100,000	Nil
May 15, 2004	40,000 equity shares allotted to RCIL	10	10	Cash	400,000	50,000	500,000	Nil
March 30, 2007	100,010,000 equity shares allotted to:  i. RCIL - 99,009,900 equity shares;  ii. Reliance ADA Group Trustees Private Limited on behalf of REWT - 1,000,100 equity shares	10	10	Allotment pursuant to the Merger Scheme	1,000,100,000	100,060,000	1,000,600,000	Nil
April 9, 2007	100,000,000 equity shares allotted to:  i. RCIL - 99,000,000 equity shares  ii. Reliance ADA Group Trustees Private Limited on behalf of REWT - 1,000,000 equity shares	10	10	Allotment pursuant to the PTI Demerger Scheme (Cash)	1,000,000,000	200,060,000	2,000,600,000	Nil
April 9, 2007	120,000,000 equity shares allotted to RCIL on a preferential allotment basis	10	10	Cash	1,200,000,000	320,060,000	3,200,600,000	Nil
July 9, 2007	78,960,267 equity shares allotted to RTHL on a preferential allotment basis.	10	10	Cash	789,602,670	399,020,267	3,990,202,670	Nil
January 30,	399,020,267 equity	5	-	-	-	798,040,534	3,990,202,670	Nil

Date of allotment	No. of equity shares allotted	Face Value (Rs.)	Issue Price (Rs.)	Nature of Consideration	Issued Equity Capital (Rs.)	Cumulative No. of equity shares	Cumulative Paid-up equity share Capital (Rs.)	Cumulative Share Premium (Rs.)
2008	shares of Rs. 10 each were sub-divided into 798,040,534 equity shares of Rs. 5 each							
September 15, 2009	798,040,534 equity shares of Rs. 5 each were consolidated into 399,020,267 Equity Shares of Rs. 10 each	10	-	-	-	399,020,267	3,990,202,670	Nil
September 19, 2009	997,550,667 allotted to the Shareholders	10	-	Bonus Issue in the ratio 2:5	-	1,396,570,934	13,965,709,340	Nil

(b) The following shares were allotted for consideration other than cash

Date of allotment	No. of equity shares allotted	Face Value (Rs.)	Issue Price (Rs.)	Nature of Consideration	Issued Equity Capital (Rs.)	Cumulative No. of Equity Shares	Cumulative Paid-up Equity Share Capital (Rs.)	Cumulative Share Premium (Rs.)
March 30, 2007	100,010,000 equity shares allotted to:  i.RCIL - 99,009,900 equity shares;  ii.Reliance ADA Group Trustees Private Limited on behalf of REWT - 1,000,100 equity shares	10	10	Allotment pursuant to the Merger Scheme*	1,000,100,000	100,060,000	1,000,600,000	Nil
September 19, 2009	997,550,667 allotted to the Shareholders	10	-	Bonus Issue in the ratio 2:5	-	1,396,570,934	13,965,709,340	Nil

\* for further details, see "Reorganisation" on page 65 of the Draft Red Herring Prospectus.

(c) Preference Share Capital History

Date of allotment of the Preference Shares	No. of Preference Shares	Face Value (Rs.)	Issue Price (Rs.)	Nature of Consideration	Issued Preference Capital (Rs.)	Cumulative no. of Preference Shares	Cumulative Paid-up Preference Capital (Rs.)	Cumulative Share Premium (Rs.)
September 5, 2009	15,000,000 allotted to RCOM	10	1000	Cash	150,000,000	15,000,000	150,000,000	14,850,000,000

## 2. Promoters Contribution and Lock-in

(a) History of Equity Shares held by the Promoters

The Equity Shares held by the Promoters were acquired/allotted in the following manner:

Sr. No.	Date of Allotment/Transfer	Nature of consideration	No. of Equity Shares	Face Value*	Issue/Acquisition Price (Rs.)	Percentage of Post-Issue Paid-up Capital	
Reliance Communications Infrastructure Limited							
1.	March 31, 2004	Cash	9,500 <sup>#</sup>	10	10	Transfer <sup>##</sup>	0.00
2.	May 15, 2004	Cash	40,000	10	10	Allotment	0.00
3.	March 30, 2007	Pursuant to the Merger Scheme	99,009,900	10	10	Allotment	6.38
4.	April 9, 2007	Pursuant to the PTI Demerger Scheme (Cash)	99,000,000	10	10	Allotment	6.38
5.	April 9, 2007	Cash	120,000,000	10	10	Allotment	7.73

Sr. No.	Date of Allotment/Transfer	Nature of consideration	No. of Equity Shares	Face Value*	Issue/Acquisition Price (Rs.)		Percentage of Post-Issue Paid-up Capital
6.	September 19, 2009	Bonus Issue in the ratio 2:5	795,148,498**	10	-	Allotment	51.21
	<b>Total</b>		<b>1,113,207,898</b>				<b>71.70</b>

\* The face value of equity shares of Rs. 10 each was sub-divided into equity shares of Rs. 5 each on January 30, 2008. Further, on September 15, 2009, the equity shares of Rs.5 each was consolidated into equity shares of Rs.10 each.

# 9,994 Equity Shares were transferred to RCIL and one Equity Share was transferred to six individuals holding shares jointly with RCIL on March 31, 2004. Out of the 9,994 Equity Shares held by RCIL, 499 Equity Shares were transferred to Mr. Gautam B. Doshi as Trustee of the REWT and one share held by an individual shareholder jointly with RCIL was transferred to Mr. Gautam B. Doshi as Trustee of REWT on November 3, 2006. Mr. Gautam B. Doshi as Trustee of REWT transferred 500 Equity Shares on November 17, 2006 to Reliance ADA Group Trustees Private Limited as Trustees of REWT. Further, 10 Equity Shares held by RCIL were transferred on June 18, 2007 to be held jointly with Mr. Anil Dhirubhai Ambani and RCOM. On June 6, 2009, Mr. Anil Dhirubhai Ambani ceased to be a joint holder and the Equity Shares are now held jointly by RCIL and RCOM.

## These shares were transferred by Jade Merchandise Private Limited and Viddeshwar Leasing and Investment Private Limited, the subscribers to Memorandum of Association. These companies are no longer a part of the promoter group as they belonged to the Reliance Industries Limited group.

\*\* Includes 36 Equity Shares jointly held by RCIL along with five others.

(b) *Details of Promoters contribution locked in for three years*

All Equity Shares which are being locked-in are not ineligible for computation of promoters' contribution.

Pursuant to the SEBI Regulations, an aggregate of 20% of the fully diluted post-Issue capital of our Company held by the Promoters shall be locked in for a period of three years from the date of Allotment of Equity Shares in the Issue.

The details of such lock-in are set forth in the table below:

Sr. No.	Date of Allotment/Transfer	Nature of consideration	No. of Equity Shares locked in	Face Value*	Issue/Acquisition Price (Rs.)		Percentage of Pre-Issue Paid-up Capital	Percentage of Post-Issue Paid-up Capital
Reliance Communications Infrastructure Limited								
1.	March 30, 2007	Pursuant to Merger Scheme	99,009,900	10	10	Allotment	7.09	6.38
	April 9, 2007	Pursuant to PTI Demerger Scheme	99,000,000	10	10	Allotment	7.09	6.37
2.	April 9, 2007	Cash	112,504,287	10	10	Allotment	8.06	7.25
	<b>Total</b>		<b>310,514,187</b>					<b>20</b>

\* The face value of equity shares Rs. 10 each was sub-divided into equity shares of Rs. 5 each on January 30, 2008. Further, on September 15, 2009, the equity shares of Rs. 5 each was consolidated into equity shares of Rs. 10 each.

(c) *Details of share capital locked in for one year*

In addition to 20% of the post-Issue shareholding of our Company held by the Promoters and locked in for three years as specified above, the entire pre-Issue share capital of our Company will be locked in for a period of one year from the date of Allotment in this Issue, except as provided below.

(d) *Lock in of Equity Shares Allotted to Anchor Investors*

Equity Shares, if Allotted to Anchor Investors, in the Anchor Investor Portion, shall be locked in for a period of 30 days from the date of Allotment of Equity Shares in the Issue.

(e) *Other Requirements in respect of lock-in*

Locked-in Equity Shares of our Company held by the Promoters can be pledged only with banks or financial institutions as collateral security for loans granted by such banks or financial institutions provided that the pledge of the Equity Shares is one of the terms of the sanction of the loan.

The Equity Shares held by persons other than the Promoters prior to the Issue may be transferred to any other person holding the Equity Shares which are locked-in, subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with the SEBI Takeovers Regulations, as applicable.

Equity Shares held by the Promoter may be transferred to and amongst the Promoter Group or to a new promoter or persons in control of our Company subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with the SEBI Takeovers Regulations, as applicable.

The Promoter's contribution has been brought in to the extent of not less than the specified minimum lot and from the persons defined as Promoters under the SEBI Regulations.

### 3. Shareholders of our Company

The table below presents our shareholding pattern before the proposed Issue and as adjusted for the Issue:

Shareholders	Pre-Issue		Post-Issue <sup>#</sup>	
	No. of Equity Shares	Percentage	No. of Equity Shares	Percentage
<b>Promoters (A)</b>				
RCIL *	1,113,207,898	79.71	1,113,207,898	71.70
<b>Total (A)</b>	<b>1,113,207,898</b>	<b>79.71</b>	<b>1,113,207,898</b>	<b>71.70</b>
<b>Promoter Group (B)</b>				
Reliance ADA Group Trustees Private Limited	7,002,100	0.50	7,002,100	0.45
RTIHL	66,875,291	4.79	66,875,291	4.31
RGBV	139,657,094	10.00	139,657,094	9.00
<b>Total (B)</b>	<b>213,534,485</b>	<b>15.29</b>	<b>213,534,485</b>	<b>13.75</b>
<b>Total (A + B)</b>	<b>1,326,742,383</b>	<b>95.00</b>	<b>1,326,742,383</b>	<b>85.45</b>
<b>Non-Promoter Group (C)</b>				
<u>Investors</u>				
HSBC Daisy Investments (Mauritius) Limited	16,551,952	1.19	16,551,952	1.07
GLG Emerging Markets Special Situations Fund	10,344,971	0.74	10,344,971	0.67
Drawbridgetowers Limited	10,344,971	0.74	10,344,971	0.67
Galleon Technology Offshore Limited	5,172,486	0.37	5,172,486	0.33

Shareholders	Pre-Issue		Post-Issue <sup>#</sup>	
	No. of Equity Shares	Percentage	No. of Equity Shares	Percentage
Quantum (M) Limited	5,172,482	0.37	5,172,482	0.33
Galleon Special Opportunities Master Fund SPC Limited Galleon Crossover Segregated Portfolio	4,525,924	0.32	4,525,924	0.29
NSR PE Mauritius LLC	4,267,302	0.31	4,267,302	0.27
IIC Pond View R Tower Limited	2,586,241	0.19	2,586,241	0.17
IIC Lispenard R Tower Limited	2,586,244	0.19	2,586,244	0.17
Galleon Special Opportunities Master Fund SPCL - Asian Crossover Segregated Portfolio	3,103,492	0.22	3,103,492	0.20
Investment Partners B (Mauritius) Limited	5,172,486	0.37	5,172,486	0.33
<b>Total (C)</b>	<b>69,828,551</b>	<b>5.00</b>	<b>69,828,551</b>	<b>4.50</b>
<b>Total Pre-Issue Share Capital (A+B+C)</b>	<b>1,396,570,934</b>	<b>100.00</b>	<b>1,396,570,934</b>	<b>89.95</b>
Public (Pursuant to the Issue) (D)	-	-	156,000,000	10.05
<b>Total Post-Issue Share Capital (A+B+C+D)</b>	<b>1,396,570,934</b>	<b>100.00</b>	<b>1,552,570,934</b>	<b>100.00</b>

<sup>#</sup> Assuming that the non-Promoter Group shareholders do not apply for, and are not Allotted Equity Shares in this Issue.

\* Includes 51 Equity Shares jointly held by RCIL along with five others.

#### 4. Equity Shares held by top shareholders

(a) On the date of filing this Draft Red Herring Prospectus with SEBI:

S. No.	Shareholder	No. of Equity Shares held	Percentage
1.	Reliance Communications Infrastructure Limited	1,113,207,898*	79.71
2.	Reliance Globalcom B.V.	139,657,094	10.00
3.	Reliance Telecom Infrastructure (Cyprus) Holdings Limited	66,875,291	4.79
4.	HSBC Daisy Investments (Mauritius) Limited	16,551,952	1.19
5.	GLG Emerging Markets Special Situations Fund	10,344,971	0.74
6.	Drawbridge Towers Limited	10,344,971	0.74
7.	Reliance ADA Group Trustees Private Limited	7,002,100	0.50
8.	Galleon Technology Offshore Limited	5,172,486	0.37
9.	Investment Partners B (Mauritius) Limited	5,172,486	0.37
10.	Quantum (M) Limited	5,172,482	0.37
	<b>Total</b>	<b>1,379,501,731</b>	<b>98.78</b>

\* Includes 51 equity shares jointly held by RCIL along with 5 others.

(b) 10 days prior to, the date of filing this Draft Red Herring Prospectus with SEBI:

S. No.	Shareholder	No. of Equity Shares held <sup>#</sup>	Percentage
1.	Reliance Communications Infrastructure Limited	318,059,400*	79.71
2.	Reliance Globalcom B.V.**	39,902,027	10.00
3.	Reliance Telecom Infrastructure (Cyprus) Holdings Limited	19,107,226	4.79
4.	HSBC Daisy Investments (Mauritius) Limited	4,729,129	1.19
5.	GLG Emerging Markets Special Situations Fund	2,955,706	0.74
6.	Drawbridge Towers Limited	2,955,706	0.74
7.	Reliance ADA Group Trustees Private Limited	2,000,600	0.50
8.	Galleon Technology Offshore Limited	1,477,853	0.37
9.	Investment Partners B (Mauritius) Limited	1,477,853	0.37
10.	Quantum (M) Limited	1,477,852	0.37
	<b>Total</b>	<b>394,143,352</b>	<b>98.78</b>

<sup>#</sup> Assuming consolidation of shares from face value of Rs. 5 to Rs. 10 each.

\* Includes 15 Equity Shares jointly held by RCIL along with five others.

\*\* RTIHL had entered into an agreement with RGBV and executed necessary documents in favour of RGBV in respect of the Equity Shares mentioned above. However, the transfer was pending completion.

(c) Two years prior to the date of filing this Draft Red Herring Prospectus with SEBI:

S. No.	Shareholder	No. of Equity Shares held	Percentage
1.	Reliance Communications Infrastructure Limited	318,059,400*	79.71
2.	Reliance Telecom Infrastructure (Cyprus) Holdings Limited	59,009,253	14.79
3.	HSBC IRIS Investments (Mauritius) Limited	4,729,129	1.19
4.	GLG Emerging Markets Special Situations Fund	2,955,706	0.74
5.	SCB A/C Shikhar IIC Escrow Shares Account	2,955,706	0.74
6.	Kotak Mahindra Bank Limited A/C Drawbridgetowers Limited	2,955,706	0.74
7.	Reliance ADA Group Trustees Private Limited	2,000,600	0.50
8.	Quantum (M) Limited	1,477,852	0.37
9.	Galleon Technology Offshore Limited	1,477,853	0.37
10.	Galleon Special Opportunities Master Fund	1,293,121	0.32
	<b>Total</b>	<b>396,914,326</b>	<b>99.47</b>

\* Includes five equity shares jointly held by RCIL along with five others.

- The Company, Promoters, Directors and the BRLMs have not entered into any buy-back for the purchase of Equity Shares from any person.
- None of our Directors or key managerial personnel holds any Equity Shares in our Company. Other than as stated above, none of the BRLMs or their associates hold any Equity Shares in our Company.
- None of our Promoters, Directors, members of our Promoter Group has purchased or sold any Equity Shares within the six months preceding the date of filing of this Draft Red Herring Prospectus with SEBI, except for (a) 10 Equity Shares in respect whereof Mr. Anil Dhirubhai Ambani has ceased to be a joint nominee holder with RCIL and RCOM and (b) inter-se transfer of 39,902,027 Equity Shares from RTIHL to RGBV.
- At least 60% of the Net Issue shall be allocated to QIBs on a proportionate basis. 5% of the QIB Portion (excluding Anchor Investor Portion) shall be available for allocation to Mutual Funds only and the remaining QIB Portion shall be available for allocation to the QIB Bidders including Mutual Funds subject

to valid Bids being received at or above the Issue Price. Further, not less than 10% of the Net Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 30% of the Net Issue will be available for allocation to Retail Individual Bidders, subject to valid Bids being received from them at or above the Issue Price. Under-subscription, if any, in the Non-Institutional and Retail Individual categories would be allowed to be met with spill over from any other category at the discretion of the Company and the BRLMs.

9. There are no outstanding financial instruments or any other rights which would entitle the existing promoters or shareholders or any other person any option to acquire our Equity Shares after the Issue.
10. A Bidder cannot make a Bid for more than the number of Equity Shares offered in this Issue and Bidders are subject to the maximum limit of investment prescribed under the relevant laws applicable to each category of Bidders.
11. Our Company has not raised any bridge loans against the Issue Proceeds.
12. We presently do not intend to or propose to alter the capital structure by way of split or consolidation of the denomination of our Equity Shares, or issue Equity Shares on a preferential basis or issue of bonus or rights or further public issue of Equity Shares or qualified institutions placement, within a period of six months from the date of opening of the Issue.
13. We have not issued any equity shares out of revaluation reserves or for consideration other than cash other than (i) the Equity Shares issued to RCIL and Reliance ADA Group Trustees Private Limited, the shareholders of RNGTPL in terms of the Merger Scheme, as sanctioned by the High Court of Bombay by its order dated March 23, 2007. This amalgamation took effect on March 30, 2007; (ii) the Equity Shares issued to all the existing shareholders of our Company, pursuant to a bonus issue in the ratio of 2:5 on September 19, 2009.
14. The Company has issued 15 million 8.00% non-convertible non-cumulative redeemable preference shares of Rs. 10 each at a price of Rs. 1000 (including the premium of Rs. 990) per preference share, aggregating to Rs. 15,000 million. The preference shares are redeemable at the end of 20 years from the date of allotment, at a premium giving an yield of 8.85% on the face value plus premium paid at the time of application. The preference shareholders have an option to seek redemption anytime after the date of allotment by giving not less than 3 months' advance notice to the Company.
15. An over-subscription to the extent of 10% of the net offer to public can be retained for the purpose of rounding off to the nearer multiple of minimum allotment lot.
16. There shall be only one denomination of Equity Shares, unless otherwise permitted by law. We shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.
17. As of the date of filing of this Draft Red Herring Prospectus, the total number of holders of Equity Shares is 20 (including instances where transfer to one investors pending creation of demat accounts of the concerned promoters. See the footnote to "Shareholding Pattern" above).
18. Our Company, Directors, Promoters or Promoter Group shall not make any payments direct or indirect, discounts, commissions, allowances or otherwise under this Issue except as disclosed in this Draft Red Herring Prospectus.
19. The Equity Shares held by the Promoters are not subject to any pledge.



## OBJECTS OF THE ISSUE

We intend to utilise the Issue Proceeds, after deducting the underwriting and issue management fees, selling commissions and other expenses associated with the Issue (the “**Net Proceeds**”) for the following objects:

### (a) Repayment of loans

### (b) General corporate purposes

In addition, we believe that listing will enhance our brand name and create a public market for our Equity Shares in India.

The main objects clause of our Memorandum of Association and the objects incidental and ancillary to the main objects enable us to undertake the activities for which the funds are being raised by us in the Issue. Further, we confirm that the activities we have been carrying out until now are in accordance with the objects clause of our Memorandum of Association.

### Utilisation of the Issue Proceeds

The Issue Proceeds shall be utilised in the following manner:

<i>(Rs. in Million)</i>	
Particulars	Estimated Cost
Repayment of loans	40,000.00
General corporate purposes	[•]
Issue expenses	[•]
<b>Total</b>	<b>[•]</b>

### Means of Finance

The details of the Issue Proceeds are summarised in the table below:

Particulars	(Rs. in Million)
Gross proceeds of the Issue	[•]
Issue related expenses	[•]
<b>Net Proceeds of the Issue</b>	<b>[•]</b>

The entire cost for the objects for the Issue is proposed to be financed out of the Net Proceeds. As of the date of this Draft Red Herring Prospectus, we have not incurred any expenditure relating to the Objects of the Issue.

The funding requirements above are based on our current business plan. In view of the highly competitive and dynamic nature of the industry in which we operate, impact of the external factors which may not be within the control of our management, we may have to revise our business plan from time to time and consequently our plan and/or funding requirements may also change. In the event of a shortfall in raising the requisite capital from the Net Proceeds towards meeting the objects of the Issue, the shortfall will be satisfied by way of such means available to our Company and at the discretion of the management, including by way of incremental debt or cash available with us. In case of any surplus after utilisation of the Net Proceeds for the stated objects, we may use such surplus towards general corporate purposes.

### Details of Use of Net Proceeds of the Issue

#### (a) Repayment of unsecured loans to Promoters

We have from time to time availed unsecured loans (short term and long term) from our Promoters namely Reliance Communications Limited and Reliance Communications Infrastructure Limited. These loans were primarily used for the purpose of financing capital expenditure for roll out of our passive infrastructure. We

have expanded our portfolio of telecommunications towers from 13,849 as of March 31, 2007 to 48,139 as of August 31, 2009.

As of March 31, 2009, total unsecured loans outstanding were Rs. 151,612.89 million out of which unsecured loans outstanding from Promoters (RCOM and RCIL) were Rs. 91,113.90 million. Balance amounts of unsecured loans were due to commercial banks and third parties on account of external commercial borrowing, buyer's credit and commercial papers. For details of our outstanding loans, please refer to relevant schedules in the section "Financial Statements" on page 129 of the Draft Red Herring Prospectus.

As of September 15, 2009, total unsecured loans outstanding from Promoters (RCOM and RCIL) were Rs. 107,539.05 million. Balance amount of unsecured loans were due to third parties on account of external commercial borrowing and buyer's credit. We have drawdown additional funds from our Promoters primarily from RCIL to refinance the high cost debt availed from commercial bank and commercial papers. Further, we have repaid some facilities availed on account of buyers credit.

As of September 15, 2009 the total unsecured loans outstanding from RCOM and RCIL were Rs. 58,223.22 million and Rs. 49,315.83 million, respectively. For details of all the loans outstanding as of September 15, 2009 and respective terms of loans/ facility, restrictive covenants, default conditions forming part of the respective agreements, see "Financial Indebtedness" on page 129 of the Draft Red Herring Prospectus.

We intend to use part of the net proceeds amounting to Rs. 40,000 million for repayment of the unsecured loan availed from RCIL.

Following are the details of the short term facility availed from RCIL along with the broad terms of the loan:

Total amount of loan	: Rs. 49,315.83 million (outstanding as of September 15, 2009)
Purpose of loan	: (i) Rs. 26,668.97 million was availed by us for the purpose of funding capital expenditure towards rollout of towers and other passive infrastructure.  (ii) Rs. 22,646.86 million for refinancing of high cost debt of commercial banks, commercial paper and buyers credit, which was availed by the Company for funding capital expenditure towards rollout of towers and passive infrastructure.
Interest	: RCIL has the right to charge interest from October 1, 2009 or from the date the company gets listed on a recognized stock exchange, whichever is earlier, at SBI - PLR
Tenor	: Part of the loan is amounting to Rs. 6,033.85 million is repayable at the end of March 31, 2010 and balance Rs. 43,281.98 million is repayable by March 31, 2012

For the specific details and description of the loan agreements entered into between our Promoters and us, please refer to the Intra Group Loan Agreement in "Financial Indebtedness" on page 185 of the Draft Red Herring Prospectus.

#### **(b) General Corporate Purposes**

We intend to deploy the balance Net Proceeds aggregating Rs. [●] million for General Corporate Purposes, including but not restricted to, meeting capital expenditure, working capital requirements, strategic initiatives, partnerships, joint ventures, investments, acquisitions and meeting exigencies, which our Company in the ordinary course of business may face, or any other purposes as approved by our Board.

## Interim Use of Funds

Our management, in accordance with the policies established by the Board, will have flexibility in deploying the Net Proceeds received by us from the Issue. Pending utilisation for the purposes described above, we intend to temporarily invest the funds from the Issue in interest bearing liquid instruments including deposits with banks and investments in mutual funds. These investments may include investments in mutual funds managed or financial products sold by one the companies in the ADA group namely, Reliance Capital Limited and/or its subsidiaries.

## Issue Expenses

The expenses of this Issue include, among others, underwriting and management fees, printing and distribution expenses, legal fees, advertisement expenses and listing fees. The estimated Issue expenses are set forth in the table below:

Activity	Expense* (Rs. in Million)	Expense* (% of total expenses)	Expense* (% of Issue Size)
Lead merchant bankers	[●]	[●]	[●]
Co-lead merchant bankers, if any	[●]	[●]	[●]
Co-managers, if any	[●]	[●]	[●]
Other merchant bankers	[●]	[●]	[●]
Registrars to the issue	[●]	[●]	[●]
Advisors	[●]	[●]	[●]
Bankers to issues	[●]	[●]	[●]
Trustees for the debt instrument holders	[●]	[●]	[●]
Underwriting commission, brokerage and selling commission	[●]	[●]	[●]
Others, if any (specify)	[●]	[●]	[●]
Total estimated Issue expenses	[●]	[●]	[●]

\* Will be completed after finalisation of the Issue Price.

## Monitoring of Utilisation of Funds

We have appointed [●] as the monitoring agency in relation to the Issue. Our Board and [●] will monitor the utilisation of the proceeds of the Issue. We will disclose the utilisation of the proceeds of the Issue under a separate head along with details, for all such proceeds of the Issue that have not been utilized. We will indicate investments, if any, of the unutilized proceeds of the Issue in our annual statement of Accounts & Balance Sheet.

Pursuant to clause 49 of the Listing Agreement, our Company shall on a quarterly basis disclose to the Audit Committee the uses and applications of the proceeds of the Issue. On an annual basis, our Company shall prepare a statement of funds utilised for purposes other than those stated in this Draft Red Herring Prospectus and place it before the Audit Committee. Such disclosure shall be made only until such time that all the proceeds of the Issue have been utilised in full. The statement will be certified by our statutory auditors. In addition, the report submitted by the monitoring agency will be placed before the Audit Committee of our Company, so as to enable the Audit Committee to make appropriate recommendations to the Board.

Our Company shall be required to inform material deviations in the utilisation of Issue proceeds to the Stock Exchanges and shall also be required to simultaneously make the material deviations/adverse comments of the Audit Committee/Monitoring Agency public through advertisement in newspapers.

## BASIS FOR ISSUE PRICE

The Price Band will be decided by the Company in consultation with the BRLMs and advertised at least two days prior to the Bid/Issue Opening Date. The Issue Price will be determined by our Company, in consultation with the BRLMs, on the basis of the assessment of market demand for the offered Equity Shares by the Book Building Process. The face value of our Equity Shares is Rs. 10 each and the Floor Price is [●] times the face value and the Cap Price is [●] times the face value.

### Qualitative Factors

For some of the qualitative factors which form the basis for computing the price, see “Business” and “Risk Factors” beginning on page 71 and page xiv respectively of this Draft Red Herring Prospectus.

### Quantitative Factors

The information presented below relating to our Company is based on the restated financial statements of our Company for Fiscal 2007, 2008 and 2009 prepared in accordance with Indian GAAP. As of date of this Draft Red Herring Prospectus, the face value of the Equity Shares of our Company is Rs. 10 per equity share.

The information relating to our Company’s share capital in this chapter is based on a face value of Rs. 10 per equity share.

#### 1. Basic and Diluted Earning Per Share (“EPS”)

EPS of face value of Rs. 10

Year / Period	EPS (Rs.)	Weight
Fiscal 2007	0.16	1
Fiscal 2008	3.23	2
Fiscal 2009	11.35	3
<b>WEIGHTED AVERAGE</b>	<b>6.78</b>	

\* Not annualized.

*The basic EPS has been computed by dividing net profit attributable to equity shareholders, as restated, by the weighted average number of equity shares outstanding during the year, in accordance with Accounting Standard-20 on ‘Earnings per share’ issued by the Institute of Chartered Accountants of India.*

*The diluted EPS has been computed by dividing net profit attributable to equity shareholders, as restated, by the sum of the weighted average number of equity shares outstanding during the year considered for deriving basic EPS and the weighted average number of equity shares, which could have been issued on the conversion of dilutive potential equity shares such as dilutive options and dilutive convertible preference share, in accordance with Accounting Standard - 20 on ‘Earnings per share’ issued by the Institute of Chartered Accountants of India.*

#### 2. (a) Price/Earnings (P/E) ratio in relation to Price Band

Particulars	P/E at the lower end of Price Band (no. of times)	P/E at the higher end of Price Band (no. of times)
Based on the EPS of Rs. 11.35 per share for Fiscal 2009	[●]	[●]
Based on the weighted average EPS of Rs. 6.78 per share	[●]	[●]

**(b) P/E ratio for the industry is as follows:**

We are engaged in the business of providing passive telecom infrastructure. There is only one comparable company having a similar business model listed on the Indian stock exchanges. For the details of the comparable company refer to point 6 under this section.

**3. Return on Net Worth**

Return on Net Worth (“RoNW”) as per restated financial statements:

Year / Period	RoNW (%)	Weight
Fiscal 2007	0.03%	1
Fiscal 2008	9.23%	2
Fiscal 2009	39.26%	3
<b>WEIGHTED AVERAGE</b>	<b>22.71%</b>	

The RoNW computed by dividing net profit after tax, as restated, by the net worth excluding share application money at the end of the year.

**4. Minimum Return on Increased Net Worth Required to Maintain Pre-Issue EPS:**

Minimum Return on post-Issue Net Worth required to maintain pre-Issue EPS is 21.93%.

**5. Net Asset Value per Equity Share**

Particulars	Amt. (Rs.)
Net Asset Value per Equity Share as of March 31, 2009	28.90
Net Asset Value per Equity Share after the Issue	[●]

The net asset value per equity share has been computed by dividing net worth excluding share application money and preference share capital at the end of the period by number of equity shares outstanding at the end of the period.

**6. Peer Group Comparisons**

We are engaged in the business of providing passive telecom infrastructure. This is a relatively new industry with players with limited operating history. There is only one comparable company having a similar business model listed on the Indian stock exchanges.

***GTL Infrastructure Limited***

Face Value - Rs. 10  
EPS - Not available  
P/E - Not available  
Return on Networth - Not available  
Book Value / share - Rs. 19

*Source: Capital Markets Vol. XXIV/15 dated September 21 – October 4, 2009*

The Issue Price of Rs. [●] per Equity Share has been determined by us, in consultation with the BRLMs, on the basis of assessment of market demand for the offered securities by way of the Book building process and is justified as above. For further details, see “Risk Factors” on page xiv and the financials of our Company including profitability and return ratios, as set out in the auditors report on page 129.

## STATEMENT OF GENERAL TAX BENEFITS

To,  
The Board of Directors  
Reliance Infratel Limited  
1<sup>st</sup> Floor, H Block  
Dhirubhai Ambani Knowledge City  
Navi Mumbai 400 710.

Dear Sirs,

### Statement of Possible Tax Benefits available to the Company and its shareholders

We hereby report that the enclosed annexure states the possible tax benefits available to Reliance Infratel Limited (the "Company") under the Income-tax Act, 1961 and Indirect tax laws, presently in force in India and to the shareholders of the Company under the Income tax Act, 1961, Wealth Tax Act, 1957 and the Gift Tax Act, 1958, presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the statute. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on business imperatives the Company faces in the future, the Company may or may not choose to fulfill.

The benefits discussed in the enclosed statement are not exhaustive. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional advice. In view of the individual nature of the tax consequences and the changing tax laws each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue.

We do not express any opinion or provide any assurance as to whether:

- a) the Company or its shareholders will continue to obtain these benefits in future; or
- b) the conditions prescribed for availing the benefits have been / would be met with.

The contents of the enclosed statement are based on information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company.

**For S.R. Batliboi & Co.**  
Chartered Accountants

**For Chaturvedi & Shah**  
Chartered Accountants

**per Kaustav Ghose**  
Partner

**Lalit R. Mhalsekar**  
Partner

Membership No. 57828

Membership No. 103418

Mumbai  
September 23, 2009

Mumbai  
September 23, 2009

**Annexure to Statement of “General Tax Benefits” available to Reliance Infratel Limited and its shareholders:**

**A. To the Company**

**1. Under the Income-tax Act, 1961 (‘IT Act’)**

- In accordance with and subject to the provisions of Section 35(1)(i) and (iv) of the IT Act, the Company would be entitled to deduction in respect of revenue or capital expenditure incurred, other than expenditure on the acquisition of land, laid out or expended on scientific research related to the business. Subject to conditions as specified, the company is also entitled to a weighted deduction to the extent of one and one-fourth times of the sum paid to a scientific research association which has as its objects the undertaking of scientific research or to a company registered in India which has as its objects, scientific research and development or to any approved university, college or other institution to be used for scientific research or for research in social science or statistical research, in accordance with Section 35(1)(ii), (iia) and (iii) respectively of the IT Act.
- By virtue of Section 10(34) of the IT Act, income earned by way of dividend income from another domestic company, referred to in Section 115-O of the IT Act, is exempt from tax in the hands of the company.
- By virtue of Section 115JAA of the IT Act, tax credit shall be allowed in a future year in which tax becomes payable on the total income computed in accordance with the provisions other than section 115JB. Credit eligible for carry forward is the difference between tax paid under section 115JB and the tax computed as per the normal provisions of the IT Act. Carry forward shall not be allowed beyond the tenth assessment year immediately succeeding the assessment year in which tax credit becomes allowable.

**B. To the Members of the Company**

**B1. Under the IT Act**

**1. All Members**

- By virtue of Section 10(38) of the IT Act, long-term capital gain on transfer of an equity share in the Company is exempt from tax, if the transaction of such sale has been entered into on or after the date on which Chapter VII of the Finance (No.2) Act, 2004 came into force and such transaction is chargeable to the Securities Transaction Tax (‘STT’) under that Chapter. However, the long-term capital gain of a share holder being a company may be subject to income tax computed on book profit under section 115JB of the IT Act.
- By virtue of Section 111A inserted by Finance (No.2) Act, 2004, short term capital gain on transfer of an equity share of the Company shall be chargeable to tax @ 15% (plus applicable Surcharge (‘SC’) and Education Cess (‘EC’)), if the transaction of such sale has been entered into on or after the date on which Chapter VII of the Finance (No. 2) Act, 2004 came into force and such transaction is chargeable to STT under that Chapter.

**2. Resident Members**

- By virtue of Section 10(34) of the IT Act, income earned by way of dividend income from a domestic company, referred to in Section 115-O of the IT Act, is exempt from tax in the hands of the shareholders.
- Under Section 112 of the IT Act, long term capital gains (other than those covered u/s 10(38) of the IT Act) arising on transfer of shares in the Company shall be taxed at a rate of 20% (plus applicable SC and EC) after indexation as provided in the second proviso to Section 48.

- Under Section 54EC of the IT Act and subject to the conditions and to the extent specified therein, long term capital gains arising on the transfer of shares of the Company will be exempt from capital gains tax if the capital gains are invested within a period of 6 months after the date of transfer in the bonds redeemable after 3 years and issued on or after April 1, 2007 by
  - National Highways Authority of India constituted under section 3 of National Highways Authority of India Act, 1988; or
  - Rural Electrification Corporation Limited, a Company formed and registered under the Companies Act, 1956.

Maximum amount which can be invested (on or after 1 April 2007) in above bonds during any financial year is Rs 5 million.

If only part of the capital gain is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted into money (otherwise than by transfer) within three years from the date of their acquisition.

- Under Section 54F of the IT Act and subject to the conditions and to the extent specified therein, long term capital gains arising to an individual or Hindu Undivided Family (HUF) on transfer of shares of the Company will be exempt from capital gain tax, if the net consideration from such shares are used for purchase of residential house property within a period of one year before or two years after the date on which the transfer took place or for construction of residential house property within a period of three years after the date of transfer.

If only part of the capital gain is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the individual or HUF purchases within the period of two years or constructs within a period of three years any residential house, other than the new residential house purchased/ constructed or transfers the new residential house purchased/ constructed within a period of three years from the date of its purchase or construction.

### **3. Non Resident Indians/Members (other than FIIs and Foreign Venture Capital Investors)**

- By virtue of Section 10(34) of the IT Act, income earned by way of dividend income from another domestic company, referred to in Section 115-O of the IT Act, is exempt from tax in the hands of the recipients.
- A non resident Indian (i.e. an individual being a citizen of India or person of Indian Origin who is not a 'resident') has an option to be governed by the provisions of Chapter XIIA of the IT Act viz. "Special Provisions Relating to Incomes of Non-Residents".
- Under Section 115E of the IT Act, where shares in the Company are subscribed for in convertible Foreign Exchange by a Non Resident Indian, long term capital gains arising on transfer of shares shall be concessionaly taxed at the flat rate of 10% (plus applicable SC and EC). Under the first and second proviso to Section 48 of the IT, Act such gain shall be calculated with protection against foreign exchange fluctuation but without indexation benefits.
- Under provisions of Section 115F of the IT Act, long term capital gains arising to a non resident Indian from the transfer of shares of the Company subscribed to in convertible Foreign Exchange shall be exempt from tax if the net consideration is reinvested in specified assets or in any savings certificates referred to in clause 4B of Section 10 within six months after the date of transfer. If only part of the net consideration is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets or any such savings certificates are transferred or converted (otherwise than by transfer) into money within three years from the date of their acquisition.



- Under provisions of Section 115G of the IT Act, it shall not be necessary for a Non-Resident Indian to furnish his return of Income if his only source of income is investment income or long term capital gains or both arising out of assets acquired, purchased or subscribed in convertible foreign exchange and tax deductible has been deducted at source there from.
- Under Section 115-I of the IT Act, a Non-Resident Indian may elect not to be governed by the provisions of Chapter XII-A for any Assessment Year by furnishing his return of income under Section 139 of the IT Act, declaring therein that the provisions of the Chapter shall not apply to him for that Assessment Year and if he does so, the provisions of this Chapter shall not apply to him, instead the other provisions of the IT Act shall apply.

Other Provisions:

- Under Section 112 of the IT Act, Long term capital gains (other than those covered u/s 10(38) of the IT Act) arising on transfer of shares in the Company shall be taxed at a rate of 20% (plus applicable SC and EC) after indexation as provided in the second proviso to Section 48, but indexation is not available if investments are made in foreign currency;
- Under Section 54EC of the IT Act and subject to the conditions and to the extent specified therein, long term capital gains arising on the transfer of shares of the Company will be exempt from capital gains tax if the capital gains are invested within a period of 6 months after the date of transfer in the bonds redeemable after 3 years and issued on or after April 1, 2007 by,
  - National Highways Authority of India constituted under section 3 of National Highways Authority of India Act, 1988; or
  - Rural Electrification Corporation Limited, a Company formed and registered under the Companies Act, 1956.

Maximum amount which can be invested (on or after 1 April 2007) in above bonds during any financial year is Rs 5 million.

If only part of the capital gain is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted within three years from the date of their acquisition.

- Under Section 54F of the IT Act and subject to the condition and to the extent specified therein, long term capital gains arising to an individual or Hindu Undivided Family (HUF) on transfer of shares of the Company will be exempt from Capital gains tax subject to other conditions, if the net consideration from such shares are used for purchase of residential house property within a period of one year before and two year after the date on which the transfer took place or for construction of residential house property within a period of three years after the date of transfer.

If only part of the capital gain is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the individual or HUF purchases within the period of two years or constructs within a period of three years any residential house, other than the new residential house purchased/ constructed or transfers the new residential house purchased/ constructed within a period of three years from the date of its purchase or construction.

#### **4. Mutual Funds**

- In terms of Section 10 (23D) of the IT Act, mutual funds registered under the Securities and Exchange Board of India Act, 1992 and such other mutual funds set up by public sector banks or public financial institutions authorized by the Reserve Bank of India and subject to the conditions specified therein, are eligible for exemption from income tax on their entire income, including income from investment in the shares of the company.

## 5. Foreign Institutional Investors (FIIs)

- By virtue of Section 10(34) of the IT Act, income earned by way of dividend from another domestic company, referred to in Section 115-O of the IT Act, is exempt from tax in the hands of the institutional investor.
- The income by way of short term or long term capital gains realized by FIIs on sale of shares in the Company would be taxed at the following rates as per Section 115AD of the IT Act.
  - Short term capital gains covered U/s 111A -15% (plus applicable SC and EC);
  - Other short term capital gains - 30% (plus applicable SC and EC); and
  - Long term capital gains - 10% (without cost indexation) (plus applicable SC and EC), if such transaction is not chargeable to STT.
- Under Section 54EC of the IT Act and subject to the conditions and to the extent specified therein, long term capital gains arising on the transfer of shares of the Company will be exempt from capital gains tax if the capital gain are invested within a period of 6 months after the date of such transfer for a period of 3 years in the bonds redeemable after 3 years and issued on or after April 1, 2007 by,
  - National Highways Authority of India constituted under section 3 of National Highways Authority of India Act, 1988; or
  - Rural Electrification Corporation Limited, registered under the Companies Act, 1956.

If only part of the capital gain is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted within three years from the date of their acquisition.

## 6. Venture Capital Companies/ Funds

- In terms of Section 10 (23FB) of the IT Act, all Venture Capital Companies/ Funds registered with Securities and Exchange Board of India, subject to the conditions specified, are eligible for exemption from income tax on their income from investment in Venture Capital Undertakings, including income from dividend.

### B2. Under the Wealth Tax Act, 1957

Shares of the Company held by the shareholder will not be treated as an asset within the meaning of Section 2 (ea) of Wealth Tax Act, 1957; hence Wealth Tax Act will not be applicable.

#### Notes:

At present, the Company does not enjoy any special tax benefits. All the above benefits are as per the current tax law as amended by the Finance (No. 2) Act, 2009 and will be available only to the sole/ first named holder in case the shares are held by joint holders.

In respect of non residents, taxability of capital gains mentioned above shall be further subject to any benefits available under the Double Taxation Avoidance Agreements, if any, between India and the country in which the non-resident has fiscal domicile.

In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor, with respect to specific tax consequences of his/her participation in the issue.

The above statement of possible direct and indirect taxes benefits sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of equity shares.

## SECTION IV: ABOUT THE COMPANY

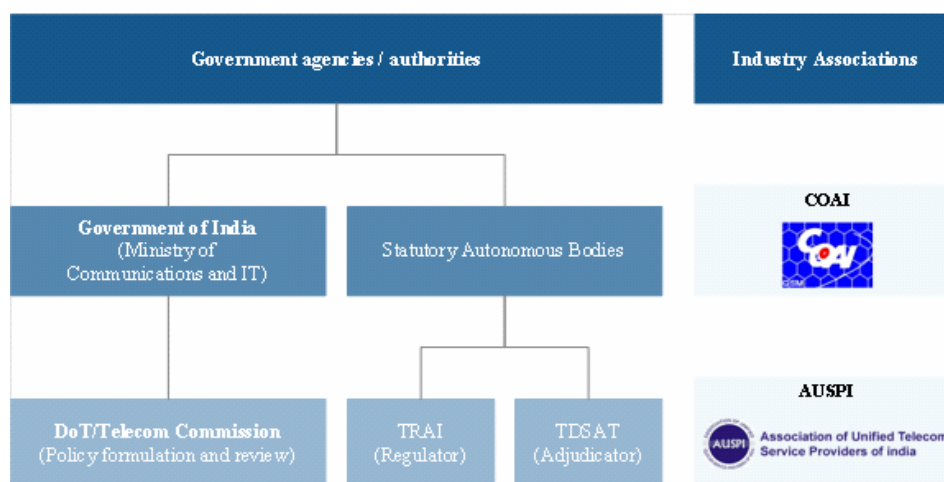
### INDUSTRY OVERVIEW

*The following information includes extracts from publicly available information, data and statistics and has been extracted from official sources and other sources that our Company believes to be reliable, but which has not been independently verified by our Company or the BRLMs. The data may have been re-classified by us for the purpose of presentation. Our Company accepts responsibility for accurately reproducing such information, data and statistic. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured, and, accordingly, investment decisions should not be based on such information. Industry sources and publications are also prepared based on information and estimates as of specific dates and may no longer be current. Such information, data and estimates may be approximations or use rounded numbers.*

#### Telecommunications Industry in India

The Indian telecommunications industry has experienced significant growth in recent years, primarily in the wireless sector. The sector is regulated by the Ministry of Communications and Information Technology, DoT. The liberalisation of the telecommunication industry began in the early 1990s, and, since early 1998, all telecommunications services areas have been opened up to private sector participation. This transition to an industry with widespread private sector participation has been an instrumental factor in making the telecommunications sector one of the fastest growing sectors in India.

#### India telecommunications regulatory framework



Source: AUSPI, COAI, DoT, TDSAT, TRAI.

#### Government agencies/authorities:

The institutional structure in the Indian telecommunications sector consists of three parts – licensor, regulator and adjudication authority.

#### (I) DoT and the Telecom Commission (“TC”)

The DoT is an executive licensing body. Amongst other things, its responsibilities include formulating developmental policies, granting licenses for telecommunications services (such as Unified Access Service, Internet and VSAT service), amending licenses, frequency management and enforcement of wireless regulatory measures.

The TC is a government body with administrative and financial powers to deal with various aspects of the telecommunications industry and it works with the DoT.

## **(II) Telecom Regulatory Authority of India “TRAI”**

Established in 1997, the TRAI is the independent regulator of the Indian telecommunications market, vested with the responsibilities of promoting fair competition and growth. It has issued a large number of regulations, orders and directives to deal with issues coming before it and provided the required direction to the evolution of Indian telecom market from a Government owned monopoly to a multi-operator, multi-service, open and competitive market.

## **(III) Telecom Disputes Settlement and Appellate Tribunal (“TDSAT”)**

Established in 2000, the TDSAT provides a mechanism for dispute resolution and is the independent adjudicator of any dispute arising amongst licensors, licensees, service providers, consumers and any TRAI directive or decision.

### **Industry Associations:**

#### **(I) Cellular Operators Association (“COAI”)**

The COAI is a telecommunications industry group dedicated to the advancement of communication, particularly through cellular mobile telephony services. Amongst other things, its objectives include improving standards and quality of services in consultation with GSM India (the Indian chapter of the GSM Association), addressing problems of cellular operators and assisting relevant authorities with industry information.

#### **(II) Association of Unified Telecom Service Providers of India (“AUSPI”)**

The AUSPI is the representative industry body of Unified Access Service (“UAS”) licensees providing telecommunications services based on CDMA technology. Its objectives include collection and dissemination of knowledge and information, improving tele-density, improving value for customers, interacting on policy and regulatory issues with government bodies and formulating expert opinions on industry issues.

### **Indian Wireless Industry**

The Indian telecom market is divided into 23 circles. The circles have been categorised as Metros, ‘A’ circles, ‘B’ circles and ‘C’ circles depending upon the degree of affluence, infrastructure development and revenue potential across states with the ‘Metro’ circles being the most attractive circles on the aforementioned parameters.

#### **(1) Metro circles**

There are four Metro circles and they include the major metropolitan cities of Chennai, Delhi, Kolkata and Mumbai. These circles account for 15.3% of wireless subscribers in India (67.6 million) as of July 31, 2009 and have a higher average revenue per user (“ARPU”) compared to the other circles. For licensing purposes only, regulators treat Chennai and Tamil Nadu as one circle and divide India into 22 circles. (*Source: TRAI, Press Release*)

#### **(2) Category A circles**

There are five Category A circles covering the states of Andhra Pradesh, Gujarat, Karnataka, Maharashtra and Tamil Nadu. These circles form a major portion of the total subscriber base with 153.3 million wireless subscribers (34.7% as of July 31, 2009) and have relatively high tele-densities and ARPUs. (*Source: TRAI, Press Release*)

#### **(3) Category B circles**

There are eight Category B circles which include Haryana, Kerala, Madhya Pradesh, Punjab, Rajasthan, Uttar Pradesh (East), Uttar Pradesh (West) and West Bengal (including Andaman and Nicobar islands). These circles are the largest contributors to the total wireless subscriber base with 166.3 million subscribers (approximately 37.7% as of July 31, 2009) and have relatively low tele-densities and ARPUs. (*Source: TRAI, Press Release*)

#### **(4) Category C circles**

There are six Category C circles and they cover the states or regions of Assam, Bihar, Himachal Pradesh, North East, Orissa and Jammu and Kashmir. Category C circles account for 54.4 million wireless subscribers (12.3% as of July 31, 2009). These circles have the lowest tele-density and ARPU levels.

## Indian wireless market:

<b>Metros</b>	<b>Delhi</b>		<b>Mumbai</b>		<b>Chennai</b>		<b>Kolkata</b>	
	Subscribers (mm)	24.0	Subscribers (mm)	20.8	Subscribers (mm)	10.0	Subscribers (mm)	12.7
	Wireless penetration	137%	Wireless penetration	104%	Wireless penetration	119%	Wireless penetration	86%
	ARPU (INR)	331.0	ARPU (INR)	336.5	ARPU (INR)	193.9	ARPU (INR)	209.0
<b>A circles</b>	<b>Andhra Pradesh</b>		<b>Gujarat</b>		<b>Karnataka</b>			
	Subscribers (mm)	34.3	Subscribers (mm)	26.3	Subscribers (mm)	26.5		
	Wireless penetration	41%	Wireless penetration	45%	Wireless penetration	45%		
	ARPU (INR)	259.3	ARPU (INR)	211.2	ARPU (INR)	260.8		
	<b>Maharashtra</b>				<b>Tamil Nadu</b>			
	Subscribers (mm)	34.4			Subscribers (mm)	31.9		
<b>B circles</b>								
<b>C circles</b>								

Note: ARPU numbers represent only GSM ARPUs.

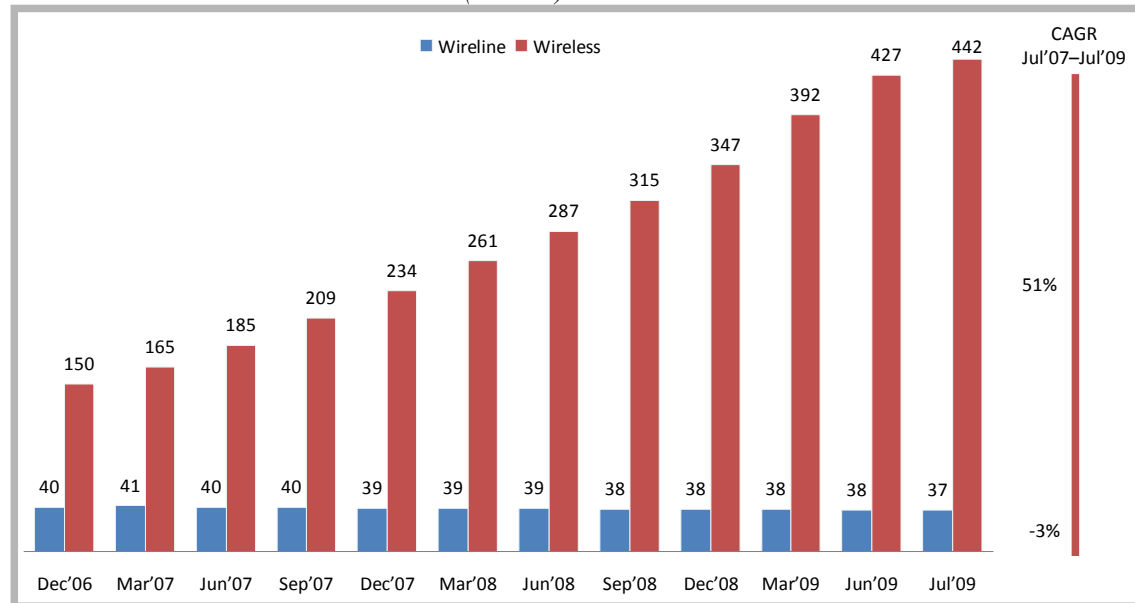
<sup>1</sup> Combined penetration is calculated for Uttar Pradesh (East) and Uttar Pradesh (West) due to non-availability of a breakdown of population data.

Source: DoT, Annual Report 2008-2009; COAI, Final Report on ARPU/Revenue Analysis for Private GSM Cellular Operators October – December 2008; and TRAI, Press Release for July numbers. Data is as of July 31, 2009, except ARPU data which is as of December 31, 2008.

The Indian wireless telecommunications market is currently among the fastest growing telecommunications markets in the world. The Indian wireless subscriber base has grown to approximately 442 million as of July 31, 2009 as compared with 261 million as of March 31, 2008 (Source: TRAI). India is the fastest growing wireless market in the world in terms of additions to the net wireless subscribers. From January 2009 to July 2009, India added 94.7 million wireless subscribers (an average of 13.5 million per month) (Source: TRAI). Wireless technology has been well accepted in India and has outpaced the wireline services in terms of growth (wireline

subscribers have decreased from 39.3 million as of January 1, 2008 to 37.4 million as of July 31, 2009) The DoT has indicated that it has a target of 500 million telephone in India by 2010. Current trends of subscriber additions indicate that this target could well be achieved before March 2010.

*Telecommunication subscriber base in India (Millions)*



Source: TRAI.

There has been rapid growth in the industry due to many factors, including favourable demographics, increasing affordability (falling price points and reducing handset costs), expansion by telecom service providers, launch of innovative schemes, Government of India initiatives including privatisation, gradual deregulation, promoting competition etc.

### Wireless service providers in India

Currently, there are 12 wireless carriers operating in India with the leading 4 players holding approximately 73% of the wireless subscriber market share as of July 31, 2009. Bharti Airtel Limited, RCOM (CDMA and GSM combined), Vodafone Essar Limited, BSNL and MTNL combined and Tata Teleservices (combined with Tata Teleservices Maharashtra Limited) currently have nationwide footprints in all 23 circles.

Subscriber details as of July 31, 2009 are as follows:

Operator	Technology Type	Wireless Subscribers (Million)	Market Share (%)
Bharti Airtel Limited	GSM	105.1	23.8%
RCOM	GSM & CDMA	82.0	18.6%
Vodafone Essar Limited	GSM	78.7	17.8%
BSNL	GSM & CDMA	56.0	12.7%
Idea (Incl. Spice)	GSM	48.5	11.0%
Tata Teleservices (Including Tata Tele (Mah))	GSM & CDMA	39.4	8.9%
Aircel	GSM	23.1	5.2%
MTNL	GSM & CDMA	4.6	1.1%
Loop	GSM	2.4	0.5%
Sistema Shyam	CDMA	1.4	0.3%
HFCL Infotel	CDMA	0.4	0.1%
<b>All Operators Total</b>		<b>441.7</b>	<b>100%</b>

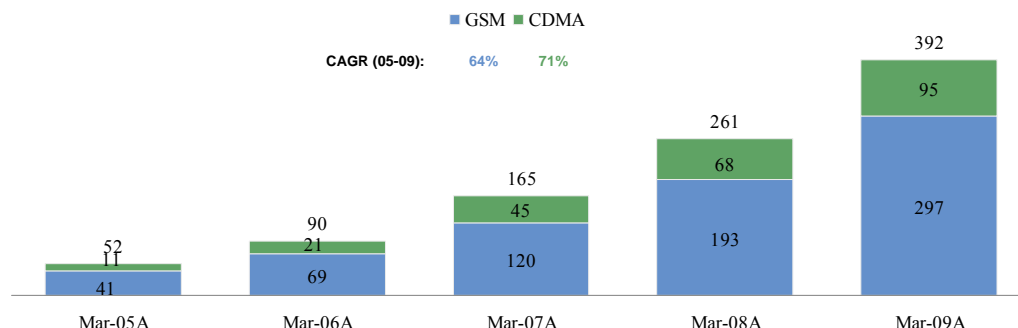
Source: TRAI

## GSM and CDMA technology

The wireless market in India has evolved around two different technology platforms, GSM and CDMA.

The GSM technology has a larger subscriber base in India as compared to CDMA. (*Source: TRAI, The Indian Telecom Services Performance Indicators January – March 2009.*) Recently, the regulatory authorities have allowed CDMA service providers to provide GSM services and vice versa. As a result, RCOM and Tata Teleservices have recently introduced GSM networks in addition to their CDMA operations.

Subscribers break-up by technology:



*Source: TRAI, The Indian Telecom Services Performance Indicators January – March 2005; The Indian Telecom Services Performance Indicators for Financial Year Ending 31st March 2006; The Indian Telecom Services Performance Indicators January – March 2007; The Indian Telecom Services Performance Indicators January – March 2008; and The Indian Telecom Services Performance Indicators January – March 2009.*

As of March 31, 2009, GSM-based service providers had 297.3 million subscribers representing 75.9% market share, while CDMA-based service providers had 94.5 million subscribers representing 24.1% market share. (*Source: TRAI, The Indian Telecom Services Performance Indicators January – March 2009.*)

## Minutes of Usage (“MoU”)

GSM average MoU per subscriber per month has shown steady growth since March 2006, from a base of 395 minutes per month per subscriber as of March 31, 2006 to 484 minutes per month per subscriber as of March 31, 2009, representing a CAGR of 7.0%. CDMA MoU has decreased from 550 minutes per month per subscriber to 357 minutes per month per subscriber over the same period. (*Source: TRAI, The Indian Telecom Services Performance Indicators for Financial Year Ending 31st March 2006; and The Indian Telecom Services Performance Indicators January – March 2009.*)

### Total Minutes of Use:

Total MoU/sub/month (minutes)	Mar-06 A	Mar-07 A	Mar-08 A	Mar-09 A
GSM	395	471	493	484
% of GSM outgoing	41%	46%	48%	49%
CDMA	550	471	364	357
% of CDMA outgoing	52%	48%	49%	46%

*Note: Data is for the quarter ending March 31 in each year.*

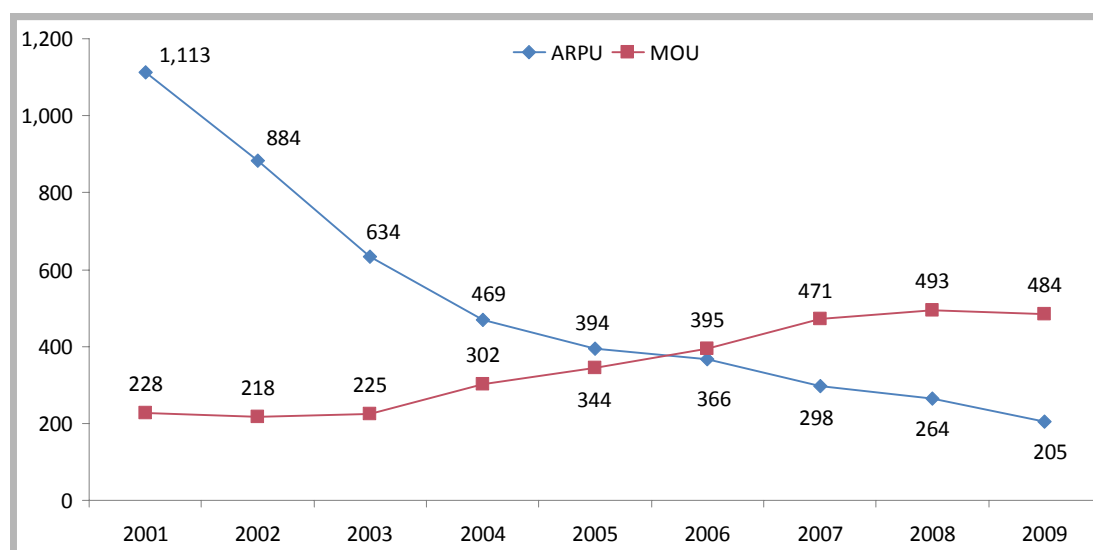
*Source: TRAI, The Indian Telecom Services Performance Indicators for Financial Year Ending 31st March 2006; The Indian Telecom Services Performance Indicators January – March 2007; The Indian Telecom Services Performance Indicators January – March 2008; and The Indian Telecom Services Performance Indicators January – March 2009.*

## Average Revenue Per User (“ARPU”)

The ARPUs in the Indian wireless telecommunications sector have seen a declining trend over the last few years. For example, the blended GSM ARPU has declined from Rs.394 per month per subscriber as of March 31, 2005 to Rs.205 per month per subscriber as of March 31, 2009. (*Source: TRAI, The Indian Telecom Services Performance Indicators January – March 2005; and The Indian Telecom Services Performance*

Indicators January – March 2009.) The key reasons for such decline are increased competition, deregulation, falling tariffs, etc.

### Trends in ARPU and MOUs in India



Source: TRAI.

Note: ARPU & MOU numbers are for GSM.

### Penetration (%)

The total penetration of telecommunication services in India is approximately 41%, as of July 31, 2009, with the wireless penetration at approximately 38%.

The wireless penetration is higher in the urban areas compared to the rural areas of India. As the wireless markets in the urban areas reach higher levels of penetration, wireless service providers are expanding their footprints to the rural parts of India which have significant growth potential. Thus, wireless service providers are improving capacity and coverage.

The telecommunications industry in India has expanded significantly in recent years, with the total number of phones (wireless and wireline) in India growing at a CAGR of approximately 44.5%, from 98.4 million as of March 31, 2005 to 429.7 million as of March 31, 2009 to 479.0 million as of July 31, 2009. (Source: DoT, Annual Report 2008-2009, TRAI Press Release). Notwithstanding this, the overall penetration of wireless telecommunications is still very low compared to the rest of Asia at just 29.4% as of March 31, 2008. (Source: International Telecommunication Union.)

### Asia wireless penetration (%)

Country	Bangladesh	China	India	Indonesia	Malaysia	Pakistan	Philippines	Thailand	Vietnam
Wireless Tele-density	27.90	47.41	29.36	61.83	100.41	49.74	75.38	92.01	80.37

Note: Data for (i) Thailand as of January 31, 2008; (ii) India as of March 31, 2008; (iii) Bangladesh and Pakistan as of June 30, 2008; and (iv) China, Indonesia, Malaysia, Philippines and Vietnam as of December 31, 2008.

Source: International Telecommunication Union.

### Focus on improving penetration (tele-density) in rural and remote areas

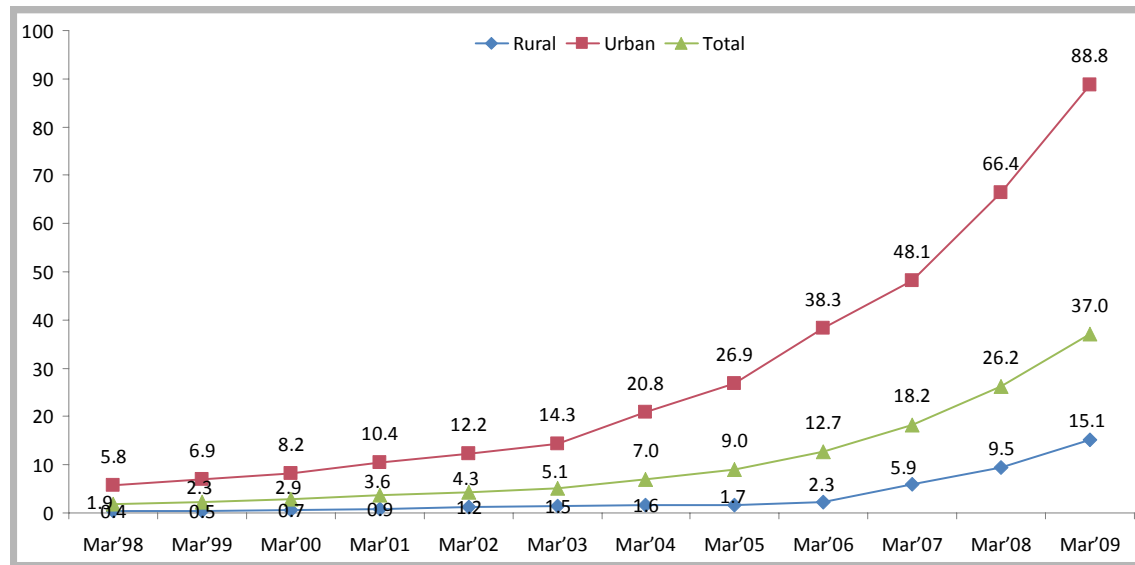
The promotion of rural telephony and accessibility of telephones to remote areas is an important focus area of the DoT. As of March 31, 2009, there were 123.5 million phones (wireless and wireline) in the rural areas of India, representing a tele-density of 15.1% based on population. (Source: DoT, Annual Report 2008-2009.) The strategy for network expansion in rural areas mainly involves the provision of phones in the viable areas through market mechanisms and through the Universal Service Obligation Fund (“USOF”) in the non-viable areas. Since village public telephones and rural community phones (“RCPs”) will enable public access, a RCPs scheme has



been launched under the USOF to create infrastructure in rural and remote areas.

Wireless phones have transformed the urban economy and helped increase urban tele-density significantly. With the tele-density in rural areas steadily increasing as a result of the introduction of wireless phones, the rural-urban divide is expected to reduce. (Source: DoT, Annual Report 2008-2009.) The Government of India remains focused on meeting its Eleventh Five Year Plan target of achieving rural tele-density of 25.0%, which equates to approximately 200 million rural telephone connections.

#### Tele-density levels in India %



Source: TRAI Annual Report 2008-09.

Note: The tele-density levels are based on wireless and wireline subscribers.

The Government of India and relevant regulatory authorities have made clear commitments to improving the tele-density across India and have established subscriber targets with the aim of achieving this. The TRAI has currently set a target of 500 million telephones by 2010, while the Government of India's Eleventh Five Year Plan has set a target of 600 million telephone subscribers by 2012. Rural telephony continues to be an important area for the Government of India, and it is expected to be a key driver of future growth. TRAI has suggested that it is imperative that 90-100 million new subscribers are from rural areas in order to achieve the target of 500 million by 2010. The Government of India's Eleventh Five Year Plan has set a target of 200 million rural telephone subscribers by 2012. Key factors, such as favourable demographics, stable economic growth and a positive regulatory climate, will continue to be key drivers of rapid growth in the Indian telecommunications market.

#### Recent Wireless Sector Trends in India

##### New Roll-outs by Existing Wireless Service Providers

As urban areas reach higher penetration levels (and, therefore, lower growth potential), wireless service providers have started rolling out services in the under-penetrated (and, therefore, higher growth potential) rural areas. With growing usage, competition and the need to improve the quality of services of their offerings, they have also started increasing their capacity to provide wireless services. In addition, many regional wireless service providers, like Aircel and Idea Cellular, have started expanding their operations throughout the country.

In January 2008, CDMA operators, including RCOM and TTSL, were permitted to provide GSM services in all circles in which they provide CDMA services. RCOM has already launched GSM services in early 2009, while TTSL, including TTML, is in the process of rolling out its GSM network and has rolled out services in a few circles.

All Regional and New Operators are finalizing their roll-out plans in their licensed service areas.

SLNO	Service Provider	Areas for which licensed with (Number of Regulatory Circles)
1	Bharti	All India (22)
2	Aircel Group	All India (23)
3	Reliance Communications	All India (except Assam & North East) (20)
4	Reliance Telecom	Kolkata, MP, WB, HP, Bihar, OR, Assam & North East (8)
5	Vodafone	All India (23)
6	Tata Teleservices	All India (22)
7	IDEA	All India (22)
8	Shyam Telelink	All India (22)
9	BSNL	All India (except Delhi & Mumbai) (21)
10	MTNL	Delhi, Mumbai (2)
11	Loop Telecom Private Limited	All India (22)
12	Unitech Group	All India (22)
13	Datacom Solutions Private Limited	All India except Punjab (21)
14	Etisalat DB Telecom Private Limited	Delhi, Mumbai, Mah, Guj, Andhra Pradesh, Karnataka, Chennai & Tamil Nadu, Kerala, Punjab, HR, UP (W), UP (E) & Raj (13)
15	S Tel Ltd	HP, Bihar, Orissa, Assam, North East, J&K (6)
16	HFCL	Punjab (1)

Source: TRAI, Performance Indicators January – March 2009.

Note: The above table excludes Spice Communications.

### Growth in data services and value added services (“VAS”)

As the telecommunication needs of subscribers become increasingly sophisticated, the demand for data services and VAS is expected to increase. The wireless data services subscriber base grew 78.3% from 66.1 million as of March 31, 2008 to 117.8 million as of March 31, 2009. (Source: The Indian Telecom Services Performance Indicators January – March 2009). In India, VAS includes services such as entertainment, advertisement, gaming, contests, reality shows, news and support, such as cricket alerts and news alerts. According to the TRAI, the VAS market in India is rapidly growing, and it is estimated to contribute over 10.0% of the total wireless industry revenue. The revenue from mobile VAS was approximately Rs.59 billion as of March 31, 2007 and is expected to reach approximately Rs.250 billion by the end of the 2010 fiscal year. (Source: TRAI, Recommendations on Growth of Value Added Services and Regulatory Issues, February 2009). In addition, mobile VAS revenue is expected to contribute to the increasing industry revenues and account for over 30.0% of the wireless industry revenue in the next five to seven years, according to the report entitled “Recommendations on Growth of VAS and Regulatory Issues” issued by the TRAI on February 13, 2009. Growth in data services and VAS has been fuelled by the improving quality of handsets with advanced data-enabled features, falling costs of handset prices, lowering age profile of mobile users and innovative content and packaging. The growth in data services and VAS is expected to generate further growth opportunities for mobile telecommunications service providers in India.

### Entry of New Wireless Service Providers

The DoT has issued licenses to new players which have or are in the process of rolling out services. The key players include SistemaShyam, Unitech Wireless, Etisalat DB Telecom, S-Tel, Loop and Datacom.

### Introduction of 3G Services

The first 3G mobile service in India was introduced by MTNL in New Delhi in December 2008. As of June 30, 2009, the 3G spectrum has only been allotted to state-controlled entities MTNL and BSNL. The government is planning to auction 3G spectrum for private service providers. The allocation of spectrum for 3G is expected to boost the development of the sector, as operators will be able to provide new services to customers, such as video telephony, high speed mobile broadband, mobile TV, video streaming, video on demand and mobile gaming.

### **Introduction of WiMAX networks to increase broadband coverage in India**

WiMAX is a technology used to provide wireless high-speed broadband access. As the most economical solution to provide up-to-the-minute connectivity in rural and remote areas, WiMAX operators are expected to have strong growth potential given the low broadband coverage in the rural areas.

### **Introduction of Mobile Number Portability (“MNP”) in process**

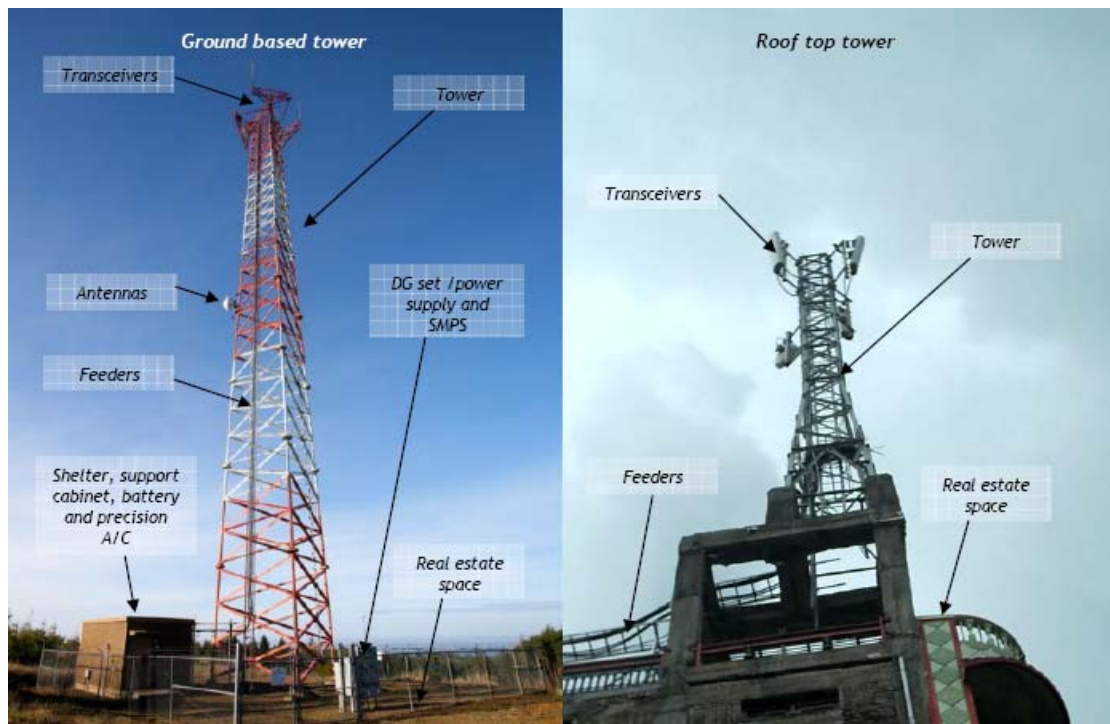
The DoT is in the process of introducing MNP service in India. This service will allow consumers to retain the same number when switching from one operator to another. MNP Interconnection Telecom Solutions India and Syniverse Technologies have been short listed for the grant of MNP service licenses. On September 04, 2009, the DoT extended the deadline for introduction of first phase of MNP from September 30, 2009 to December 31, 2009. The DoT has attributed the delay to the failure of mobile service providers to upgrade their network for MNP. MNP service should be available to the rest of India within one year of the effective date of MNP service licenses. The introduction of MNP is expected to make the telecommunications market more competitive and may result in well-established operators increasing their market shares due to the quality of service considerations.

### ***Wireless Telecommunications Infrastructure***

Wireless service providers utilise a wide network of infrastructure elements, including backhubs, towers, masts, power sources, antennas, base station sites and radio links, in the provision of wireless telecommunications services for their subscribers. The infrastructure requirement for wireless telecommunications can be classified into passive and active infrastructure:

- “Active” infrastructure includes the telecommunication license, allocated spectrum, the telecommunication centres along with the hardware and software required for telecommunication services including antennas, feeders, spectrum, radio access network, cables, node B and transmission equipment;
- “Passive” infrastructure refers to the complementary elements of the network infrastructure, the principal components of which are:
  - The tower site, which, for a ground-based communications tower, is typically an approximately 4,000 square feet piece of land and, for a rooftop-based communications tower, is an appropriate space located on a high-rise or other building or structure, and each type of site, in our case, is typically leased from their owners;
  - The communications tower itself, which for the large majority of our communications towers, comprises a ground-based 40 meter steel communications tower;
  - Battery back-up, which provides electricity during short-term power outages;
  - A diesel generator set (including AVR) to provide a back-up power supply in case of extended interruption of electricity from the relevant power grid;
  - SMPS systems, which convert alternating current electricity from the electricity grid to direct current electricity, which is less volatile and more suitable for the active electronic components of wireless communications networks;
  - Air conditioning to cool the relevant electronic systems;
  - Shelter to house relevant equipment; and
  - Civil foundations to support the communications tower and the related equipment.

The picture below illustrates the general structure of a ground-based and roof-top telecommunication tower and its key elements.



## Infrastructure Sharing

Telecommunication infrastructure can be shared between telecommunication service providers or by third party infrastructure companies to multiple wireless service providers. The level of sharing among wireless service providers varies depending on the complexity of the arrangements and inter-dependence of the wireless service providers. Infrastructure sharing can be classified based on the type of the infrastructure into two broad categories: (a) passive infrastructure sharing; and (b) active infrastructure sharing.

### Passive Infrastructure Sharing

Passive infrastructure sharing refers to sharing of physical sites, buildings, shelters, towers, masts, power supply and battery back-up. Passive infrastructure sharing can be in the form of:

- Site sharing among service providers: Two or more service providers jointly acquire or rent a common site to host their own radio and transmission equipment. Capital and operating expenditure relating to the shared site is shared by the service providers.
- Third party leasing: Outsourcing of the passive infrastructure requirements by the service providers to specialised companies, i.e., independent tower operators. Tower operators develop, own and manage the passive infrastructure and lease it to multiple wireless service providers.

### Active Infrastructure Sharing

Active infrastructure sharing refers to sharing of active elements such as antennae, feeders, spectrum, radio access network, cables, node B and transmission equipment.

As per the guidelines on infrastructure sharing issued by the DoT on April 01, 2008, active sharing of infrastructure among service providers based on mutual agreements has been permitted. Active infrastructure sharing is limited to antenna, feeder cable, Node B, Radio Access Network (RAN) and Transmission systems only, and sharing of the allocated spectrum is not permitted. The licensing conditions of UASL/CMPS will be suitably amended by the licensor, wherever necessary, to permit such active sharing.

### ***International Experience in Infrastructure Sharing***

The passive infrastructure sharing business model is expected to be successful in countries where, among other things, the number of players is higher, there are large coverage requirements, minutes of usage are high and there are spectrum constraints. Certain mature wireless markets that satisfy most of the above criteria, such as the United States, have developed a sub-industry which focuses on the provision of passive infrastructure to wireless service providers.

The Indian telecommunications industry shares similarities with the United States telecommunications industry and is amenable to such passive infrastructure sharing, as indicated by the table below.

#### **India Compared to the US**

Parameter	US	India
Multiple operators	six–eight players	12 players
Top three-four operators having comparable market shares	Yes	Yes
Large coverage requirements (urban, rural, highways)	Yes	Yes
Voice pricing and margin pressure	Yes	Yes
Significant capacity needs from high MOUs	Yes	Yes
Spectrum scarcity forcing denser coverage	Yes	Yes

#### **Why infrastructure sharing:**

Wireless service providers utilize a wide network of infrastructure elements for the provision of wireless services. To facilitate the rapid growth of wireless telecommunication in India, a very large network of infrastructure elements, including towers, is required. In order to benefit from economies of scale, operators may share tower assets on a barter basis, and, historically, operators in India shared passive infrastructure on such a basis.

Passive infrastructure costs form a significant portion of the total capital expenditure for an operator. Therefore, the strategy of sharing and leasing towers from third parties is increasingly used to decrease capital and operating expenditure. It allows operators to focus on core areas of operations and service provision. They gain quicker access to key towns and highways, and it becomes cheaper to roll out networks in rural areas and in other locations with lower mobile penetration. The operators can have an asset-light business model enabling extensive network roll-out with operating expenditure sharing advantages. The end customers stand to gain as the competition intensifies in the market and as barriers to entry (in terms of the large investments necessary for network rollout) are substantially reduced.

#### **Economics of passive infrastructure sharing business:**

The tower business is highly capital-intensive, and tenancy ratio (the ratio of the number of tenants per tower) is critical to the rate at which investment is recouped. A telecommunication tower company, especially a non-operator owned tower company, would typically have an anchor tenant, who occupies a significant proportion of the total available sites. The new towers to be built by the tower company may also depend on the roll-out plans of the anchor tenant. The tenant benefits from a decline in capital and operating expenditure, as well as an increased availability of resources to develop a market, customer and service orientation. The tower companies collect service charges from the tenant, in addition to capital charges and the reimbursement of variable operating expenses, like fuel and electricity charges, which are usually reimbursed on an actual basis. Generally, tower companies charge high rental fees if there is a sole tenant, and the rent per tenant declines as the number of tenants increases. Rent varies from site to site based on factors, such as the terrain, the availability of other towers in the vicinity, etc. For a tower company, the ability to add additional external tenants for longer durations facilitates better utilisation of capacity and contributes substantially to the bottomline, as incremental costs are minimal.

#### **Status of Infrastructure Sharing in India**

As per TRAI's Recommendations on Infrastructure Sharing dated April 11, 2007, India had approximately 100,000 towers. To meet DoT's target to provide 500 million telephones by 2010, TRAI expects that about

330,000 towers are required in India by 2010. (*Source*: TRAI's Recommendations on Infrastructure Sharing.). In its recommendations, TRAI noted that service providers were already sharing infrastructure selectively at their own initiative, with approximately 25% tower sites shared for passive infrastructure (*Source*: TRAI.). Historically, passive infrastructure sharing in India has been in the form of sharing among wireless service providers, along with provision of passive infrastructure services by small tower operators. However, wireless service providers, such as RCOM, Bharti, Airtel and Tata Teleservices, have recently transferred passive infrastructure to independent subsidiaries, which will operate as independent third-party passive infrastructure providers. This indicates a trend towards the growth of passive infrastructure industry in India.

## **Competition in India**

### **Competition from Operator-owned Tower Players**

Certain wireless service providers, such as BSNL, have their own telecommunication tower portfolio. In January 2009, BSNL invited expressions of interest (EOI) from other service providers for the sharing of towers. In addition, other wireless service providers have formed independent companies into which they have demerged their telecommunication tower portfolios. Some of the recent market changes are:

- ◆ Indus Towers Limited was formed in December 2007 by Bharti Infratel Limited, Vodafone Essar Limited and Idea Cellular Limited as an independent tower joint venture company, which would provide passive infrastructure services in India to all operators on a non-discriminatory basis. These three companies merged their existing passive infrastructure assets in 16 telecommunications circles in India. The present shareholding structure of Indus Towers Limited is as follows: Bharti Infratel Limited and Vodafone Essar Limited each hold 42% and Idea Cellular holds the remaining 16%. As of June 30, 2009, Indus Towers Limited had a portfolio of 97,925 towers. On January 01, 2009, Bharti Infratel, Vodafone Essar Limited and Idea Cellular signed an indefeasible rights of use agreement (an "IRU") for placement of their active electronics on the towers now owned by Indus Towers Limited.
- ◆ As of June 30, 2009, Bharti Infratel has approximately 28,078 towers in 11 circles, excluding the 35,066 towers in 12 circles for which the rights of use has been assigned to Indus Towers. In March 2009, Vodafone Essar Limited transferred all its towers and mobile infrastructure assets to a new company, Ortus Infratel and Holdings Private Limited, which also holds Vodafone Essar Limited's 42% stake in Indus Towers Limited. As of March 2009, Idea Cellular has 36,573 cell sites which includes the 11,094 sites that were transferred to Indus Towers Limited.
- ◆ In January 2009, Wireless-TT Info-Services Limited (WTTIL), the tower arm of Tata Teleservices, and Quippo Telecom announced a partnership agreement combining their tower portfolios. The combined entity is expected to have a portfolio of around 18,000 towers.

### **Competition from Independent Telecommunication Infrastructure Companies**

Outsourcing of telecommunications infrastructure industry is a relatively new concept in India. Presently, there are just a few small companies that offer passive telecommunications infrastructure services, apart from the telecommunications infrastructure companies created by the wireless service providers. Some of these existing telecommunications infrastructure companies include Quippo Telecom Infrastructure, American Tower Corporation ("ATC"), GTL Infrastructure Limited, ITIL and Aster Infrastructure Private Limited. In addition, several other domestic and international companies have expressed intentions of setting up similar businesses in India. Some of the recent market changes are:

- ◆ On March 17, 2009, ATC announced that its Mauritius subsidiary, American Tower Mauritius, has entered into a definitive agreement with Horse-Shoe Capital, Mauritius (an affiliate of Q Investments LP, USA), to acquire XCEL Telecom Private Limited ("XCEL"). XCEL owns and operates approximately 1,730 wireless communications tower sites, including a number of towers that are currently under construction. When combined with ATC's existing operations in India, including 200 towers as of December 31, 2008, the acquisition create a combined portfolio of approximately 1,930 tower sites in 15 telecom circles.
- ◆ GTL Infrastructure Limited, established in 2004 and part of Global Group offers ready-to-use passive infrastructure to wireless telecom operators. As of June 2009, it has approximately 10,000 towers which provide services in 20 circles across India.

- ♦ ITIL provides infrastructure services in 18 circles across India.
- ♦ Tower Vision India provides passive infrastructure to the wireless telecommunications industry on a shared, multi-tenancy basis.

*Sources:* Quarterly reports, investor presentation, company websites

### Primary Growth Drivers of Passive Infrastructure Sharing in India

Passive infrastructure, such as towers and backhaul connectivity with the nearest network element, forms a major portion of the roll-out costs of a wireless network, and, as a result, passive infrastructure sharing is expected to play an important role in the efficient and fast growth of the telecommunications market in India.

Passive infrastructure sharing is increasingly being considered by wireless service providers as a strategy to decrease effective capital and operating expenditure per subscriber. This frees up significant cash resources for the wireless service providers which could then be invested in radio network expansion and distribution. This will also enable service providers to focus on core areas of operations. The primary growth drivers of passive infrastructure sharing include:

- **Wireless growth and increase in number of operators** The DoT has indicated that it targets 500 million telephones in India by 2010. India's tele-density has increased from 1.9% as of March 31, 1998 to 36.98 % as of March 31, 2009. Notwithstanding high growth in the subscriber base, the overall tele-density in India is still one of the lowest in the world, providing significant long-term growth potential. Hence, the coverage and capacity considerations for the existing operators will result in higher demand for cell sites and, therefore, towers.

In addition to the roll-outs by existing wireless service providers, DoT has granted licences to new operators (like Unitech Wireless, SistemaShyam, S Tel, Etisalat DB Telecom, Loop and Datacom). With the increasing number of players, the potential opportunity for sharing remains large.

- **Growth driven by Rural and Semi-Urban Areas**

Out of 593 districts in India, only nine are urban while the remaining 584 districts are primarily rural. According to the 2001 census, rural India comprises 594,000 inhabited villages accounting for 72.22 % of the total population of India. (*Source:* DoT.)

Presently, the rural tele-density, as of March 2009, is around 15.11%, and, out of 593,731 inhabited villages, the service providers have reported that 407,112 villages have already been provided mobile coverage. The challenge is to increase this mobile coverage and to create the infrastructure that is needed to reach the target of 500 million telephones by 2010. To plan effectively, it is necessary to quantify the likely share of rural subscribers in the proposed target by taking stock of available resources which can be harnessed to achieve the goal.

Total No. of Districts	DHQ Covered by mobile	Total No. of inhabited Villages	Villages covered by mobile	Villages covered by electricity	% Rural Electric Coverage	% Rural Mobile Coverage
610	588	593,731	407,112	473,136	80	69

*Source:* TRAI Report on penetration in Rural India December 2008

Recent trends also show that the past several months' growth has been largely driven by subscriber additions in smaller towns and rural markets, that is, both category B and C circles.

	Metro	Circle A	Circle B	Circle C	Total
March 2008 Subscribers (in millions)	44.81	93.95	95.09	27.22	261.07
March 2009 Subscribers (in millions)	62.09	137.18	146.84	45.65	391.76
Subscribers growth 2008 to 2009 (%)	39%	46%	54%	68%	50%
Share of Subscribers (%) 2009	16%	35%	37%	12%	100%

*Source:* TRAI

According to the service providers, around 106,518 mobile towers were in rural areas as of June 2008. However, out of these only 29,723 towers, or approximately 30%, were shared by the service providers. To meet the rural mobile target of the Eleventh Five Year Plan, an additional 40,875 mobile towers are necessary to facilitate the next 100 million rural subscribers. To provide connectivity to these additional towers, there will be a substantial need of backhaul for both voice and broadband.

For wireless service providers to penetrate the rural and semi-urban areas, significant investments are necessary, and passive infrastructure sharing is an important tool to achieve faster roll-outs and to save operating and capital expenditure. There is an incentive for wireless service providers to share passive infrastructure in the rural and semi-rural areas based on the higher costs of land development, the need for additional security, related insurance costs, the frequency of power shortages, the increased capital needed to build ground-based towers, the lack of clear land ownership and the expensive nature of backhaul connectivity to and in rural areas.

- **High Minutes of Usage (MoUs)**  
India has high MoUs (484 minutes per month per subscriber for GSM and 357 minutes per month per subscriber for CDMA) which results in a higher demand of cell-sites and, consequently, towers. Usage of mobile services is much higher in India compared to China according to the TRAI Report of 2006. The MoU of GSM and CDMA based mobile services in India are 32.0% and 70.0% higher, respectively, when compared with Chinese services.
- **Reduction in Upfront Capital Expenditure**  
Passive infrastructure sharing allows wireless service providers to maintain an asset-light service approach and frees significant cash resources. As a result, wireless service providers can invest in radio network expansion and distribution, which will be crucial for the service providers to remain competitive, and focus on core activities, like marketing.
- **Reducing time to market**  
With a view to tap the subscriber early, the operators are increasingly focusing on reducing the time to market, which is possible by sharing of passive infrastructure.
- **Spectrum constraints and network quality**  
The spectrum allocation is stringent in India with operators receiving spectrum based on subscriber based criteria. The denser the network, the better the service quality is for an operator. A dense network would mean more cell sites and, therefore, create a higher demand for the towers.
- **Government initiatives on infrastructure sharing**  
DoT has promoted infrastructure sharing in India through schemes like the USO Fund Scheme. In addition, it has laid down the guidelines for active infrastructure sharing in India.

#### **DoT Guidelines on Infrastructure Sharing**

To reduce input costs of telecommunications access Service Providers and to enhance tele-density, including for rural areas, the Department of Telecom has formulated the following guidelines on infrastructure sharing among the Service Providers and Infrastructure Providers:

- ◆ Sharing of active infrastructure amongst Service Providers based on the mutual agreements entered amongst them is permitted. Active infrastructure sharing is limited to antenna, feeder cable, Node B, Radio Access Network (RAN) and transmission system only. Sharing of the allocated spectrum is not permitted. The licensing conditions of UASL/CMSP will be suitably amended by the Regulator/DoT wherever necessary to permit such sharing.
- ◆ Infrastructure Providers (IP) Category-I are allowed to seek SACFA siting clearance for erecting towers with or without an agreement with licensed Service Providers.
- ◆ SACFA procedure is being further simplified to reduce the time for SACFA clearance to about 45 days. Sites located beyond 7 Kms from Airport Reference Point (ARP) with antenna height not exceeding 40 meters from airport level need only be “registered” on the WPC Website, and clearance will be issued accordingly.



- ◆ Service Providers may share passive infrastructure in accordance with the existing provisions in the licences of BSOs, CMSPs and UASLs.
- ◆ For giving financial incentives on the infrastructure sharing in the urban areas, State Governments shall be requested to charge the same amount for setting up a shared tower irrespective of the number of Service Providers sharing the same tower at par with the amount for an unshared tower.

### **Universal Service Obligation (USO)**

The NTP 1999 envisaged the provision of basic telecommunications services at affordable prices in rural and remote areas of India. The financial resources for meeting the universal service obligation are being collected by way of Universal Service Levy (“USL”), which is a specified percentage of the revenue earned by the service providers holding different types of licenses. The Universal Service Obligation Fund (“USO Fund”) initially provided support for public access through public phones and now intends to provide support for creation of infrastructure to facilitate provision of wireless services in specified rural and remote areas.

A scheme has already been launched by the USO Fund (Phase 1) to provide subsidy support for setting up and managing 7,871 infrastructure sites (i.e., towers) in 500 districts spread over 27 states for the provision of mobile services in the specified rural and remote areas, where there was no existing fixed wireless or mobile coverage.

The USOF has also invited expressions of interest (“EOI”) for the nearly 11,000 towers in Phase 2, which it wants to erect in various rural areas across India, and will be inviting bids in near future. DoT has issued the following guidelines for subsequent USO Schemes:

- ◆ For giving financial incentives for developing infrastructure and promoting its sharing in rural areas, all the eligible Service Providers/ Infrastructure Providers (“IP”) Category-I shall be permitted to participate in the forthcoming scheme of USOF on infrastructure sharing irrespective of the fact they were beneficiaries in the first phase of the scheme of infrastructure sharing within that particular area.
- ◆ The IP shall set up Ground Base Tower (“GBT”) with a minimum height of 40 meters with a design duly approved by TEC/ SERC/ IITs. Such tower shall be capable of catering to a minimum of three Service Providers that will share the tower for the provision of mobile services. However, the number of Service Providers sharing this tower may vary depending upon the proposal submitted by Infrastructure Provider at the time of registration with USOFA.
- ◆ The IP will have to set up the infrastructure site within one year from the date of signing of the Agreement with Administrator of USOF. No subsidy shall be payable to the IP if such infrastructure is set up after expiry of the LD period.
- ◆ The subsidy payable to the IPs for the Second Phase of the USOF Scheme on infrastructure sharing shall be based on the Representative Rate that emerges from the outcome of the bidding process for Part-A of the First Phase of the Scheme. However, the subsidy shall be moderated by taking into account the changes in some of the economic parameters, which have subsequently changed. If the number of Service Providers in the Second Phase of the Scheme, regardless of whether they were a beneficiary in the First Phase of the Scheme, is less than the number of Service Providers proposed at the time of registration, then the amount of subsidy that is payable from USO Fund to the IP shall be reduced proportionately based on the number of proposed Service Providers compared to the number of Service Providers who actually participated in the Second Phase.
- ◆ To encourage the concept of infrastructure sharing in rural and remote areas, no subsidy shall be paid if newly erected tower is not shared.
- ◆ In the Second Phase of the USOF Scheme, an IP with two or more Service Providers (regardless of whether they were a beneficiary in the First Phase of the Scheme) or a group of two or more Service Providers, may come together and register themselves with USOFA for setting up the tower and providing mobile services along with the consent of the three USPs to share the towers.

- ◆ If non-conventional energy sources are used, the Service Providers may avail several fiscal and financial incentives under the various schemes/programmes of the Ministry of New and Renewable Energy.
- **Local restrictions and environmental benefits.** As local authorities become more concerned about the environmental and aesthetic effects of the number and location of antennae in an area, zoning regulations, much like those in the United States, will start to play an important role in driving service providers to share passive infrastructure.

### **Tower Company Business Model**

Tower companies are engaged in owning and managing tower assets which provide significant strategic advantages to wireless service providers.

The key aspects of a tower company business model are:

- **Types of Towers:** Typically, there are two types of towers: (1) Ground-Based Towers (GBT) and (2) Roof Top Towers (RTT). The GBT are based from the ground, whereas the RTT are located on a roof top or a building. Apart from the geography, the rent charged by a tower company will differ based on the type of towers. In most cases, the rent for a GBT is higher compared to the rent for a RTT, primarily because the capital expenditure for a GBT, in most cases, is much higher than for a RTT.
- **Significant operating leverage:** For a tower company, most of the costs are fixed and incurred on a per tower basis, except for some variable cost items like power and fuel. Hence, as the number of tenants on the towers increase, the costs are recovered faster, and profitability increases. Thus, the tower business model is high on operating leverage.
- **Low churn:** Towers are an integral part of the wireless service provider networks, and it may be difficult to move to another tower leasing company. Also, most contracts between service providers and telecommunication infrastructure providers are long-term in nature and, thereby, increase switching costs. In addition, the complexity in adjusting to a competitor's tower sites further lowers churn rate.
- **Long-term contracts:** Typically, the market convention is to have long-term contracts for sharing passive infrastructure.
- **Low risk of technology obsolescence:** Tower companies provide passive infrastructure that is generally technology neutral. Wireless service providers own their equipment and, therefore, bear the technology risk. Tower infrastructure companies bear almost negligible risk due to technology obsolescence.

### **Consolidation in the Industry and High Investor Interest**

The Indian telecommunication tower industry has witnessed significant consolidation with rising interest from international players.

- Tata Teleservices and Quippo Telecom agreed to combine their tower assets in January 2009, with TTSL holding a 51% stake and Quippo Telecom holding a 49% stake along with management control. Quippo Telecom contributed cash of US\$480 million for a 30% stake and transferred its passive telecommunications tower portfolio of approximately 5,000 towers for the remaining 19% stake.
- Indus Towers Limited, formed as a joint venture between Bharti Infratel Limited, Vodafone Essar Limited and Idea Cellular Limited, is India's largest tower company with operations in 16 circles. Bharti Infratel Limited and Vodafone Essar Limited each own 42% while Idea Cellular Limited owns 16%. Indus Towers Limited was formed as an independent tower company to provide passive infrastructure services in India to all operators on a non-discriminatory basis.
- Private equity firm Kohlberg Kravis Roberts & Co ("KKR") invested in Bharti Infratel in 2008.
- New Silk Route Towers acquired a majority stake in Aster Infrastructure in August 2007.

- American Tower Corporation (“ATC”) through its Mauritius subsidiary, American Tower Mauritius, announced plans to acquire XCEL Telecom Private Limited (“XCEL”) in March 2009. XCEL owns and operates approximately 1,700 wireless communications tower sites, including a number of towers that are currently under construction. When combined with ATC’s existing operations in India, including 200 towers as of December 31, 2008, the acquisition create a combined portfolio of approximately 1,930 tower sites in 15 telecom circles.
- Quippo Telecom acquired the towers business of Spice Communication, comprising of 875 telecom towers, in December 2007.

### **Recent agreements between tower companies and telecom operators**

To improve the profitability of their businesses, the tower companies continuously target to garner external tenancies and the operators also stand to gain significantly from reduced capital expenditure and better utilisation of resources. In light of the same, recently a number of telecom operators and tower companies have entered into agreements.

- Reliance Infratel entered into a Rs.10,000 crore passive infrastructure sharing agreement with Etisalat DB Telecom Private Limited (“EDB”) in July 2009. EDB and its subsidiary would outsource their telecom infrastructure requirements for the 15 telecom circles, encompassing end-to-end tower and transmission infrastructure to Reliance Infratel Limited and Reliance Communications Limited, respectively. In August 2009, Reliance Infratel has signed an infrastructure sharing agreement with S Tel. The pact was to cover six circles - Orissa, Bihar, Himachal Pradesh, North-East, Assam and Jammu & Kashmir, where the telecom operator intends to roll out its GSM services.
- In February 2009, Unitech Wireless signed an infrastructure sharing deal with WTTIL Quippo for leasing of towers. The agreement enables Unitech to roll out GSM services in the second half of 2009. In addition, Unitech entered into an agreement with Tata Teleservices for the provision of transmission.
- Datacom Solutions signed an infrastructure sharing deal with Tata Teleservices to lease bandwidth, as well as towers, across the country. Tata Teleservices will provide transmission services while WTTIL will provide passive infrastructure, like towers and shelters, to Datacom. The deal is for a period of 10 years and is extendable for another five years.

### ***Optic Fibre Cable (“OFC”)***

An optic fibre is a glass or plastic fibre that carries light along its length. Optic fibres are widely used in fibre-optic communications, which permits transmission over longer distances and at higher bandwidths (data rates) than other forms of communications. Fibres are used instead of metal wires because signals travel along them with less loss, and they are also immune to electromagnetic interference. Fibres are also used for illumination, and are wrapped in bundles so they can be used to carry images, thus allowing viewing in tight spaces. Specially designed fibres are used for a variety of other applications, including sensors and fibre lasers.

Fibre-optic communication is a method of transmitting information from one place to another by sending pulses of light through an optic fibre. The process of communicating using fibre-optics involves the following basic steps: Creating the optic signal involving the use of a transmitter, relaying the signal along the fibre, ensuring that the signal does not become too distorted or weak, receiving the optic signal, and converting it into an electrical signal. Modern fibre-optic communication systems generally include:

- **Transmitters:** used to convert an electrical signal into an optic signal to send into the optic fibre.
- **Receivers:** the main component of an optic receiver is a photodetector, which converts light into electricity using the photoelectric effect.
- **Fibre cable:** containing bundles of multiple optic fibres that are routed through underground conduits and buildings.
- **Amplifiers:** amplifies the optic signal directly without having to convert the signal into the electrical domain.

### Why OFC:

Optic fibres are increasingly used for the transmission of data packets and voice signals in the telecommunication industry. OFC provides the skeleton for telecommunication networks and is a core asset for telecom operators. Fibre optics technology has many unrivalled advantages, some of which are listed below:

- OFC offers enormous potential bandwidth that is many orders of magnitude greater than that obtained using copper cable or microwave links. This enables fibres to simultaneously carry voice, data, image and video signals. Compared to microwaves, OFC have greater carrying capacity and can meet the requirements beyond the basic needs of text and voice.
- OFC, even after applying protective layers, is far smaller and much lighter than corresponding copper cable. This is a tremendous boon to alleviating duct congestion in cities.
- OFC form a dielectric and are, therefore, free from electromagnetic interference resulting in better quality of voice and data transfer.
- Optically transmitted signal cannot be obtained non-invasively as they do not radiate significantly, thus ensuring a high degree of signal security.
- Signal transmission loss for OFC's is as low as 0.2dB/km, and, as such, a major advantage of optic fibre is extremely wide repeater spacings (70 to 100km) making OFC very economical in long-haul communication links. This, in turn, reduces both system cost and complexity.
- Due to the low loss property, system reliability is generally enhanced in comparison to conventional electrical conductor systems. Furthermore, optic components have predicted lifetimes of 20 to 30 years. Combined, these factors tend to reduce maintenance time and costs.

### OFC network in India:

Currently around 700,000 route-kilometers of optic fibre are present across India. This OFC belongs to various NLD operators or access service providers. Out of the existing 29,000 rural exchanges of the incumbent BSNL in the country, the majority of them (around 70%) have OFC connectivity. However, majority of this connectivity has very low bandwidth (8 Mbps) and, therefore, cannot be shared. Our Company has one of the largest OFC coverage in the country with approximately 192,000 route-kilometres of optic fibre.

As per the data provided by the service providers, about 75–80% of their rural BTSs have microwave as the backhaul. One of the major reasons for the high percentage of microwave links is that microwave links are cheaper to install and have no incremental annual charges. The spectrum for access and backhaul (for BTS to BSC connectivity) is charged on AGR basis, and, therefore, there is no incremental cost involved in using that microwave for rural areas which is already allotted for urban areas.

### Telecom resources as of June 2008

<b>BTSS</b>	
Total	222,137
Urban	115,619
Rural	106,518
Rural shared	29,723
%	27.9%
<b>Connectivity to Rural BTSS</b>	
No. of BTS on OFC / UG Cable	21,795
No. of BTS on Microwave	84,458
No. of BTS on Satellite Link	265
<b>Total</b>	<b>106,518</b>

The cost of laying the OFC is approximately Rs. 250,000 per km. Even though OFC is more expensive than microwave links, over a longer period it will yield significant benefits over microwave links. Unlike spectrum for an optic fibre network access service, spectrum for microwave is charged on number of links and, in view of large distances in rural areas, the spectrum charges become considerable. Accordingly, microwave can provide

short term solutions, but, in the long term, the bandwidth provided by microwave will not be sufficient to cater to applications, such as entertainment and tele-education, that require more bandwidth. For these applications, an optic fibre network is superior option to connect mobile towers. In developed markets, broadband and other bandwidth intensive services which are supported by optic fibre communication are becoming increasingly popular. With the advent of 3G, the Indian market is expected to follow a similar trend. Additionally, OFC provides tenants with a more economical, higher quality and more secure connection between towers when compared to microwave.

#### Calculations of cost of laying OFC per km

	Item	Amount (Rs.)	Remarks
1	One km 24 Fibre Cable	30,000	
2	One km Pipe	20,000	
3	Laying by Machine	180,000	Rs. 180 per meter
4	RoW Charges	20,000	Rs. 20 per meter
	<b>Total per km</b>	<b>250,000</b>	

Source: TRAI

Note: The RoW charges may differ depending on the area

Given the long term requirements of rural areas, including broadband for various information and communication technology applications, optic fibre is presently the most feasible solution. Moreover, UAS Licensees face a substantial delay, ranging from 3 to 9 months, in allocation of spectrum both for backhaul and BTS access. With the increase in the rural penetration, this scarcity of spectrum is likely to increase further. Optic fibre offers an alternate feasible option for connecting these BTSs.

Under the “Recommendations on An Approach to Rural Telephony - Suggested Measures for an Accelerated Growth”, TRAI has emphasised that, in addition to developing the mobile infrastructure, data services through broadband should be provided to rural establishments. TRAI has further recommended that the state government should plan to improve the local digital infrastructure in rural areas, including computer facilities at schools, hospitals, and government offices. This is expected to further accentuate growth of broadband and information communication technologies with the rural populations beginning to require additional bandwidth which can be effectively addressed by building OFC networks.

Laying of OFC networks requires substantial upfront capital expenditure and could require eight to ten years. The ducts used for OFC typically survive for 50 years or more while the fibre can be expected to last up to 30 years with reasonable operational and maintenance expenditure. Given the long life expectancy and the substantial capital expenditure requirements, sharing of OFC networks makes considerable sense for network operators. They can focus on core operations and cut down on capital expenditures. New telecom operators are likely to extensively leverage upon the OFC and tower infrastructures of others to benefit from attractive economics and faster time to market. In addition to the new telecom operators, incumbent operators may find it more economical to lease point-to-point OFC fibre-pair for transmission of voice and data rather than leasing of capacity from other wireless operators.

## REORGANISATION

Until March 30, 2007 we were a dormant company with no material business or assets. In order to streamline the telecommunications business of the Reliance ADA group and consolidate the Passive Telecom Infrastructure assets of different companies in the group, the following restructuring steps were taken through a court sanctioned process:

1. Amalgamation of RNGTPL, a subsidiary of RCOM that held certain telecommunications assets which could be usefully combined with Passive Infrastructure into our Company.
2. Amalgamation of RISL (erstwhile subsidiary of RTL) with RTL, to ensure that GSM license for Kolkata circle and related assets and liabilities, including Passive Infrastructure assets, was held in one entity, i.e., RTL.
3. PTI Demerger Scheme between RCOM, RTL and our Company, where RCOM and RTL transferred to us the Passive Telecom Infrastructure assets (including Passive Telecom Infrastructure acquired by RTL pursuant to the scheme of amalgamation with RISL) that now constitutes part of our business operations.
4. OFC Demerger Scheme between RCOM and our Company, where RCOM transferred to us the Optic Fibre Undertaking that now constitutes part of our business operations.

### **Scheme of Amalgamation of RNGTPL with our Company and their respective shareholders and creditors (the “Merger Scheme”)**

Our Company gave effect to the Merger Scheme on March 30, 2007 (the “**Merger Effective Date**”), which is the date on which an certified copy of the order of the High Court of Bombay sanctioning the Merger Scheme was filed with the Registrar of Companies, Maharashtra, Mumbai.

On the Merger Effective Date, and upon the High Court of Bombay passing an order for dissolution without winding-up of RNGTPL under Section 394 of the Companies Act, RNGTPL was amalgamated into our Company.

Set forth below are certain key features of the Merger Scheme.

#### ***Share Capital***

As of January 22, 2007:

- the authorised, issued, subscribed and paid-up share capital of RNGTPL was Rs. 1,000.1 million; and
- the authorised share capital of our Company was Rs. 1,000.5 million

#### ***Transfer and Vesting of Undertakings***

With effect from the Merger Effective Date:

- (i) RNGTPL’s entire business and undertaking including all its assets and properties of any nature were transferred to our Company, and became the business, assets and properties of our Company; and
- (ii) RNGTPL’s debts, liabilities, duties and obligations of any nature were transferred to, vested in and assumed by our Company and became the debts, liabilities, duties and obligations of our Company on the same terms and conditions as were applicable to RNGTPL.

#### ***Reorganisation of capital and issue of shares***

On the Merger Effective Date, our Company allotted Equity Shares in a ratio of 1:1 to RNGTPL’s equity shareholders whose names were recorded in its register of members (the “**RNGTPL Shareholders**”). This allotment was made in consideration of the RNGTPL Shareholders agreeing to the extinguishment of RNGTPL’s shares consequent to the amalgamation and the dissolution without winding up of RNGTPL in terms of the Merger Scheme.

### ***Accounting Treatment***

On the Merger Effective Date, our Company took the following measures for accounting treatment pursuant to the Merger Scheme:

- The face value of the Equity Shares issued to the RNGTPL Shareholders was recorded as Equity Share capital;
- Inter-company balances were cancelled;
- All RNGTPL's assets were recorded by our Company at the fair value of such assets. All the liabilities recorded in RNGTPL's books became the liabilities of our Company and were recorded by our Company at their respective fair values.
- The excess of the net asset value of RNGTPL transferred to our Company after making the above adjustments was recorded as the "General Reserve" of our Company and is available to our Company for such purposes as our Company considers proper, including but not limited to the declaration of dividends. This General Reserve is a reserve arising out of the Merger Scheme and is not considered to be a reserve created by our Company; "Net Asset Value" is computed as the fair value of the assets of RNGTPL transferred to our Company less the fair value of the liabilities becoming liabilities of our Company and the difference, if positive, is considered an 'excess' and, if negative, is considered a 'shortfall'.

### ***Legal Proceedings***

On the Merger Effective Date, all suits and proceedings by or against RNGTPL pending and/or arising on or before the Merger Effective Date could be continued and enforced by or against our Company as if these had been pending and/or arising by or against our Company.

Our Company has undertaken to have all legal or other proceedings initiated by or against RNGTPL transferred to its name and to have the same continued, prosecuted and enforced by or against itself.

### ***Contracts, deeds and other instruments***

From the Merger Effective Date, all contracts and other instruments, (including tenancies, leases, licenses and other assurances in favour of RNGTPL or powers or authorities granted by or to it) of any nature to which RNGTPL was a party or to the benefit of which RNGTPL was eligible, and which were subsisting or had effect immediately before the Merger Effective Date, without any further act, instrument or deed, came into full force and effect against or in favour of our Company, as the case may be, and may now be enforced as if our Company had been a party thereto.

### ***Winding up of RNGTPL***

On the Merger Effective Date, RNGTPL was dissolved without being wound up. Its board of directors and committees thereof were also dissolved without any further act, instrument or deed.

### **Scheme of Arrangement between RCOM, RTL and our Company and their respective shareholders and creditors (the "PTI Demerger Scheme" or the "Scheme")**

The PTI Demerger Scheme provided for the vesting of the assets described below (the "**Passive Infrastructure**") of RCOM and RTL in the Company pursuant to the provisions of Sections 391 to 394 of the Companies Act.

The PTI Demerger Scheme defines Passive Infrastructure as:

*"wireless and broadcast towers used for the purpose of hosting and assisting in the operation of plant and equipment (active infrastructure) used for transmitting telecommunication signals, being towers owned and operated by RCOM and RTL situated in India; and includes the towers under construction or otherwise being transferred to RCOM and/or RTL; all rights, titles, deposits, and interests over the land on which such towers have been or are proposed to be constructed or erected or installed; and all plant and equipment recognized by the wireless communication operators as forming part of the Passive Infrastructure including in particular the electrical power connections and such other rights, permissions or approvals, whether from government bodies or otherwise which may be necessary or deemed to be necessary, utilities, engine alternators and power back up equipments, all associated civil and electrical structures, as also the mobile towers but exclusive of the right of*

*RCOM and RTL to use the towers for the purpose of their business, at such terms and conditions as the Board of Directors of the respective companies may find reasonable and appropriate”*

Our Company gave effect to the PTI Demerger Scheme on April 10, 2007 (the “**Effective Date**”), which is the date on which an certified copy of the order of the High Court of Bombay sanctioning the PTI Demerger Scheme was filed with the Registrar of Companies, Maharashtra, Mumbai.

As required under the provisions of the listing agreement, the said PTI Demerger Scheme was also filed with the stock exchanges where equity shares of RCOM were listed and the stock exchanges gave their ‘no-objection’ for the same by way of their letters dated December 4, 2006 (NSE) and November 28, 2006 (BSE) under clause 24(f) of the listing agreement.

Set forth below are certain key features of the PTI Demerger Scheme.

### ***Share Capital***

As of September 30, 2006:

- the authorised share capital of RCOM was Rs.15,000 million while the issued, subscribed and paid-up capital was Rs.10,223.1 million;
- the authorised share capital of RTL was Rs.5,000 million while the issued, subscribed and paid-up capital was Rs.649.3 million; and
- the authorised, issued, subscribed and paid-up share capital of our Company was Rs.0.5 million.

The PTI Demerger Scheme provided that after September 30, 2006, but prior to the Effective Date, our Company would make an additional issuance of Equity Shares to its existing shareholders in an aggregate amount of Rs. 1,000 million, in a manner that does not change the shareholding pattern as of September 30, 2006. Our Company issued these Equity Shares on April 9, 2007.

### ***Demerger, transfer and vesting of Passive Infrastructure of RCOM and RTL into our Company***

On the Effective Date, the Passive Infrastructure of RCOM and RTL were transferred to and vested in our Company and became the business, assets and property of our Company along with all the rights, title and interests of RCOM and RTL therein, free from all charges and encumbrances. This transfer is subject to certain rights retained by RCOM and RTL, which include the right to use the towers for each of their business purposes without payment for such use, or upon payment of a reasonable charge that is acceptable to RCOM and RTL and to our Board.

Our Company has since then entered into the Master Services Agreement with RCOM and RTL in terms of which our Company has agreed to make the Passive Telecommunications Infrastructure available to RCOM and RTL and to provide all associated services to RCOM and RTL with respect to the management, operations and maintenance of the Passive Telecommunications Infrastructure on such charges as agreed under the Master Services Agreement. For more details, see the section “History and Certain Corporate Matters – Material Agreements” on page 97 of this Draft Red Herring Prospectus.

### ***Accounting Treatment by our Company***

The Scheme provides for the following accounting treatment by our Company with respect to the Passive Infrastructure.

- Our Company recorded the Passive Infrastructure at its fair value as of the Effective Date; and
- Our Company also credited an amount equal to the fair value of the Passive Infrastructure to its general reserve, which now constitutes the free reserves available for purposes that our Company considers proper, including, in particular, to off-set any Additional Depreciation that may be charged by our Company; “Additional Depreciation” means depreciation provided, charged or suffered by our Company on the assets transferred by RCOM and RTL under the PTI Demerger Scheme in excess of that which would be chargeable on the original book value of these assets as if there had been no revaluation or transfer of these assets pursuant to two earlier schemes of arrangement (with respect to RCOM) sanctioned by the High Court of Bombay and the High Court of Gujarat on July 21, 2006 and July 18, 2006 respectively and/or under the PTI Demerger Scheme.



### ***Legal proceedings***

The PTI Demerger Scheme provides that all legal proceedings by, or against, RCOM and RTL in respect of the Passive Infrastructure pending or arising before the Effective Date shall be continued by, or against, our Company, as the case may be. Under the PTI Demerger Scheme, our Company has undertaken to transfer to its name and ensure continuance of such legal proceedings and to indemnify RCOM and RTL in respect of any liabilities incurred by them in any proceedings against them after the Effective Date.

### ***Contracts, Deeds***

Under the PTI Demerger Scheme, any contract, deed or agreement entered into by RCOM or RTL in respect of Passive Infrastructure and subsisting or having effect on the Effective Date shall continue in full force with respect to our Company, and may be enforced effectively by or against the Company, irrespective of anything to the contrary contained in such contract.

If required by any law or otherwise, our Company may, after the Effective Date, enter into or execute any deed, novation, confirmation or declaration to give formal effect to the provisions of such contracts on behalf of RCOM and RTL.

### ***Employees and Workmen***

On the Effective Date:

- All the employees of RCOM and RTL who were employed with respect to the Passive Infrastructure, became employees of our Company on terms that were not less favourable than the terms under which they were engaged by RCOM and RTL and without any interruption of or break in service; and
- Existing provident fund, gratuity fund, pension and other funds created by RCOM and RTL in respect of such employees will be transferred to our Company.

### ***Tax Credits***

Pursuant to the PTI Demerger Scheme, our Company is the successor of RCOM and RTL with respect to the Passive Infrastructure. Therefore, tax credits availed of by RCOM and RTL, or their obligations for the payment of tax with respect to such Passive Infrastructure has been deemed to have been availed of by, or be the obligations of, our Company as the case may be. However, the PTI Demerger Scheme provides that neither RCOM nor RTL is required to reverse any CENVAT credit as the PTI Demerger Scheme does not contemplate removal of any Passive Infrastructure by our Company from the premises on which it is installed.

### **Scheme of Arrangement between RCOM and our Company and their respective shareholders and creditors (the “OFC Demerger Scheme”)**

The OFC Demerger Scheme provided for the transfer and vesting of the Optic Fibre Undertaking of RCOM into our Company pursuant to the section 391 to 394 of the Companies Act.

The OFC Demerger Scheme defines Optic Fibre Undertaking as:

*“the entire business of the RCOM relating to optic fibre along with all related assets, liabilities, employees including specifically the following:*

- all assets wherever situated, whether movable or immovable, leasehold or freehold, tangible or intangible, including all capital work in progress, plant and machinery, equipment, trademarks, trade names, brands, investments and other IP rights, vehicles, furniture, fixtures, office equipment, computer installations, electrical appliances, accessories pertaining to the optic fibre undertaking;*
- all liabilities present and future (including contingent liabilities pertaining to or relatable to the Optic Fibre Undertaking), as may be determined by the Board of RCOM ;*
- all rights and licenses, all assignments and grants thereof, all permits, registrations, rights (including rights under any agreement, contracts, applications, letters of intent etc), approvals, regulatory approvals, entitlements, goodwill, cash balances, bank balances, bank accounts, receivables, loans and advances, privileges, all other claims, rights and benefits, powers and facilities of every kind, nature*

*and description whatsoever, inventory, rights to use and avail of telephones, telexes, facsimile connections and installations, utilities, electricity, water and other services, provisions, funds, benefits of all agreements, contracts and arrangements and all other interests in connection with or relating to the Optic Fibre Undertaking;*

- (iv) *all employees of RCOM substantially engaged in the Optic Fibre Undertaking as determined by the Board of RCOM;*
- (v) *all deposits and balances with Government, Semi-Government, local and other authorities and bodies, customers and other persons, earnest moneys and/ or security deposits paid or received by RCOM, directly or indirectly in connection with or in relation to the Optic Fibre Undertaking;*
- (vi) *all books, records, files, papers, directly or indirectly relating to the optic fibre undertaking; but shall not include any portion of the Remaining Business of RCOM and*
- (vii) *any other asset/liability which is deemed to be pertaining to the optic fibre undertaking by the Board of RCOM.”*

Our Company gave effect to the OFC Demerger Scheme on September 15, 2009 (the “**Effective Date**”), which is the date on which an certified copy of the order of the High Court of Bombay sanctioning the OFC Demerger Scheme was filed with the Registrar of Companies, Maharashtra, Mumbai.

As required under the provisions of the listing agreement, the said OFC Demerger Scheme was filed with the stock exchanges where equity shares of RCOM were listed, and the stock exchanges gave their ‘no-objection’ for the same by way of their letters dated April 15, 2009 (NSE) and April 13, 2009 (BSE) under clause 24(f) of the listing agreement.

Set forth below are certain key features of the OFC Demerger Scheme:

#### ***Share Capital***

As of March 31, 2008:

- the authorised share capital of RCOM was Rs. 15,000 million while the issued, subscribed and paid-up capital was Rs.10,320.10 million; and
- the authorised share capital of our Company was Rs. 15,000 million and the issued, subscribed and paid-up capital was Rs.3,990.20 million.

#### ***Transfer and Vesting of Optic Fibre Undertaking***

With effect from April 1, 2008 (“**Appointed Date**”):

- (i) The whole of the undertaking and properties of the Optic Fibre Undertaking was transferred to and vested in our Company so as to vest all rights, title and interest pertaining to the Optic Fibre Undertaking free from any charges and encumbrances, subject to non exclusive right of RCOM to use the Optic Fibre;
- (ii) At the option of our Company, the movable assets pertaining to the Optic Fibre Undertaking and the assets which are capable of transfer by physical delivery or endorsement shall be transferred to our Company;
- (iii) All debts, liabilities, contingent liabilities, duties and obligations of every kind were transferred to our Company and became the debts, liabilities, duties and obligations of our Company;
- (iv) any statutory licenses, permissions or approvals or consents held by RCOM required to carry on operations of Optic Fibre Undertaking were vested in or transferred to our Company; and
- (v) various incentives, subsidies, rehabilitation schemes, special status and other benefits or privileges enjoyed, granted by any Government body, local authority or by any other person, or availed of by RCOM relating to the Optic Fibre Undertaking will be available to our Company.

#### ***Accounting Treatment by our Company***

The Scheme provides for the following accounting treatment by our Company with respect to the Optic Fibre Undertaking:

- The aggregate of the consideration and liabilities taken over shall be apportioned amongst the assets of the Optic Fibre Undertaking based on their fair values;

- Losses on account of changes in exchange rates, relating to loans/liabilities denominated in foreign currencies taken/incurred which have been or are debited to profit and loss account of any year up to the year ending March 31, 2011 may, as determined by the Board of Directors and to the extent the balances are available, be adjusted by a corresponding withdrawal from the General Reserves of our Company.

#### ***Legal proceedings***

The OFC Demerger Scheme provides that all legal proceedings by, or against, RCOM in respect of the Optic Fibre Undertaking pending or arising before the Effective Date shall be continued by, or against, our Company, as the case may be. Under the Scheme, our Company has undertaken to transfer to its name and ensure continuance of such legal proceedings and to indemnify RCOM in respect of any liabilities incurred by them in any proceedings against them between the Appointed Date and the Effective Date.

#### ***Contracts, Deeds and Other Instruments***

Under the Scheme, all contracts, deeds, bonds, agreements and other instruments, if any, subsisting and having effect on the Effective Date and relating to the Optic Fibre Undertaking of RCOM shall continue in full force and effect with respect to our Company, and may be enforced effectively by or against the Company, notwithstanding anything to the contrary contained in such contract.

If required by any law or otherwise, our Company may, after the Effective Date, enter into or execute any deed, novation, confirmation or declaration to give formal effect to the provisions of such contracts on behalf of RCOM.

#### ***Employees and Workmen***

On the Effective Date:

- All the employees of RCOM who were engaged in or in relation to Optic Fibre Undertaking, became employees of our Company on terms that were not less favourable than the terms under which they were engaged by RCOM and without any interruption of or break in service; and
- Existing provident fund, gratuity fund, pension and other funds created by RCOM in respect of such employees will be transferred to our Company.

#### ***Tax Credits***

Pursuant to the OFC Demerger Scheme, our Company is the successor of RCOM with respect to the Optic Fibre Undertaking. Therefore, tax credits availed of by RCOM or their obligations for the payment of tax with respect to such Optic Fibre Undertaking has been deemed to have been availed of by, or be the obligations of, our Company as the case may be. However, the Scheme provides that RCOM is not required to reverse any central or state tax credits as the Scheme does not contemplate removal of any asset by our Company from the premises in which it is installed.

## OUR BUSINESS

### Overview

We are one of the leading passive telecommunication infrastructure providers in India, based on the number of telecommunication towers that we own and the extent of the coverage of our optic fibre cable (“OFC”) network. “Passive infrastructure” refers to the telecommunication towers for wireless telecommunication services and OFC used for the purpose of hosting and assisting in the operation of the active infrastructure used for transmitting telecommunications signals or transporting voice and data traffic. Our business is to build, own and operate telecommunication towers, OFC and related assets and to provide these passive infrastructure assets on a shared basis to wireless and other communications service providers, as well as non-communications customers under long-term contracts. These customers use the space on our telecommunication towers to install active communication-related equipment to operate their wireless communications networks.

We are a part of the Reliance ADA Group, one of India’s leading business conglomerates, with business interests in the communications, power, financial services and entertainment sectors, among others. We were founded by, and are a subsidiary of, RCOM, the second largest wireless communications company in India (in terms of subscriber base) (Source: TRAI), with a total of 72.66 million CDMA and GSM subscribers as of March 31, 2009, and the flagship company of the Reliance ADA Group’s communications business. Currently, RCOM and its wholly-owned subsidiary, Reliance Telecom Limited (“RTL”), are our anchor tenants for our towers, and RCOM is our anchor tenant for our OFC network.

We were incorporated on April 16, 2001 under the Companies Act, 1956, but until March 30, 2007, we were a dormant company with no material business or assets. On March 30, 2007, pursuant to the Merger Scheme approved by the High Court of Bombay, RNGTHPL, a subsidiary of RCIL which held certain telecommunications assets that could usefully be combined with passive infrastructure, was transferred into our Company. On April 10, 2007, pursuant to the PTI Demerger Scheme, RCOM and RTL transferred to us the telecommunication towers and related assets that now constitute a substantial portion of our business operations. On September 15, 2009, pursuant to the OFC Demerger Scheme, the OFC assets of RCOM were transferred into our Company.

For a detailed description of each of the Demerger Schemes, see “Reorganisation” on page 65 of this Draft Red Herring Prospectus. Further to the Demerger Schemes, we are in the process of implementing the following measures:

- transferring leases, for the land on which our telecommunication tower sites are located, from RCOM and RTL to us; and
- transferring various approvals from local and municipal authorities issued to RCOM and RTL to us to allow us to own and operate our telecommunication tower portfolio and OFC assets.

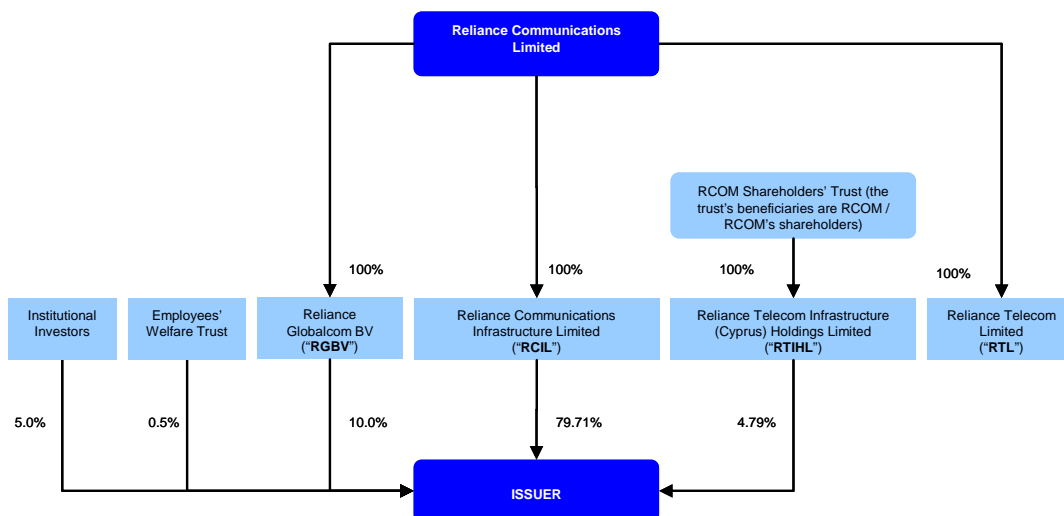
For a description of certain risks associated with these ongoing matters and with the Reorganisation in general, see “Risk Factors – We face certain risks associated with the Demerger Schemes” beginning on page xx of this Draft Red Herring Prospectus.

Prior to their transfer to us, RCOM and RTL principally used these passive infrastructure assets in a proprietary manner to operate their own respective wireless communications and voice and data networks.

We intend to capitalize upon what we believe to be emerging trends within the Indian telecommunications industry towards infrastructure integration and sharing, as well as the outsourcing of passive infrastructure operations to independent third-party passive infrastructure providers, by offering passive infrastructure sharing to multiple wireless service and voice and data providers on a co-location basis across our integrated telecommunication tower and OFC network.

### Corporate structure

The following chart sets out our corporate structure as of the date of this Draft Red Herring Prospectus:



Prior to the Issue, 94.5% of our issued share capital was indirectly owned or controlled by RCOM. Of this, 79.71% was owned by RCIL (which is wholly owned by RCOM), 10.0% was owned by RGBV and 4.79% was owned by RTIHL. RTIHL is a subsidiary of RCOM by virtue of being controlled by RCOM. Approximately 0.5% and 5.0% of our issued share capital was held by an employees' welfare trust and certain institutional investors, respectively.

Subsequent to the Issue, RCOM will continue to indirectly own or control approximately 85.0% of our issued share capital.

### Competitive strengths

We believe that our principal competitive strengths are as follows:

***One of the largest passive telecom infrastructure operators in India with countrywide networks of tower sites and optic fibre***

- We are one of the leading passive telecommunication infrastructure providers in India, based on the number of telecommunication towers that we own. Our telecommunication tower portfolio spans 23 circles and comprised a total of 47,358 towers as of March 31, 2009 and a total of 48,139 towers as of August 31, 2009 (each including telecommunication towers that are ready for installation and that are currently capital work-in-progress). Our network of telecommunication towers currently covers over 24,000 cities and 600,000 villages and is one of the most extensive coverage of telecommunication towers in the country.
- As of August 31, 2009, our OFC network encompassed approximately 192,000 kilometers of OFC comprising approximately 130,000 intercity kilometers in India and 66,000 kilometers of metropolitan cable. Our metropolitan network covers approximately 24,000 cities. Our network also covers approximately 600,000 rural villages.

We have a pan-India contiguous portfolio comprising a total of 47,358 telecommunication towers as of March 31, 2009 and a total of 48,139 telecommunication towers as of August 31, 2009 of which approximately 33%, were linked with our OFC network. We believe our integrated and comprehensive infrastructure solution combined with the reach of our portfolio will provide faster time to market for wireless operators and offers us a significant marketing advantage over our competitors. RCOM has incurred significant resources over a substantial period in developing our passive infrastructure, including laying our OFC network and ducts and obtaining various regulatory and other approvals from several agencies. We believe that this gives us an inherent advantage, as it will take our competitors several years to replicate our passive infrastructure.

### ***Significant infrastructure in place to capture the future growth potential of the telecommunications sector***

- All our telecommunication towers are configured to host multiple wireless service providers. As of August 31, 2009, our average system-wide telecommunication tower capacity (measured in terms of available hosting slots per telecommunication tower) was four tenants per tower, while our actual system-wide average telecommunication tower occupancy rate was 1.6 tenants per tower. We believe that the capacity available on our telecommunication tower portfolio, and our overall portfolio profile, position us well to capitalize on an increase in tower-sharing within India. We believe we are in a favorable position to accept large infrastructure sharing contracts from communications service providers, such as the recently executed contracts with entities such as Etisalat DB Telecom Private Limited (“EDB”), Sistema Shyam Infrastructure Limited, Tata Teleservices Limited and Aircel Private Limited, due to the size of our passive infrastructure network. We are also in advanced stages of negotiations with various operators and cable television providers for OFC and duct-sharing arrangements.
- We believe our OFC business has large capacity on its network, which can be made available to our customers in accordance with their requirements which will enable the growth of our business. Our OFC assets include extra ducts and a large part of our OFC network has been laid with eight ducts, a significant portion of which remain unutilized and can be leased out to our customers. We believe such an arrangement is economical and provides immediate strategic advantages to the telecom operator such as reducing the time to market its services, thereby allowing the operator to focus on core business activities such as marketing and reducing capital expenditure instead of requiring the operator to set up its own infrastructure for connecting equipment. We believe that no other existing passive infrastructure company operating in India currently has similar competitive and cost advantages.
- We believe that we have a relatively young portfolio of telecommunication tower assets, which positions us favorably to capture the incremental demand from the new GSM operators in the country. Substantially all of our telecommunication tower portfolio is capable of hosting the 1800 MHz spectrum. Given that new telecommunications operators have been granted spectrum in the 1800 MHz bandwidth, we believe this positions us favorably to capture the infrastructure needs of the new GSM service providers that are commencing operations in India. Our portfolio of telecommunication tower assets has an average age of approximately two years as of August 31, 2009, which we believe will allow us to incur relatively lower maintenance expenses than we would if our portfolio were older and also means that we will not be required to replace our existing telecommunication towers for a longer period.

### ***Unique ability to offer a comprehensive end-to-end value proposition***

- We believe the combination of our OFC network and the telecommunication towers enables our Company to provide pan-India, state-of-the-art passive infrastructure on a one stop shop basis to wireless and other communications service providers, as well as non-communications customers. Our infrastructure, combined with the services provided by RCOM and other group companies, enables us to provide a comprehensive range of communications services designed to meet the needs of our customers over our network, including IP and data services, co-location services, and softswitch and voice services.
- We have access to critical information technology systems, which allow us to monitor the performance of our telecommunication tower sites on a real-time basis and positions us to respond quickly to potential problems. Most of our sites are connected to RCOM’s NNOC at Dhirubhai Ambani Knowledge City in Navi Mumbai. These sites are monitored from NNOC, which provides us with continuous, real-time information on the functioning of these telecommunication towers, including the identification of any power fluctuations, security breaches or temperature changes. We believe that this allows us to offer customers a robust tower network with significant reliability advantages.
- Given our pan-India and contiguous telecommunication tower portfolio and our OFC presence, we believe we are able to leverage economies of scale in relation to maintaining our existing infrastructure, as well as in relation to new infrastructure that we develop. We believe this allows us deliver value to

our customers on a sustained basis. We believe our Company is well positioned to optimize the future expansion of passive infrastructure on an integrated basis.

***Significant project execution, operational and management experience***

- We are led by a management team that has been involved in the roll-out of our existing portfolio (including when it belonged to RCOM and RTL) from the start of its development until the present. Throughout the course of building a telecommunication tower portfolio numbering 47,358 and 48,139 telecommunication towers (each including telecommunication towers that are ready for installation and that are current capital work-in-progress) as of March 31, 2009 and August 31, 2009, respectively, and rolling out approximately 192,000 kilometers of OFC, our management team has developed project and operational management expertise and understands the key opportunities and risks associated with our business. We believe that this expertise, which also extends down from our management team to many levels of our working teams (key members of which also joined us in connection with the Demerger Schemes), will prove to be a critical business strength as we look to expand our portfolio and customer base over the course of the coming years. We believe that, among other things, this experience will provide us with advantages with respect to commercial negotiations with suppliers, identifying areas for cost reductions and other efficiencies, anticipating and avoiding potential execution roadblocks and completing our expansion plans on time and within budget.

***Relationship with the Reliance ADA Group and the Reliance ADA Group brand***

We are a part of the Reliance ADA Group, one of India's top private sector conglomerates with a net worth in excess of Rs. 780,000 million as of March 31, 2009. Of particular importance to our Company is the communications business of RCOM, the Reliance ADA Group's flagship company in the communications business, as it is India's second largest information and communications company in terms of wireless subscribers, with 72.66 million wireless subscribers as of March 31, 2009 (*Source*: TRAI). RCOM has established a pan-India, high-capacity, integrated (wireless and wire line), convergent (voice, data and video) digital network, offering services spanning the entire telecommunications value chain. RCOM currently provides services in both CDMA and GSM across India, with GSM services available in all circles and CDMA services in 21 circles. We have tower sites in all of India's 23 circles. For an explanation of India's classifications of telecommunication circles or "circles", see "Industry Overview" on page 46 of this Draft Red Herring Prospectus. RCOM is the second largest wireless communications company in India, with 18.5% of overall wireless communications market share as of March 31, 2009 and 20.6% net subscriber addition share for the year ended March 31, 2009 (*Source*: TRAI). Additionally, we have entered into an agreement with Reliance ADA Group Private Limited for shared services and cost sharing arrangements.

We believe that our affiliation with RCOM and the Reliance ADA Group, and the associated rights to use the "Reliance ADA" name, offers us significant branding strength within India, which we believe we can leverage to our advantage to develop our business.

***Well positioned to benefit from RCOM and its subsidiaries' growth plans***

We believe our relationship with RCOM and RTL offers us a number of key business advantages, including the following:

- we believe that we are well positioned to benefit from RCOM and RTL's expansion plans and have significant opportunities for growth as a result of having a long-term Master Services Agreement with RCOM and RTL providing that, among other things, we have a right of first refusal to develop new tower sites for the expansion of their respective wireless networks and they will not compete with our Company in the telecommunication tower business. We also believe there to be a number of areas for synergies between our business and that of RCOM and its subsidiaries (including, for example, joint arrangements to allow third-party wireless service providers to offer our telecommunication towers together with RCOM's bandwidth sharing services) which we believe will present growth opportunities for our business in the future;
- under our Master Services Agreement dated April 10, 2007 with RCOM and RTL, RCOM and RTL have agreed to provide us with reasonable financial support in the event that we require such support and under our Shared Services Agreement with RCOM and its subsidiary companies, our business has

access to RCOM's communications-related expertise in a number of areas that are critical to our business; and

- we have signed the OFC MOU dated March 15, 2009 with RCOM as the anchor tenant for our OFC network. Pursuant to the OFC MOU, we have granted RCOM an indefeasible right to use ("IRU") upto 80% of the total OFC network capacity as on the effective date of the OFC Demerger Scheme, and we believe the remaining capacity provides a significant opportunity for leasing to other wireless operators and other entities offering new services like data services, IP television, video on demand, cable television, online gaming, video chat, video conferencing, digital movies and digital music.

### **Business strategy**

Our business objective is to capitalize on emerging trends within the Indian telecommunications industry to expand our business, through the following strategies:

#### ***Anticipate and capitalize on emerging trends within the Indian telecommunications market***

According to a press release by the TRAI on April 21, 2009, India had approximately 429.72 million fixed-line and wireless telecommunication subscribers as of March 31, 2009, of which 391.76 million were wireless telecommunication subscribers. The DoT has indicated that it expects India to have approximately 500 million telephones in use by December 2010. To meet this target, TRAI estimates that approximately 330,000 telecommunication towers will be required by 2010. As of March 31, 2009, India had approximately 240,000 telecommunication towers. At the same time, we believe there are, and will be, increasing reasons, both market-driven and otherwise, for wireless service providers to actively seek to share passive infrastructure, including declining ARPU, government incentive schemes and policies that promote such sharing, relative saturation of India's major telecommunications markets, wireless service providers' expansion of wireless networks to India's less densely-populated and more remote areas and the emergence of new technologies like 3G services. As such, we are planning to expand our portfolio in a manner that will enable us to benefit from this overall growth and tap into what we believe will be an increasing demand by wireless service providers for passive wireless infrastructure sharing.

As of April 1, 2008, the Ministry of Communications and Information Technology permitted active sharing of infrastructure among service providers. Such active infrastructure sharing is limited to antennae, feeder cables, Node B, radio access network ("RAN") and transmission systems only. However, sharing of allocated spectrum is not permitted.

We intend to explore the opportunities that such sharing presents to our Company and look for ways in which we may enter into such an integrated market and expand our business. Clause 2.9 of the Master Services Agreement provides that if applicable laws and regulations permit active infrastructure sharing, and subject to ourselves, RCOM and RTL agreeing to mutually acceptable terms, RCOM and RTL shall first offer to transfer their active infrastructure to our Company.

We believe the entry of several new communications service providers and the expanding networks of existing communications service providers are contributing to an unprecedented demand for passive infrastructure. At the same time, affordability and time to market are the cornerstones of infrastructure expansion. As a result, there is a trend of outsourcing passive infrastructure to independent third-party passive infrastructure providers who have such infrastructure in place. We believe our Company, with its ability to offer advanced passive infrastructure with pan-India coverage is best positioned to offer passive infrastructure to multiple communication services, as well as voice and data service providers under long-term contracts.

#### ***Expand our portfolio and business***

We believe our relationship with RCOM is one of our key competitive strengths and we intend to leverage this relationship by expanding our telecommunication tower and OFC networks as RCOM and RTL expand their respective wireless networks. The core strategy for our expansion is to roll out our network with at least one anchor customer in place for each of our telecommunication towers, which provides revenue visibility. In addition, in our Master Services Agreement with both RCOM and RTL, these companies have granted us a right of first refusal to develop new telecommunication tower sites for the expansion of their respective wireless networks, which we believe will offer us significant opportunities to expand our business and revenues. Moreover, by growing our business as RCOM and RTL expand their networks, we believe we can ensure that



we have the commitment from an anchor customer prior to constructing our telecommunication towers, which reduces our tenancy risk.

We have also recently expanded our business to include the OFC network and further intend to increase the capacity of this network. We envisage network expansion to include growth into areas in which we do not currently have a presence, as well as increasing the overall resilience of our existing network.

***Actively seek opportunities to increase tenancy of our portfolio***

In January 2008, the WPC, a wing of DoT, issued an order outlining revised subscriber-based criteria for the allocation of GSM and CDMA spectrum in different types of telecommunications circles (Metro, Circles A, B and C). Tighter spectrum allocation norms will lead to telecommunications service providers deploying more BTS, thereby creating higher demand for the telecommunication towers of passive infrastructure providers.

We intend to actively seek out opportunities to add additional third-party wireless service providers as customers to our portfolio. As the costs of operating a tower site are largely fixed and are recovered under the terms of the rental arrangement with the initial customer for any site, each additional customer beyond the first would be likely to have a positive effect on our margins. As such, we intend to actively look for opportunities to attract multiple wireless service providers to our telecommunication towers, including smaller and new Indian telecommunications companies with small networks which are unable or unwilling to make the significant investments required to build substantial proprietary passive infrastructure networks, wireless service providers who prioritize quick access to new markets and operators of new and emerging wireless technologies who will look to roll out their new networks in an effective and cost-efficient manner.

We also intend to explore other expansion opportunities to maximize the capacity utilisation of our existing portfolio and expand our operations, including by attracting new customers, to host 3G, 4G, WiMAX and/or other new and emerging communications technologies on our telecommunication towers and, if permitted by regulation in the future, using our telecommunication towers for broadcasting purposes.

Recently, we signed a contract with EDB to provide passive infrastructure in relation to over 30,000 sites. In addition, we have also signed passive infrastructure sharing contracts with certain telecommunication operators and are in the advanced stages of discussions with other key operators for the provision of similar services. These contracts are expected to be signed and put into operation in the current financial year.

With the execution of these contracts, we expect to improve the system-wide average telecommunication tower occupancy rate of our portfolio. Our actual system-wide average telecommunication tower occupancy rate was 1.6 tenants per tower as of August 31, 2009.

***Strategic network planning capability***

We intend to leverage our management team's extensive industry experience to offer network planning services to current and potential customers. Under our Shared Services Agreement with RCOM, we have access to key data and planning tools that allow us to offer network planning services. This data includes information regarding the locations of existing tower sites, tools to locate and establish the suitability of proposed new sites and other tools and information.

Together with RCOM, we are well positioned to offer better value to customers by offering a combination of operations and maintenance support in conjunction with our provision of OFC. As part of our marketing strategy, we are also focusing on integrating our portfolio with RCOM's capabilities to offer a new range of services.

**Towers business**

As of August 31, 2009, we had a portfolio of 48,139 telecommunication towers in India, up from 47,358 as of March 31, 2009 (each including telecommunication towers that are ready for installation and that are current capital work-in-progress). Of our total portfolio of 48,139 telecommunication towers as of August 31, 2009, 36,586 were ground-based and 11,553 were rooftop-based. Also, as of March 31, 2009, the current average age of our telecommunication towers was two years. These telecommunication towers have been used for both CDMA and GSM needs as a part of RCOM's strategy to provide a dual network offering on a pan-India basis.

These towers are primarily occupied by our anchor customers, and used RCOM and RTL, for their CDMA and GSM network expansion requirements.

All of our existing telecommunication towers have the capacity to host multiple wireless service providers, which is critical to our infrastructure sharing business model. As of August 31, 2009, our average system-wide telecommunication tower capacity (measured in terms of available hosting slots per telecommunication tower) was four tenants per tower, while our actual system-wide average telecommunication tower occupancy rate was 1.6 tenants per tower. We currently have tower sites in each of India's 23 circles and of our 48,139 telecommunication towers as of August 31, 2009, 21,663 (45%) are located in metropolitan areas and in A circles and 26,477 (55%) in B and C circles. As such, we believe we offer our customers an extensive and diverse portfolio of well positioned assets and believe that our wide and expanding portfolio of tower sites positions us favorably to be able to address the needs of national, regional, local and emerging wireless service providers in India.

Additionally, as a result of the acquisition of the OFC network from RCOM, we have acquired approximately 192,000 kilometers of the OFC network, providing more economical and better quality linking for our passive infrastructure customers, as compared to a traditional microwave network.

### ***Current telecommunication tower portfolio and expansion plans***

We had commissioned 48,139 towers as of August 31, 2009, with an actual system-wide average telecommunication tower occupancy rate of 1.6 tenants per tower supported by RCOM's and RTL's wireless roll-out plans. We commissioned these telecommunications towers with multi-tenancy capabilities and, as of March 31, 2009, our combined tower portfolio had the capability to provide approximately 190,000 slots, which we believe is more than any other telecommunications infrastructure provider in India. Additionally, we are able to add tenancy capability as necessary on our existing telecommunications towers at a cost of between 2% and 10% of the cost of constructing a new telecommunications tower, depending on the tenancy requirements.

Under our Master Services Agreement with RCOM and RTL, we will develop new tower sites in accordance with the requirements of RCOM and RTL. RCOM and RTL will serve as our anchor tenants for such sites. We intend to continue to expand our network thereafter, in line with the demand of both our anchor tenants and third-party customers, and other market conditions. The following table sets forth our portfolio's history and growth from 2003 through 2009.

Period	Tower Portfolio	
	Incremental	Cumulative
<b>Historical Expansion</b>		
March 31, 2003 .....	-	3,295 <sup>#</sup>
March 31, 2004 .....	1,780	5,075 <sup>#</sup>
March 31, 2005 .....	1,793	6,868 <sup>#</sup>
March 31, 2006 .....	2,136	9,004 <sup>#</sup>
March 31, 2007 .....	4,845	13,849*
March 31, 2008 .....	19,151	33,000
March 31, 2009 .....	14,358	47,358**

*Note:*

<sup>#</sup> These telecommunication towers were owned by RCOM and RTL and used by them on a proprietary basis.

\* These telecommunication towers were transferred to our Company from RCOM and RTL as part of the Demerger Schemes.

\*\* This number includes towers that are currently under construction, that are in a pre-"ready for installation" stage, as well as, towers that were "ready for installation" as of March 31, 2009.

Of our existing portfolio as of August 31, 2009, currently 2,150 telecommunication towers host RCOM CDMA solely, 9,519 telecommunication towers host RCOM GSM solely, 23,272 telecommunication towers host both RCOM CDMA and GSM, 4,854 telecommunication towers host RTL GSM solely and 8,345 host both RTL GSM and RCOM CDMA. There are no specific characteristics of our telecommunication towers that make them unique to CDMA or GSM operators or, for that matter, operators of any other commercial wireless technologies. We believe that the scope for expansion is greater with respect to GSM operators since each CDMA BTS hosted on a telecommunication tower can support an estimated average of 2.5 times as many subscribers as each GSM BTS can support, due to differences in technology. Therefore, GSM operators, in order to expand their respective networks, will need to invest in, or gain access to, a relatively larger number of tower sites than

CDMA operators will need. One key determinant of our ability to grow our business is the extent to which we are able to host multiple wireless service providers on our telecommunication towers. Typically, this is a function of the original telecommunication tower design specifications and subsequent modifications made thereto.

As of August 31, 2009, 36,586 of our telecommunications towers, or approximately 76% of our total portfolio, were ground-based telecommunications towers and the remaining 11,553 were of our telecommunications towers (approximately 24% of our total portfolio) were rooftop-based. As of March 31, 2009, 35,992 of our telecommunication towers, or approximately 76% of our total portfolio, were ground-based telecommunication towers and the remaining 11,366 of our telecommunication towers (approximately 24% of our total portfolio) were rooftop-based. Rooftop-based telecommunication towers are located in denser urban areas where there is less available space to place telecommunication towers. Of our ground-based telecommunication towers, approximately 82% are of a height of 40 to 42 meters. Although we also develop sites with ground-based telecommunication towers at heights of 60 and 70 meters, the erection of telecommunication towers higher than 42 meters requires approval from SACFA. Consequently, we typically only erect these higher telecommunication towers when physical or topographical features require this to be done in order to maintain network connectivity. We believe that wireless communications networks within India have reached a relatively high penetration within metropolitan areas, and that a majority of further expansion will be into rural and semi-urban areas, which will result in more ground-based, rather than rooftop-based, telecommunication towers, due to the abundance of land in such areas.

### ***Customers***

RCOM and RTL were our anchor tenants on all of our telecommunication towers as of March 31, 2009 and accounted for a substantially all of our tower business revenues for the period from April 10, 2007 through March 31, 2009.

We intend to actively seek out opportunities to add additional third-party wireless service providers as customers to our portfolio. Recently, we signed a long-term contract with EDB to provide passive infrastructure to over 30,000 sites.

We have also signed passive infrastructure sharing contracts with certain telecommunication operators and are in the advanced stages of discussions with other key operators for the provision of similar services. These contracts are expected to be signed and put into operation in the current financial year.

### ***Geographic distribution***

We had, as of August 31, 2009, a telecommunication tower portfolio that consisted of 48,139 telecommunication towers and related passive infrastructure assets across India. The following table sets forth a breakdown of telecommunication towers owned by us in various circles in India as of August 31, 2009.

<b>Areas</b>	<b>Ground-based towers</b>	<b>Rooftop towers</b>	<b>Total</b>
Metropolitan Areas	915	3,899	4,814
Circle A	12,771	4,077	16,848
Circle B	13,662	2,224	15,886
Circle C	9,238	1,353	10,591
<b>Total</b>	<b>36,586</b>	<b>11,553</b>	<b>48,139</b>

We had, as of March 31, 2009, a telecommunication tower portfolio that consisted of 47,358 telecommunication towers and related passive assets across India. The following table sets forth a breakdown of telecommunication towers owned by us in various circles in India as of March 31, 2009.

<b>Areas</b>	<b>Ground-based towers</b>	<b>Rooftop towers</b>	<b>Total</b>
Metropolitan Areas	900	3,836	4,736
Circle A	12,564	4,011	16,575
Circle B	13,440	2,188	15,628
Circle C	9,088	1,331	10,419
<b>Total</b>	<b>35,992</b>	<b>11,366</b>	<b>47,358</b>

### *Age profile*

Our telecommunication towers have an average age of two years. Construction of our towers began during 2002. The following table sets forth the age profile of our existing telecommunication towers as of August 31, 2009.

	Telecommunication Towers by Age Group			
	Less than 1 year	1–3 years	More than 3 years	Total
Ground- based towers	8,551	15,863	12,172	36,586
Rooftop towers	3,003	5,319	3,231	11,553
<b>Total</b>	<b>11,554</b>	<b>21,182</b>	<b>15,403</b>	<b>48,139</b>

### *Telecommunication tower performance*

A key measure of the reliability of the tower network services that we offer is the availability factor, which is calculated as the ratio of the minutes that our system is available for use by our customers within a specific period of time divided by the total number of minutes within that period. Generally, telecommunication tower operators guarantee a minimum monthly availability factor of 99.9% and this is the minimum guaranteed level of availability that we have contractually agreed with RCOM and RTL, our major customers. Historically, our telecommunication towers have operated at an average availability factor of 99.95%.

### *Site development*

The principal steps in our development of a new site are as follows:

- land/space acquisition;
- procurement of electricity-related approvals;
- procurement of municipality/local approvals; and
- construction (including laying the civil foundation, shelter foundation and diesel generator foundation, telecommunication tower erection and shelter construction).

Once these steps are completed, which typically take approximately 60 days from start to finish (although this timing may vary significantly from case to case), we consider our sites to be “ready for installation”. We then permit our customers to install their electronic equipment, which can typically be completed in the space of two to three days. Our sites are then ready for use by our customers for use in the operation of their networks. We begin to earn revenue from our customers when our sites are “ready for installation” or ready for wireless service providers to install their active network components.

The principal steps in our site development are discussed in more detail below.

#### *Land/space acquisition*

The first step that we take in connection with development of new sites is identifying an appropriate site and acquiring the land required to establish the telecommunication tower. We identify an appropriate site in conjunction with the wireless service provider that will serve as the “anchor customer” for the site. If the customer were looking to roll out its network into an underserved or rural area of India, it would typically select a site that is central to the closest major population centre and is in alignment with the other components of the wireless service provider’s network. If a customer is looking to improve its service coverage within relatively dense, populated areas, site selection typically involves identifying coverage “black spots” and locating a suitable space to rent within that area.

Typically, the customer will use its own information systems to identify suitable general areas for development of a new site, and we are instructed to find a suitable location within 500 meters of a designated set of geographical coordinates that the wireless operator provides to us. The minimum size of a plot of land required to establish a ground-based tower site is 3,900 square feet. The average size of the sites on which our ground-based telecommunication towers are located is approximately 4,000 square feet.

We outsource a part of the site acquisition process to RCOM under our Shared Services Agreement. Most of the land that we acquire is privately owned by small landowners and most of our tower sites, as of August 31, 2009, were on leased land.

As of August 31, 2009, we had telecommunication towers located at approximately 48,139 premises. We owned 214 of these premises and the remaining premises had been taken on lease or leave and license basis from various third parties, including state governments. The monthly rents for these premises vary from Rs.5,000 to Rs.25,000. With respect to the premises taken on lease or leave and license basis, the terms are for approximately 10 to 15 years and the lease or leave and license agreements provide for escalation once in every three or five years. The security deposit paid under these agreements is typically refundable on the expiry or early termination of the lease agreement or, in certain cases, is recoverable in the last months of the lease in equal monthly installments.

The lease agreements typically provide that in the event that the monthly lease rent remains in arrears for a period of three months, the lessor, after providing 90 days notice in writing, followed by the subsequent failure on the part of the lessee to pay, is entitled to terminate the lease. The lessee, however, has the right to terminate the lease at any time by giving 90 days' prior notice.

Most of our lease agreements include a clause specifying that the lessee is not entitled to assign, sub-lease, under-lease, give or grant, leave and license, mortgage or assign or induct any third party in the premises without the prior written permission of the lessor.

The lease agreements are typically renewable at the end of the term of the agreement through a fresh deed on terms mutually agreed by the parties. The remaining terms of our existing ground leases range from two to 17 years. None of the land leases for our existing sites, as of August 31, 2009, are currently scheduled to expire on or before March 31, 2011.

#### *Approvals*

After we secure the land or building space for our new site, we begin the process of procuring relevant approvals through the approval process, which may be undertaken simultaneously with the land or space acquisition to ensure that we do not acquire rights to a site without also ensuring that we will be able to obtain relevant governmental approvals. We are able to outsource the approvals procurement process to RCOM under our Shared Services Agreement.

The approvals that we require for establishing a tower site vary from area to area and depend, to a certain extent, on local laws and regulations. For a description of certain key approvals that we generally require in relation to the development of a tower site, see "Government Approvals" on page 203 of this Draft Red Herring Prospectus.

We hold a certificate from the DoT that certifies that we are registered as a Category I Infrastructure Provider to establish and maintain assets such as dark fibre, right of way, duct space and telecommunication towers for the purpose of granting, leasing or selling such assets to licensees of telecommunications services licensed under Section 4 of the Indian Telegraph Act, 1885 on mutually agreed terms and conditions. This is the key approval that allows us to conduct a passive infrastructure sharing business in India.

Currently, substantially all of our approvals for our existing sites are in the name of RCOM and RTL and we are in the process of transferring these to our name. See "Risk Factors—We face certain risks associated with the Demerger Schemes" beginning on page xx of this Draft Red Herring Prospectus.

#### *Construction*

We are able to rely on RCOM for assistance with certain processes in relation to development of new sites under our Shared Services Agreement entered into between RCOM and our Company. These processes include procurement of land, assistance with obtaining certain local clearances and approvals; and necessary support to our Company for the construction of passive infrastructure facilities, including support in relation to design and project implementation. The actual construction of our sites is carried out by various small contractors who are hired for their local knowledge of construction practices. However, in a few cases, we also use other contractors who operate independently and specialize in constructing telecommunication towers in certain regions. Construction work associated with the development of our sites includes preparation of the soil, laying the civil

foundations, erection of the telecommunication tower and construction of the shelter and related components. Our sites are generally “ready for installation”, or ready for wireless service providers to install their active network components, within 60 days of commencement of construction work.

In addition to project management work, RCOM is also responsible, under our Shared Services Agreement, for design, involving responsibility for identifying the telecommunication tower design that is most suitable to the wireless service provider’s requirements.

#### ***Agreements with RCOM and RTL***

We have entered into a Master Services Agreement with RCOM and RTL, wherein both RCOM and RTL have appointed us to provide certain passive telecommunication infrastructure to them on a shared basis along with certain services with respect to the management, operations and maintenance of such passive telecommunications infrastructure. We have been granted various rights under the Master Services Agreement, including a right of first refusal to develop new tower sites for the expansion of RCOM’s and RTL’s respective wireless networks and an undertaking that they will not compete with our Company in the telecommunication tower business. We expect to enter into a similar master services agreement with RCOM in relation to our OFC assets, which will replace the OFC MOU and set out the terms, for the utilisation of our recently acquired OFC assets by RCOM.

Pursuant to the Shared Services Agreement with RCOM, RCOM has agreed to provide us with certain expertise and services in relation to the installation, commissioning and operation of passive infrastructure. For further details of the Master Services Agreement, the Shared Services Agreement and the OFC MOU, see “History and Certain Corporate Matters – Material Agreements” on page 97 of this Draft Red Herring Prospectus.

#### ***Power and fuel***

We source power for our sites from local electricity boards. The supply of electricity from local and regional power grids within India is generally not adequate or reliable, in some cases substantially so, and our sites are therefore also equipped with battery and diesel generator sets as back-up power arrangements. The diesel fuel required for the running of the generator sets is sourced from local fuel companies. In certain areas where we regularly experience extended electricity blackouts (up to seven or eight hours per day), we also have on-site diesel storage facilities to accommodate our requirements so that we can make extended use of our diesel generators. Typically, we pass power and fuel costs through to our customers and in cases where we have multiple customers at a site the charges per user are apportioned among customers.

#### ***Site security***

We have security arrangements in place for our tower sites and prioritize minimizing disruptions to our and our customers’ businesses due to poor site security. Measures that we currently have in place include the following:

- Rooftop telecommunication towers are typically protected by the general security systems of the buildings on which the telecommunication towers are situated. The building owners, in practice, take responsibility for maintaining security at these sites (although we generally have no formal arrangements with them to this effect).
- Ground-based telecommunication towers are typically protected by the (i) installation of security automation systems in the telecommunication tower buildings, (ii) adoption of a system that provides for additional payments to be made to the landlord for taking responsibility for security of the telecommunication towers, and (iii) employment of professional security in certain identified locations.
- Installation of security automation systems that connect to a central control room and enable 24-hour remote site monitoring by RCOM and its affiliates, under our Shared Services Agreement.

We have not experienced any material security breaches in respect of our tower sites.

#### ***Optic fibre cable network***

Our OFC network consists of a series of ducts and dark fibre throughout India, which can be used by our customers for bandwidth to provide voice and data services to their end customers. We monitor this network

through databases and support systems provided by RCOM that facilitate our maintenance of the network. As of August 31, 2009, our network encompassed approximately 192,000 kilometers of OFC comprising approximately 130,000 intercity kilometers in India and 66,000 kilometers of metropolitan cable. Our metropolitan network covers 24,000 cities. Our network also covers approximately 600,000 rural villages and connects approximately 247 MCNs traffic aggregation points and 1.5 million buildings. At the base of our network are optic fibre cables that connect across India. We have leased 80% of our existing OFC network capacity to RCOM through IRUs. We plan to lease our OFC network and ducts to RCOM and third party telecommunications providers on both an IRU and non-IRU basis.

### ***Overview of our OFC network***

The main benefits of OFC are exceptionally low loss, allowing longer distances between amplifiers and repeaters, and inherently high data-carrying capacity. For example, several thousand electrical links can replace a single high bandwidth fibre cable. In addition, OFC does not require line of sight, a common constraint for microwave networks.

We have rolled out our OFC network in the form of rings, in order to create two paths for traffic to flow between any two nodes in the ring. In the event one path is cut or otherwise interrupted, the other path is available for traffic to flow, in order to prevent complete traffic disruption. To reduce the risk of multiple cuts, the circumference of the OFC ring is split, and a new path is created from the existing ring. Our OFC network was designed to incorporate this type of ring and mesh architecture to provide multiple alternative geographical routes to most towns and villages.

Our OFC network is comprised of G.655 and G.652 fibre, which is capable of carrying dense wave digital multiplexing (“DWDM”) capacity in multiples of 10gbps. DWDM is a multiplexing technology which allows the combination and transmission of multiple signals over one physical fibre channel connection. We have deployed 48/24 fibre pairs on most of our OFC routes, with the remaining routes comprising 24/12 fibre pairs and 12/6 fibre pairs. The average age of our optic fibre cables is four and a half years, and the expected life span of such optic fibre cables is approximately 30 years.

In addition, our OFC network fibre has been laid in ducts intended to provide added protection and to allow us to lay more fibre as demand increases. We have provisioned extra ducts throughout our OFC network, with the majority of our OFC network having been laid with eight ducts. The average age of our ducts is four and a half years, and the expected life span of such ducts is approximately 50 years. Our OFC network is laid at least 1.6 meters below the ground for protection against natural elements and human intervention.

RCOM provides real-time monitoring of our OFC network at its NNOC at Dhirubhai Ambani Knowledge City in Navi Mumbai. This facility is backed up by separate facilities in Mumbai and Hyderabad and is manned 24 hours a day and seven days a week. In addition, our critical information technology systems are designed to allow us to monitor the performance of our OFC network on a real-time basis in order to enable us to respond quickly to network problems. We additionally employ a Fibre Management System (“FMS”) for certain important backbone routes to provide online distance. In the event that NNOC reports a fibre fault, field teams can localize the fault to within two meters and help ensure expedited recovery.

### ***Transfer of the OFC network***

On May 26, 2009, the shareholders of RCOM approved a scheme of arrangement between RCOM and the Company for the demerger of the OFC undertaking of RCOM to the Company. Accordingly, the OFC Demerger Scheme was filed with the High Court of Bombay for the sanctioning of the scheme for the demerger of the OFC undertaking of RCOM to the Company. The High Court of Bombay has, by its order dated July 18, 2009, sanctioned the OFC Demerger Scheme, which we made effective on September 15, 2009. Pursuant to the OFC Demerger Scheme: (i) the appointed date for the transfer is April 1, 2008, (ii) RCOM retains a non-exclusive right to use the optic fibre being transferred to the Company, and (iii) the consideration payable by the Company to RCOM is Rs.67,188.7 million (which is the fair value, as determined by independent valuers).

OFC forms an integral part of telecommunication infrastructure and can potentially be used for the transmission of data packets and voice signals. It is intended that the OFC business will complement the existing telecommunication tower infrastructure that the Company owns and operates.

### ***Network description***

The following map shows our OFC network coverage:



### ***Network capacity***

Pursuant to the OFC MOU, RCOM has the right to use up to 80% of our existing OFC network capacity, which we believe provides a significant opportunity for possible expansion by RCOM, or by wireless operators who are customers of RCOM's bandwidth sharing services. The remaining 20% of our OFC network capacity is available for all wireless operators, cable operators, data and voice service providers that choose to lease OFC directly from us for the sharing of fibre (bulk), ducts, unlit cable pairs etc. We also have multiple spare ducts available on most routes. Based on incremental demand, we expect to be able to lay additional OFC through the spare ducts to meet such demand. For further details of the OFC MOU, see "History and Certain Corporate Matters – MoU between the Company and RCOM for Optic Fibre Undertaking Services" on page 101 of this Draft Red Herring Prospectus.

### ***Network expansion***

Our OFC network, which spans 192,000 kilometers, is one of the largest private pan-India OFC networks. We plan to lay additional OFC network to focus our network expansion in three primary areas:

- expansion in the under-served geographical territories of the North East, Assam, J&K and Uttaranchal;
- adding resilience to existing high traffic routes; and
- expansion of our existing metropolitan network to connect high value commercial buildings with target enterprise customers for bulk business.



### ***Sales and principal customer***

RCOM is our sole customer with respect to our OFC assets. As of March 31, 2009, RCOM accounted for 100% of our OFC revenues. Pursuant to the OFC MOU, RCOM has the right to use up to 80% of our total OFC network capacity. We expect to enter into a master services agreement with RCOM in the near future, to govern the leasing arrangement of the OFC to RCOM, as well as the support and maintenance services required. This master services agreement will replace the OFC MOU. Further, we expect to amend the Shared Services Agreement to include services in relation to our OFC network. The Master Services Agreement with RCOM will replace the OFC MOU, and we expect the agreement will incorporate similar terms to the OFC MOU.

Going forward, we intend to focus our sales and marketing efforts on target sectors within the enterprise and carrier markets that require significant telecommunications services for the leasing of either our OFC or our ducts.

### **Competition**

#### ***Competition from telecommunication service providers***

Certain wireless service providers, such as BSNL, have their own telecommunication tower portfolio. In addition, other wireless service providers have formed independent companies into which they have divested their telecommunication tower portfolios. Some of the recent market changes are:

- In December 2007, Bharti Infratel Limited, Vodafone Essar Limited and Idea Cellular Limited merged their existing passive infrastructure assets in 16 telecommunications circles in India to form an independent tower joint venture company, Indus Towers Limited, to provide passive infrastructure services in India to all operators on a non-discriminatory basis. The present shareholding structure of Indus Towers Limited comprises Bharti Infratel Limited and Vodafone Essar Limited holding 42% each and Idea Cellular Limited with a 16% stake. On January 1, 2009, Bharti Infratel Limited, Vodafone Essar Limited and Idea Cellular Limited signed an IRU for placement of their active electronics on Indus Towers Limited. As of June 30, 2009, Indus Towers Limited had a portfolio of approximately 95,000 towers.
- In January 2009, Wireless TT Info Services Limited, the tower arm of Tata Teleservices Limited, and Quippo Telecom Infrastructure Limited announced a partnership agreement combining their tower portfolios. The combined entity is expected to have a portfolio of over 18,000 towers.

#### ***Competition from existing telecommunication infrastructure companies***

There are a few small companies that offer passive telecommunications infrastructure services, apart from the telecommunications infrastructure companies backed by wireless service providers. Some of these existing telecommunications infrastructure companies include Aster Infrastructure Private Limited, XCEL Telecom Private Limited ("XCEL"), GTL Infrastructure Limited, Tower Vision Private Limited and ITIL. In addition, several other domestic and international companies have expressed intentions to set up similar businesses in India. Some of the recent market changes are:

- American Tower Corporation ("ATC") announced on March 17, 2009 that its Mauritius subsidiary, American Tower Mauritius, has entered into a definitive agreement with Horse-Shoe Capital, Mauritius (an affiliate of Q Investments LP, USA), under which it acquired XCEL. XCEL owns and operates approximately 1,700 wireless communications tower sites, including a number of towers that are currently under construction. When combined with ATC's existing operations in India, the acquisition create a combined portfolio of approximately 2,000 tower sites in 15 telecom circles.
- GTL Infrastructure, established in 2004 and part of the Global Group offers ready-to-use passive infrastructure to wireless telecommunications operators. It has approximately 10,000 towers in India that are in various stages of construction.
- ITIL is providing infrastructure services in 18 circles across India.

The Indian wireless infrastructure industry may also experience significant consolidation and investment by international communications companies, resulting in the emergence of stronger competitors.

### ***Competition in the OFC business***

Our main OFC competitors are Bharti Infratel Limited and Tata Teleservices Limited. We do not believe we have any competitors for our duct assets.

### **Suppliers**

Although in the past RCOM and RTL primarily relied upon suppliers based in India, we are increasingly purchasing equipment (mainly comprising telecommunication towers, diesel generator sets, SMPS and air-conditioning units and batteries) from international suppliers, including for our ongoing portfolio expansion. The equipment ordered includes telecommunication towers, shelters, diesel generator sets and batteries. Apart from equipment, these suppliers also provide us with warranty and maintenance services. We benefit from RCOM's procurement relationships with third-party suppliers to obtain equipment and services in a cost-effective manner.

We procure infrastructure equipment through a "request for proposal" or RFP process on a periodic basis. As part of this process, we invite suppliers to make proposals that include prices and warranty and maintenance services, based on our stated project and component requirements. Where appropriate, we involve multiple suppliers in our procurement process to ensure competitive terms and to reduce our reliance on any single supplier.

We source our key input components for our telecommunication tower and OFC business from a number of suppliers, which reduces the risk of over-reliance on any particular supplier. To ensure a stable source of input components at competitive prices and to retain maximum flexibility, we source each key input component from at least two suppliers. In order to ensure the reliability and quality of our products, we take into account the quality of the input components, prices and after-sales service when choosing key supplies. We procure cables for our OFC network from a variety of suppliers worldwide.

Certain of our equipment has been imported under a license pursuant to the EPCG Scheme, which we obtained in May 2007. Under the terms of the license, we are required to export goods or services amounting to Rs.29,730.0 million by March 31, 2013, Rs.5,930.0 million by March 31, 2014, Rs.29,730.0 million by March 31, 2015 and Rs.5,930.0 million by March 31, 2016. Our Company does not make any exports currently. If we fail to make these exports within the required time period under the EPCG Scheme, we will be required to make payment to the Government of India of an amount equivalent to the duty benefit enjoyed by us under the EPCG Scheme along with a penalty. In the event we default on all currently outstanding export obligations, we believe we would be subject to a payment obligation of Rs.8,920.0 million (including 15.0% interest from the date of import through March 31, 2010) plus penalty, if any, at the discretion of the DGFT in accordance with the Customs Act, 1962.

We expect to continue to rely on certain RCOM group benefits which provide significant advantages to our business, including (i) fulfilling certain export obligations under the EPCG Scheme by using RCOM's group companies' exports and availing a reduction in our basic import duties from 10.0% to 3.0% under the terms of the EPCG Scheme, and (ii) using the duty free credit scrips obtained by RCOM to the extent of 10.0% of its foreign exchange earnings during the preceding year under the SFI Scheme to debit duty amounts payable on our imports. RCOM has no obligation to continue allowing us to avail these benefits and could withdraw these benefits at any time.

We do not currently have any long-term supply contracts with our suppliers, but we typically have short-term annual supply contracts with advance volume commitments.

### **Inventory**

The construction of passive telecommunication infrastructure requires an adequate supply of high-quality input components on a timely basis. We aim to manage our input component procurement process so as to minimize costs and avoid disruption to our business by developing long-term relationships with input component suppliers. The key input components required by us in the construction of our passive telecommunication infrastructure include:

- telecommunication towers;
- shelters;
- industrial air conditioners;
- diesel generators;
- batteries;
- SMPS; and
- automatic voltage regulators.

Our cost of key input components from our core business is capitalized as capital work-in-progress. Our total capital work-in-progress as of March 31, 2009 was Rs.38,065.19 million and comprised mostly input component costs generated from our telecommunication towers business. We continually review our current and future procurement arrangements with a view to reducing costs.

Aside from the supply of ground-based telecommunication towers, which are usually sourced on a just-in-time delivery basis, we usually maintain an input component inventory level sufficient for the construction of approximately 100 tower sites per designated geographical area.

### **Quality control**

We place a strong emphasis on quality control to ensure that the quality of our passive telecommunication infrastructure network complies with relevant laws and regulations and meets our customers' requirements. Quality control procedures have been established by us to ensure each telecommunication tower meets minimum quality requirements. In addition, although we outsource all our construction and maintenance to external contractors, we maintain a team of project managers, engineers and site supervisors to supervise the day-to-day construction and maintenance of each telecommunication tower site.

In addition, internal guidelines have been established and are monitored in relation to control over record keeping, internal audits, customer service standards, complaints and remedial actions, construction supervision and inspection, maintenance guidelines and staff training.

In relation to our OFC network, all infrastructure is ITU standard compliant. Vendors are approved by a technical team after an inspection of the manufacturing facility and a quality plan. We conduct various tests, including sample checks and periodic checks, to assess the manufacturer's compliance with quality.

### **Sales and marketing**

We intend to target existing service providers expanding their network capabilities as well as new service providers entering the Indian market. Our overall sales and marketing strategy is coordinated from our headquarters at Dhirubhai Ambani Knowledge City in Navi Mumbai. We intend to service each of our customers through a dedicated sales and marketing unit.

We intend that each service provider that is our customer will be managed by a key accounts manager for sales and our sales teams will be supported by a service delivery team in each circle.

We are in advanced discussions with new operators to become licensees for whom we will provide various services, including business-to-business services of passive infrastructure sharing, connectivity to sites and bulk carriage. Some of these new operators have received spectrum and are expected to commence services during the current and next fiscal years.

Apart from new licensees, we have entered into agreements with certain existing national and regional operators to provide passive infrastructure on a retail basis.

By adopting a dedicated sales and marketing units approach for key customers, we seek to gain a greater understanding of our customers' evolving network coverage plans and to better identify and service their respective existing and future passive telecommunication requirements. We believe that customer satisfaction will be key to a successful marketing strategy.

## **Information systems**

We rely on and have established certain management information systems that enable us to better provide service to our customers.

Our site management system allows us to swiftly identify sites that meet the needs of wireless service providers, identify faulty telecommunication towers and maintain all relevant customer and site data to manage our business, make the leasing process faster and respond efficiently to customer enquiries. In addition, we have made the processes of billing automatic to increase efficiency and accuracy. Frequent billings are required in relation to certain expenses, such as site rentals, security and power and fuel costs, which are charged back to customers.

The key components of our management information systems are sourced from SAP and are maintained by RCOM under the Shared Services Agreement.

We have put in place information systems for identifying potential customer requirements, taking inventory of tenancy capacity for offering slots to potential customers and determining used tenancy slots on an ongoing basis. We intend to integrate information relating to the tenancy capacity of our sites on a nationwide portal and provide selective access to concerned sales, planning, implementation and operation and management personnel.

## **Environmental matters**

We, like other passive telecommunication infrastructure providers, are subject to various national, provincial and municipal environmental laws and regulations in India, concerning issues such as damage caused by air emissions, noise emissions and electromagnetic radiation. Our operations are also subject to inspections by government officials with regard to various safety and environmental issues. Save as disclosed below, we are in compliance in all material respects with applicable environmental and safety laws and regulations in India. Compliance with such environmental and safety laws and regulations has not had, and in our opinion, is not expected to have, a material adverse effect upon our operations, expenditures, earnings or competitive position. We are not aware of any governmental proceedings or investigations in relation to applicable environmental and safety laws and regulations to which we are or might become a party and which may have a material adverse effect on our properties and operations.

For a description of certain key environment regulatory licenses, permits and approvals that we generally require in relation to our operations, see “Government Approvals” on page 203 of this Draft Red Herring Prospectus.

We have operated within the scope of the regulatory licenses, permits and approvals obtained by us. Neither we nor RCOM or RTL has been subject to any material fines or legal or regulatory action involving non-compliance with environmental regulations of India in respect of our current asset portfolio.

## **Insurance**

We are covered by group insurance policies that cover all the companies in the Reliance ADA Group. We have also obtained a cellular network policy that covers assets, stock, erection, business interruption and transit from anywhere in the world to the ultimate site. We maintain property damage and business interruption insurance policies with independent third parties in respect to loss of, or damage to, buildings, machinery, equipment, inventories and other physical assets as a result of fire, earthquake, riot, terrorism, strike, flood and other specified damage (subject to certain specific exclusions). We consider such insurance coverage to be adequate and in accordance with customary industry practice.

We do not carry insurance for our OFC network. We believe this is standard in the OFC industry.

## **Employees**

As of August 31, 2009 we had 96 full-time employees. These comprise seven key management personnel who are employed by our Company and 89 employees that have been deputed to us full-time by RCOM. We are led by a team of senior managers who are responsible for our strategy and overall operations. As of August 31,

2009, RCOM has deputed to us 166 of its senior officers, technical and commercial staff and engineers on a shared basis with itself.

We conduct periodic reviews of our employees' job performance and determine salaries and discretionary bonuses based upon those reviews and general market conditions. In addition, we offer internal training programs tailored to different job requirements to develop our employees' skills.

We believe that we have a good working relationship with our employees and we have not experienced any significant labor disputes. Our employees are not subject to any collective bargaining agreements or represented by labor unions. Our senior management employees have agreed to a 24-month non-compete provision following termination of their employment with our Company.

Our compensation and benefit packages are developed for use across our areas of operations. We also take into consideration local economic factors when implementing our policies. We comply with the provisions of the applicable labor laws, including provident fund and superannuation. The compensation philosophy for management personnel is that compensation is linked to performance, with rewards through various incentives.

We provide the following benefits to our employees:

- In accordance with Indian law, we operate a defined retirement benefit plan, or a gratuity plan, covering all full-time employees. Our gratuity plan provides a consolidated payment to an employee at retirement, on death while in employment or on termination of employment based on such employee's salary and years of employment with us. The right to receive this benefit vests with employees on completion of five years of service with us.
- All full-time employees are also entitled to receive retirement benefits from a provident fund, which is a defined contribution plan administered and managed by the RCOM Trust. Both the employer and the employees contribute at a predetermined rate of the employees' basic salary, which was 12.0% in the 2009 fiscal year.

### **Intellectual property rights**

We do not own any material intellectual property rights.

On July 19, 2007 we entered into a brand licensing agreement with ADAV. The agreement allows us to use the trademark and the "Reliance Infratel" trademark, name and logo (for which ADAV's registration is pending with the Registrar of Trademarks in India) for our services and products on a non-exclusive basis, for a period of 10 years. We are required to incur expenditure of up to Rs.800 million for these rights and the timing and amount of the payment (subject to this limit) will be determined in ADAV's sole discretion.

We are not dependent on patents, licenses or other intellectual property that is material to our business or results of operations, other than the licenses to use the software that accompanies most of our equipment purchases.

### **Properties**

#### ***Registered office***

Our registered office and headquarters are located at H Block, 1st Floor, Dhirubhai Ambani Knowledge City and this property is owned by RIPL. Pursuant to a letter dated January 25, 2008, RIPL has informed us that it has no objection to our using these premises on mutually agreed terms and conditions. Currently we have not entered into any other arrangements with RIPL in relation to those premises.

#### ***Other properties***

The remaining commercial premises occupied by us serve as locations for administrative office buildings, warehouses and employee residential leases. We do not own any of these premises. We share the premises with our parent company RCOM and its subsidiaries.

## REGULATIONS AND POLICIES

### Telecommunication Infrastructure Related Regulations

- (i) **Registration as Infrastructure Provider:** Telecommunications infrastructure providers are required to obtain requisite permission from the DoT and GoI set up and operate telecommunication services.. Based on the nature of telecommunication infrastructure provided, such telecommunication infrastructure providers have been categorised into Infrastructure Provider Category I (“IP-I Provider”) and Infrastructure Provider Category II (“IP-II Provider”). However, the issuance of IP-II category licenses has been discontinued from December 14, 2005.

In relation to an IP-I Provider, no license is required, and the applicant company is required to be registered as an infrastructure provider under this category. The infrastructure that a registered company can provide is - dark fibres, right of way, duct, space, tower, co-location space and power (AC/DC). The DoT has issued a number of guidelines for a company to be registered as an IP-I Provider which the applicant company undertakes to comply with while submitting the IP-I Provider application to the DoT, Basic Service Group. The terms and conditions set out in the guidelines are also contained in the IP-I Registration Certificate (“Certificate”), which is granted upon successful registration.

According to the guidelines, the applicant company should be an Indian company registered under the Companies Act. There is no restriction upon the level of foreign shareholding. The applicant company has to make its own arrangement for right of way. Change in the name of the applicant company, or the registered IP-I Provider, shall be permitted according to the provisions of the Companies Act. Once registered as an IP-I Provider, the company can provide infrastructure to licensees of telecommunication services in a non-discriminatory manner, by way of lease or rent out or sale, on mutually agreed terms and conditions. The registration for IP-I is a non-exclusive basis without any restriction on the number of entrants. The IP-I registered company is further required to submit copies of agreements entered into with telecommunication service providers or pre-existing IP-II license holders to the DoT within 15 days of signing such agreements. Such telecommunication service providers must be licensed under Section 4 of the Indian Telegraph Act, 1885 as licensees of telegraph services.

Besides the guidelines, the Certificate contains a number of other terms and conditions, the breach of which would lead to cancellation of an IP-I registration. It mandates its holder not to provide infrastructure to any licensee of telegraph services, whose license is either terminated or suspended or not in operation. If infrastructure has already been provided to such a licensee, the IP-I Provider would have to withdraw such grant of infrastructure and disconnect immediately upon receipt of any reference from the licensor in this regard. Further, the company is required to ensure that security clearance has been obtained from the Ministry of Home Affairs, GoI, in respect of all foreign personnel deployed by the company for installation or operation or maintenance of its infrastructure.

The GoI has been given wide powers under the provisions of the Certificate, and it has the right to take over the equipment and networks of the IP-I Provider, or revoke or suspend or terminate such registration partially or fully, in the public interest in case of emergency or war or low intensity conflict or any other similar eventuality. The IP-I Provider is required to provide facilities to the GoI to counteract any espionage or subversive act or sabotage or any unlawful activity, and provide to the agencies authorised by the GoI full access to the infrastructure network for technical scrutiny and visual or any operational inspection.

- (ii) **SACFA Clearance:** The Standing Advisory Committee on Radio Frequency Allocations (“SACFA”) is a high level committee whose function is to carry out detailed technical evaluation in respect of aviation hazards, obstruction to line of sight of existing or planned networks and interference to existing and proposed networks. For setting up any wireless installations in India, clearance from the SACFA is required in respect of a fixed station and its antenna mast (cell sites). The SACFA has a detailed ‘siting procedure’, which has divided sites for wireless stations into three categories- ‘mast height category’, ‘category exempted from mast height clearance’, and ‘full siting category’. Depending on the antenna size, height, power output and frequency, application for SACFA clearance has to be made in different forms pertaining to each category. As per Office Memorandum No. K 19013/ 13/ 2005/ CFA of WPC Wing issued by the DoT dated June 28, 2006, all antenna towers located beyond seven kilometres from the nearest airport and having a total height of not more than 40 meters above the mean sea level of the airport reference point of the concerned airport need not undergo the detailed SACFA siting clearance

procedure. They must, however, be registered online on the WPC/SACFA website and necessary clearance will be issued by the SACFA Secretariat.

- (iii) **Permission from Municipal Authorities/Zilla Parishad/Gram Panchayat/any other local authority:** The local laws of many states in India require that in order to set up towers and other infrastructure, 'No Objection Certificates' from local authorities like Municipal Authorities, Zilla Parishad or Gram Panchayat in whose jurisdiction the towers are being constructed. For instance, in the state of Maharashtra, Section 44 of the Maharashtra Regional and Town Planning Act, 1966 states that any person intending to carry on any development on any land has to obtain permission from the planning authority by making an application in writing. On receipt of such application, the planning authority may, under Section 45 of the aforesaid legislation, grant such permission unconditionally, or subject to such conditions as may be imposed with the prior consent of the State Government. Such permission would be granted in form of a commencement certificate.
- (iv) **Permission to install and operate DG Set:** No separate permission is required for the installation and operation of Diesel Generator ("DG") sets, but the DG sets should comply with certain environmental norms for continuance of their operation. The Central Pollution Control Board ("CPCB") has prescribed that the users of DG sets have to abide by the Standards/Guidelines for Control of Noise Pollution from Stationary Diesel Generator (DG) Sets (the "Standards") given in paragraph 83 of the National Standards for Effluents and Emission ("Emission Regulations"). As per the Standards, the user should make efforts to bring down the noise levels due to the DG set, outside his premises, within the ambient noise requirements by proper siting and control measures. The Central Pollution Control Board has published a System and Procedure for Compliance with Noise Limits for Diesel Generator Sets (up to 1,000 KVA) ("System and Procedure Notification") which is effective from January 15, 2008. In terms of the System and Procedure Notification, the maximum permissible sound pressure level for new DG sets with capacity up to 1,000 KVA manufactured on or after January 1, 2005 is 75dB at one metre from the enclosure surface. The System and Procedure Notification states that no person shall sell, import or use a DG set, which does not have a valid type approval certificate and Conformity of Production certificate.

The Emission Regulations have been developed by the CPCB under the statutory powers of the Water (Prevention and Control of Pollution) Act, 1974 and the Air (Prevention and Control of Pollution) Act, 1981. These standards have been approved and notified by the Ministry of Environment and Forests, Government of India, under Section 25 of the Environmental (Protection) Act, 1986. Paragraph 22 in Part IV of the Emission Regulations provides a minimum stack height for the use of DG Sets, given by the formula  $H=h+0.2N$  KVA, where H is the total height of stack in metres, h is the height of the building in metres where the generator set is installed and N is the total generator capacity of the set in KVA.

## **Labour laws**

India has extensive labour related legislation. The Industrial Disputes Act, 1947 (the "IDA") distinguishes between (i) employees who are 'workmen' and (ii) employees who are not 'workmen'.

Workmen have been provided several benefits and are protected under various labour legislations, whilst those persons who have been classified as managerial employees and earning a salary beyond a prescribed amount may not generally be afforded statutory benefits or protection, except in certain cases. Employees may also be subject to the terms of their employment contracts with their employer, which contracts are regulated by the provisions of the Indian Contract Act, 1872.

Termination of a non-workman is governed by the terms of the relevant employment contract and applicable labour laws. As regards a 'workman', the IDA sets out certain requirements in relation to the termination of the services of the workman's services. This includes detailed procedures prescribed for resolution of disputes with labour, removal and certain financial obligations upon retrenchment. The state-specific shops and establishments act also provides for certain notice and/or compensation requirements in the event of termination of service by a company.

Summary information on some of the labour laws that may be applicable has been provided below. This list is incomplete and does not cover all provisions of the laws specified, or all applicable labour laws.

### ***Employees State Insurance Act, 1948***

The Employees State Insurance Act, 1948 (the “ESI Act”) provides for certain benefits to employees in case of sickness, maternity and employment injury. Employees receiving wages up to a certain limit in establishments covered by the ESI Act are required to be insured, with an obligation imposed on the employer to make certain contributions in relation thereto. In addition, the employer is also required to register himself under the ESI Act and maintain prescribed records and registers in addition to filing of forms with the concerned authorities.

### ***Payment of Gratuity Act, 1961***

The Payment of Gratuity Act, 1961 (the “POG Act”) provides for payment of gratuity to employees employed in factories, shops and establishments who have put in a continuous service of five years, in the event of their superannuation, retirement, resignation, death or disability. The rule of ‘five year continuous service’ is however relaxed in case of death or disability of an employee. Gratuity is calculated at the rate of 15 days wages for every completed year of service with the employer. Under the POG Act, an employer is obligated to pay maximum gratuity payout of Rs. 350,000 for an employee. The POG Act also requires the employer to obtain and maintain an insurance policy for the employer’s obligation towards payment of gratuity.

### ***Employees Provident Fund and Miscellaneous Provisions Act, 1952***

The Employees Provident Fund and Miscellaneous Provisions Act, 1952 provides for the institution of compulsory Provident Fund, Pension Fund and Deposit Linked Insurance Funds for the benefit of eligible employees in factories and establishments as may be specified. A liability is placed upon the employer and employee to make certain contributions to the funds mentioned above after obtaining the necessary registrations. There is also a requirement to maintain prescribed records and registers and filing of forms with the concerned authorities.

### ***The Maternity Benefits Act, 1961***

The purpose of the Maternity Benefits Act is to regulate the employment of pregnant women and to ensure that they get paid leave for a specified period during and after their pregnancy. It provides, inter alia, for paid leave of 12 weeks, payment of maternity benefits and enacts prohibitions on dismissal, reduction of wages paid to pregnant women, etc.

### ***The Industrial Employment (Standing Orders) Act, 1946***

The Industrial Employment (Standing Orders) Act, 1946 (the “Standing Orders Act”) requires employers in industrial establishments, which employ 100 or more workmen to define with sufficient precision the conditions of employment of workmen employed and to make them known to such workmen. The Standing Orders Act requires every employer to which the Standing Orders Act applies to certify and register the draft standing order proposed by such employer in the prescribed manner. However until the draft standing orders are certified, the prescribed standing orders given in the Standing Orders Act must be followed.

### ***The Minimum Wages Act, 1948***

The Minimum Wages Act, 1948 (“MWA”) came into force with the objective to provide for the fixing of a minimum wage payable by the employer to the employee. Under the MWA, every employer is mandated to pay not less than the minimum wages to all employees engaged to do any work whether skilled, unskilled, manual or clerical (including out-workers) in any employment listed in the schedule to the MWA, in respect of which minimum rates of wages have been fixed or revised under the MWA.

### ***Environmental Legislations***

The three major statutes in India which seek to regulate and protect the environment against pollution related activities in India are the Water (Prevention and Control of Pollution) Act 1974, the Air (Prevention and Control of Pollution) Act, 1981 (“Water Act”) and the Environment Protection Act, 1986. The basic purpose of these statutes is to control, abate and prevent pollution. In order to achieve these objectives, Pollution Control Boards (“PCBs”), which are vested with diverse powers to deal with water and air pollution, have been set up in each state. The PCBs are responsible for setting the standards for maintenance of clean air and water, directing the installation of pollution control devices in industries and undertaking investigations to ensure that industries are



functioning in compliance with the standards prescribed. These authorities also have the power of search, seizure and investigation if the authorities are aware of or suspect pollution. All industries and factories are required to obtain consent orders from the PCBs, which are indicative of the fact that the factory or industry in question is functioning in compliance with the pollution control norms laid down. These are required to be renewed annually.

#### ***Water (Prevention and Control of Pollution) Act, 1974***

The Water Act prohibits the use of any stream or well for disposal of polluting matter, in violation of standards set down by the State Pollution Control Board (“SPCB”). The Water Act also provides that the consent of the SPCB must be obtained prior to opening of any new outlets or discharges, which is likely to discharge sewage or effluent. In addition, the Water (Prevention and Control of Pollution) Cess Act, 1977 requires a person carrying on any industry to pay a cess in this regard. The person in charge is to affix meters of prescribed standards to measure and record the quantity of water consumed. Furthermore, a monthly return showing the amount of water consumed in the previous month must also be submitted.

#### ***Air (Prevention and Control of Pollution) Act, 1981***

Under the Air (Prevention and Control of Pollution) Act, 1981 any individual, industry or institution responsible for emitting smoke or gases by way of use as fuel or chemical reactions must apply in a prescribed form and obtain consent from the SPCB prior to commencing any mining activity. The SPCB is required to grant consent within four months of receipt of the application. The consent may contain conditions relating to specifications of pollution control equipment to be installed.

#### ***Hazardous Wastes (Management and Handling) Rules, 1989***

The Hazardous Wastes (Management and Handling) Rules, 1989 set out the responsibility of the occupier and the operator of the facility that treats hazardous wastes to properly collect, treat, store or dispose the hazardous wastes without adverse effects on the environment. They must take steps to ensure that persons working on the site are given adequate training and equipment for performing their work. When an accident occurs at a hazardous site or during transportation of hazardous wastes, the SPCB has to be immediately alerted. If, due to improper handling of hazardous waste, any damage is caused to the environment, the occupier or the operator of the facility will have to pay for the necessary remedial and restoration expenses.

#### ***The Explosives Act, 1884 and the Explosive Rules, 1983***

The Explosives Act, 1884 is a legislation to regulate the manufacture, possession, use, sale, transport, import and export of explosives. It provides that no person shall possess, sell or use any explosive except under the license granted under the Explosives Rules, 1983.

## HISTORY AND CERTAIN CORPORATE MATTERS

We are part of the Reliance Anil Dhirubhai Ambani Group, which has interests in different fields that include telecommunications, energy, infrastructure, entertainment and financial services. We have no subsidiaries.

We were incorporated as Reliance Communications Rajasthan Private Limited on April 16, 2001. We became a public limited company and our name was changed to “Reliance Communications Rajasthan Limited” pursuant to a certificate of change of name dated June 18, 2004. The name of our Company was further changed to Reliance Telecom Infrastructure Limited pursuant to a fresh certificate of incorporation consequent upon change of name dated October 11, 2006 and to Reliance Infratel Limited pursuant to a fresh certificate of incorporation consequent upon change of name dated January 4, 2008. The aforesaid changes were made to the name to reflect the changing nature of the business or the constitution of our Company and/or to clearly reflect the nature of the business.

### Change in Registered Office

Address	Date of Change
“Chitrakoot”, Shree Ram Mills Compound, Ganpatrao Kadam Marg, Mumbai 400 013	Since incorporation
E Block, Dhirubhai Ambani Knowledge City, Navi Mumbai 400 710	October 15, 2003
H Block, 1 <sup>st</sup> Floor Dhirubhai Ambani Knowledge City Navi Mumbai 400 710	October 11, 2006

The changes mentioned above were made to enable greater operational efficiency.

### PTI Demerger Scheme

In terms of the Demerger Scheme sanctioned by the High Court of Bombay pursuant to its order dated March 16, 2007, the existing wireless towers and related infrastructure as on April 10, 2007, of Reliance Communications Limited, the ultimate holding company of our Company and of Reliance Telecom Limited were transferred to and vested in our Company. For further details in relation to the PTI Demerger Scheme, see “Reorganisation” on page 65 of this Draft Red Herring Prospectus.

### Merger Scheme

The High Court of Bombay, pursuant to its order dated March 23, 2007 has approved and sanctioned the scheme for amalgamation of RNGTHPL with our Company. RNGTHPL held certain telecommunication assets which could usefully be combined with passive infrastructure. For further details in relation to the scheme of arrangement, see “Reorganisation” on page 65 of this Draft Red Herring Prospectus.

### OFC Demerger Scheme

In terms of the Demerger Scheme sanctioned by the High Court of Bombay pursuant to its order dated July 18, 2009, the optic fibre related business as on September 15, 2009, of Reliance Communications Limited, the ultimate holding company of our Company were transferred to and vested in our Company. For further details in relation to the OFC Demerger Scheme, see “Reorganisation” on page 65 of this Draft Red Herring Prospectus.

### Share Sale Agreement

Pursuant to the Share Sale Agreement, RTIHL sold 5.0% of our share capital to certain institutional investors. These investors comprised four entities belonging to the Galleon group, Galleon Technology Partners II, L.P, Galleon Technology Offshore Limited, Galleon International Master Fund, SPC Limited and Galleon Special Opportunities Fund, SPC Limited (together “Galleon”), NSR-PE Mauritius LLC (“NSR”), HSBC Principal Investments, which entity subsequently assigned its rights to HSBC Iris Investments (Mauritius) Limited (“HSBC”), IIC Limited (“DAC”), GLG Emerging Markets Special Situations Fund (“GLG”), Drawbridge Towers Limited (“Fortress”) and Quantum (M) Limited (“Soros”).

The following table depicts the number of shares sold to each of the Purchasers and the corresponding consideration:

Purchaser	Number of shares purchased (Face Value of Rs. 10)	Consideration		Percentage of total pre-Issue capital of Company
		US\$	INR*	
Galleon 1	1,477,853	25,000,000	1,013,500,000	0.37
Galleon 2	886,712	15,000,000	608,100,000	0.22
Galleon 3	1,293,121	21,875,000	886,812,500	0.32
NSR	1,219,229	20,625,000	836,137,500	0.31
HSBC	4,729,129	80,000,000	3,243,200,000	1.19
DAC	2,955,706	50,000,000	2,027,000,000	0.74
GLG	2,955,706	50,000,000	2,027,000,000	0.74
Fortress	2,955,706	50,000,000	2,027,000,000	0.74
Soros	1,477,852	25,000,000	1,013,500,000	0.37
<b>Total</b>	<b>19,951,014</b>	<b>337,500,000</b>	<b>13,682,250,000</b>	<b>5.00</b>

\* 1USD = INR 40.54, as of July 30, 2007

Under the terms of the share sale agreement, the Purchasers have been granted certain rights which automatically fall away upon an initial public offering of our Company. These rights include the following:

- We require the consent of the Purchaser or Purchasers holding more than 50.0% of the Equity Shares held by all the Purchasers (the “Majority Purchasers”) to terminate or agree to any termination of the Master Services Agreement;
- We require the consent of the Majority Purchasers to amend, vary or modify (or agree to any amendment, variation or modification to) any term or condition of the Master Services Agreement relating to the Service Charges payable by RCOM and RTL to our Company for the use of sites;
- In the event that RCOM, RTIHL or their respective affiliates decide to sell a majority stake (i.e. Equity Shares representing more than 50.0% of the issued equity share capital) in our Company to a third party (i.e. not an affiliate of either of them), the Purchasers will have a right to sell their entire stake to such third party at the same implied price per share for their stake;
- If our Company issues or proposes to issue any Equity Shares or any other instrument that is convertible or exchangeable into or exercisable for shares (“Issuance Securities”), the shareholders shall have the right to participate in such issuance pro rata to their shareholding in our Company in accordance with Section 81 of the Indian Companies Act 1956 (the “Pre-emptive Right”);
- Our Company is not permitted to take certain actions without the prior consent of the Majority Purchasers, including (i) make any amendment to its memorandum and articles of association which would adversely affect the rights of the Purchasers, (ii) enter into any material transaction not in the ordinary course of business or not on arm’s length commercial terms, (iii) dispose of any material asset or provide any material service or facility other than on an arm’s length basis in the ordinary course of business, and (iv) effect any material change in the nature of the business of our Company by diversifying into an unrelated area of business or cease business;

Pursuant to letters received from each one of them, the Purchasers have consented to this IPO being undertaken by our Company.

Some of these rights are also included in our Articles. These rights will automatically fall away upon the happening of an initial public offering.

Pursuant to the Share Sale Agreement, we also undertook to use our best efforts to achieve an initial public offering in which the implied valuation of each Equity Share for the purposes of such offering is at least as much as the price per Equity Share paid by the Purchasers within 18 months from the date of the Share Sale Agreement.

## **Our Main Objects**

Our main objects as contained in our Memorandum of Association are:

- 1. To plan, establish, develop, provide, operate, manage, maintain, deal, supply, take on lease, give on lease, hire or let on hire and to carry on the business of running (whether under licence or otherwise) telecommunication infrastructure, telecommunication systems, telecommunication networks and telecommunication services, of all kinds, within India as well as outside India, including but not limited to telephony, telex, wireless, data communication, telematic and other like forms of communication, transmission, emission or reception through the agency of electricity or electromagnetism, or light, or otherwise, of signs, signals, writing, images, sounds or intelligence of any nature by wire, radio, optical or other electromagnetic systems whether or not such signs, signals, writing, images, sound or intelligence have been subjected to rearrangement, computation or other processes by any means in the course of their transmission, emission or reception and of all kinds and to carry on all or any of the businesses of building, developing, maintaining, supplying, operating, managing and dealing in services, facilities and infrastructure for communications of all kinds, within India as well as outside India, such as telephony, data transmission, information technology and video services and facilities which incorporate, use, or are used in conjunction with in connection with or ancillary to telecommunication systems or telecommunication apparatus and equipment and to plan, establish, develop, provide, operate, buy, sell, deal in, take on lease, give on lease, hire, let on hire, franchise and maintain all types of telecommunication services including, telephone exchanges, telegraph offices, coaxial stations, microwave stations, landing stations, repeater stations, telecommunications lines, cables, submarine cables, subsea cables, dark fibre, right of way, duct space, towers, bandwidth, or any other equipment, plant, machinery connected with design, development, construction, maintenance and operation of telecommunications services and conveniences, within India as well as outside India, which may seem calculated directly or indirectly to advance the interests of our Company and to subsidise, contribute to or otherwise assist or take part in doing any of these things, and/or to join or partner with any other person and/or company and/or acquire any other company or body corporate or collaborate with any organisation or company or with any Governmental authority in doing any of these things.*
- 2. To design, develop, install, provide, supply, deal, franchise, take on lease, give on lease, hire, let on hire, maintain and operate basic long distance services, cellular and value added telecommunications services, including but not limited to, providing broadband services, Wireless Applications Protocol (WAP) services, ISP services, internet based services, intelligent networks (IN) services, ISDN services, paging services and other value added services, global mobile telecommunications, electronic mail services, e-commerce transactions, globally managed data networks, internet data centres (IDCs), call centers, webstores, data telecommunication networks, virtual private networks (VPNs), video conferencing, international gateway networks, satellite networks, in India as well as outside India, to meet the demands of the customers, or otherwise as being appropriate from time to time either by way of formation of subsidiaries or Joint Venture Partnerships with Indian or Foreign Partners or otherwise and to establish, maintain, develop, conduct, procure, buy, sell, import, export, trade, or otherwise deal in, or to act as service providers of every kind in the fields of engineering, technology, technical know how, chemical, mechanical, electrical, electronics, civil, industrial, commercial, statistical, financial, accountancy, medical, legal, educational, production, marketing, distribution, materials, personnel, planning, computers, software and software solutions of all kinds, system integration, data processing, multi-media services, direct to home services, entertainment media, cable television services, interactive television services, content for various uses, electronic media, Cellular Mobile Telephone Services (CMTS), National Long Distance Operator Services (NLDO), Fixed Telephone Services (FTS), Cable Service Provider, Basic Telephone Services (BTS) with or without the use of Wireless Local Loop (WLL) Technology, VSAT Services, Internet Service Provision (ISP), Global Mobile Personal Communications by Satellite (GMPCS), wireline and wireless systems and other value added services including Paging Services, Radio Paging Service Providers, Public Mobile Radio Trunking Service Provider, DTM, communication methods, telecommunication, basic and cellular telephone, voice mail, internet, electronic mail, data communication services, intranet, internet connectivity, internet telephoning, interconnect and intraface services, applications like tele-banking, tele-medicine, tele-education, tele-trading, e-commerce, e-governance, e-business and system design, kiosks,*

management information systems and other types of management including spectrum management, social or other value added services like providing end to end integrated solutions, netserv solutions, network connectivity solutions, cost effective solutions, other allied solutions for data transfer, administrative and effective communication.

3. To carry on the business, buy, sell, deal, take on lease, give on lease, hire, let on hire and otherwise participate in the launching of satellites as well as the provision of all associated services, for communications, Geographical Information Systems (GIS) services, Global Positioning Systems (GPS) services, Satellite Imaging, Remote Sensing for various applications and usage, other commercial use, or otherwise and to promote, seek investment, partner, participate in joint ventures and to invest in such ventures, within India as well as outside India and for similar such projects in the field of telecommunications and to carry on all or any of the businesses of running, operating, managing and supplying data processing and information systems, including videotext, viewdata and teletext systems and systems utilising, or utilising in, or for the capture, storage, retrieval, processing, conversion, transmission, receipt or presentation of messages and signals including but not limited to, data, sounds and visual images, with the aid of, in conjunction with, or in anyway whatsoever utilising computers or similar equipment and computer programs and databases and to carry on the businesses of operating, managing, supplying and dealing in services and facilities of all kinds which incorporate, use or are used in conjunction with, in connection with, or ancillary to, systems of such descriptions as aforesaid or any of the apparatus and equipment comprised therein and to set up, operate manage, deal, in run the business of professional television /cable TV / audio / video / cine studios for production of entertainment shows, sponsored programmes, advertising films, educational films, feature films including transfer of films to video cassettes and to produce TV programmes, TV news coverage, educational programmes, sports coverage and computer software for programmes connected therewith and to import and export programmes for TV networks and other films for exhibition and to pay or earn royalties from TV/film/music shows.

#### Key Events and Milestones

Sr. No.	Date	Details
1.	April 16, 2001	Our Company was originally incorporated as Reliance Communications Rajasthan Private Limited.
2.	June 18, 2004	Our Company was converted to a public company and the name of our Company was changed to Reliance Communications Rajasthan Limited.
3.	October 11, 2006	Our Company changed its name Reliance Telecom Infrastructure Limited.
4.	January 12, 2007	Our Company obtained Registration Certificate for Infrastructure Provider Category - I (IP-I).
5.	March 30, 2007	Amalgamation of RNGTHPL with the Company became effective.
6.	April 10, 2007	Demerger of the passive infrastructure division of RCOM and RTL and vesting into our Company became effective. The total number of towers owned by our Company was 13,849.
7.	January 4, 2008	The name of our Company was changed to Reliance Infratel Limited.
8.	September 15, 2009	Demerger of the optic fibre undertaking of RCOM and vesting into our Company became effective.
9.	September 5, 2009	Issue of preference shares to RCOM
10.	September 19, 2009	Issue of bonus shares

## Amendments to the Memorandum of Association

Since our incorporation, the following changes have been made to our Memorandum of Association:

Date	Particulars
June 16, 2001	The authorised share capital was reclassified from Rs. 100,000 divided into 100,000 equity shares of Re. 1 each to Rs. 100,000 divided into 10,000 equity shares of Rs. 10. each
April 2, 2004	The authorised share capital was increased from Rs. 100,000 to Rs. 500,000
June 18, 2004	The Company changed its name pursuant to the change in its status from a private to a public company
October 11, 2006	Our Company changed its name to Reliance Telecom Infrastructure Limited
November 23, 2006	The authorised share capital was increased from Rs. 500,000 to Rs. 1,000,500,000
February 21, 2007	The authorised share capital was increased from Rs. 1,000,500,000 to Rs. 15,000,000,000
January 4, 2008	Change of name to Reliance Infratel Limited
January 30, 2008	Change in authorised share capital of Rs. 15,000,000,000 divided into 1,500,000,000 equity shares of Rs. 10 each into 3,000,000,000 equity shares of Rs. 5 each
September 4, 2009	The authorised share capital of Rs. 15,000,000,000 divided into 3,000,000,000 Equity Shares of Rs. 5 each was increased to Rs. 25,000,000,000 divided into 4,000,000,000 Equity Shares of Rs. 5 each and 500,000,000 preference shares of Rs. 10 each
September 15, 2009	The authorised equity share capital of Rs. 20,000,000,000 divided into 4,000,000,000 Equity Shares of Rs.5 each was consolidated into Rs. 20,000,000,000 divided into 2,000,000,000 Equity Shares of Rs. 10 each

## Material Agreements

### *Master Services Agreement for Passive Telecommunication Infrastructure Services*

Our Company entered into a master services agreement for passive telecommunication infrastructure services dated April 10, 2007, as amended by an agreement dated June 22, 2007 (the “Master Services Agreement”) with RCOM and RTL in terms of which our Company has agreed to make the Passive Telecommunication Infrastructure available to RCOM and RTL and to provide all associated services to RCOM and RTL with respect to the management, operations and maintenance of the Passive Telecommunication Infrastructure. Particularly, the Master Services Agreement provides that:

- Our Company will provide the aforesaid services to RCOM and RTL in respect of the Passive Telecommunication Infrastructure sites installed by RCOM and RTL and transferred to our Company in terms of the PTI Demerger Scheme (the “Existing Sites”), the 23,000 sites to be developed by our Company in terms of the Master Services Agreement (the “New Sites”) and the additional sites proposed to be developed by our Company at the request of RCOM and RTL, after the commissioning of the New Sites (the “Proposed Sites”, and together with the Existing Sites and the New Sites, the “Sites”). The parties are required to execute site agreements with respect to the New Sites and have agreed that the ready for installation date (the “RFI Date”) for each New Site shall not be later than March 31, 2008.
- Our Company and RCOM/RTL will enter into site agreements in respect of each Site, setting forth the details of respective Site and the capital charges and the service charges payable in respect of such Site.
- The New Sites are to be developed by our Company such that each New Site is ready for installation on or before March 31, 2008. After the commissioning of the New Sites, RCOM/RTL may provide an indicative roll out plan in relation to the development of the Proposed Sites on a half-yearly basis and our Company shall develop the Proposed Sites on the basis of such roll-out plan. In relation to the development of each Proposed Site, RCOM/RTL shall provide our Company an individual Site roll-out plan setting out in reasonable detail the schedule of installation of the equipment at such Site based on the requirements of RCOM/RTL at least 90 days in advance of the proposed RFI date. The firm commitment of our Company and RCOM/RTL in respect of each Proposed Site shall arise on execution of the site agreement.

- d) If RCOM/RTL are required to procure additional Sites, they shall first invite our Company to provide the Passive Telecommunication Infrastructure at such locations on mutually acceptable terms and conditions. Only in the event that our Company expresses its inability to provide the Passive Telecommunication Infrastructure at such locations on reasonable commercial terms, RCOM/RTL may procure the Passive Telecommunication Infrastructure from any third-party service provider or from any other group company. However, RCOM/RTL may continue to use Passive Telecommunication Infrastructure being provided by a third party service provider as of April 10, 2007. Further, RCOM/RTL may use the Passive Telecommunication Infrastructure from a third party if they have procured such Passive Telecommunication Infrastructure pursuant to any regulation, laws or any governmental or regulatory contract or incentive, which prohibits the grant of a right of first refusal in favour of our Company.
- e) As and when our Company develops a New Site or a Proposed Site, RCOM/RTL have the right to exclusive use of such New Site or Proposed Site for a period of three months from the date such New Site or Proposed Site is ready for installation. RCOM/RTL shall not have the right of exclusive use of any Site that is developed otherwise than at the request of RCOM/RTL or that is developed pursuant to any government contract or incentive that prohibits or restricts the grant of such exclusivity.
- f) Each of RCOM and RTL shall, at its own discretion, retain an option for a period of three years from the Effective Date to use two additional slots on each communication tower for possible future use. As consideration for retaining the option to use such additional slots, RCOM and/or RTL shall pay us an additional quarterly fee of 25% of the service charges payable in relation to such communications tower per slot.
- g) If applicable laws and regulations permit in the future, and subject to the parties agreeing upon mutually acceptable terms and conditions, each of RCOM and RTL shall first offer to transfer its active wireless infrastructure to us.
- h) We are responsible for procuring the land for the installation of any Passive Telecommunication Infrastructure, procuring all regulatory approvals necessary for the development of a site and installation, commissioning and operation of the Passive Telecommunication Infrastructure, ensuring the safety and security of RCOM's and RTL's equipment installed at the sites and operation and maintenance of the passive telecommunication infrastructure at a site.
- i) RCOM and RTL shall enter into discussions with us to provide financial support on mutually acceptable terms if we require such financial support.
- j) Subject to the right of exclusive use of RCOM/RTL as described above, our Company will be entitled to provide similar services from each individual Site with third-party customers and RCOM/RTL shall be required to share the Passive Telecommunication Infrastructure at such Site with the third-party customer.
- k) RCOM/RTL shall, at its own discretion, for a period of three years from April 10, 2007, retain an option to use two additional slots on each communication tower for possible future usage for any new technology such as WiMAX, 3G and 4G. As a consideration for such option, RCOM/RTL shall pay our Company an additional fee.
- l) Our Company may sub-contract or outsource some of its obligations in relation to the services under the Master Services Agreement.
- m) RCOM/RTL shall use their best endeavours to share their fibre optic network and related equipment with a third-party customer of our Company. RCOM/RTL shall, if applicable laws in the future so permit, subject to mutually acceptable terms, first offer to transfer its active wireless infrastructure to our Company.
- n) During the term of the Master Services Agreement, our Company shall have exclusive control and possession of the Passive Telecommunication Infrastructure.
- o) RCOM/RTL have paid Rs. 3,000 million on behalf of our Company towards the purchase of Passive Telecommunication Infrastructure from vendors. RCOM/RTL shall further provide bank guarantees and letters of credit on mutually acceptable terms, up to an amount of about Rs. 15,000 million in favour of our Company until such time as it undertakes any financing obligations. RCOM/RTL have further agreed to enter into discussions with our Company to provide any additional financial support that it may require in relation to financing for the New Sites or the Proposed Sites. The aforesaid amounts and any financial

support provided by RCOM/RTL to our Company may be settled by way of set-off against the service charges and other receivables payable by RCOM/RTL to our Company under the Master Services Agreement.

- p) In the event of any material deficiency in the provision of the Services occurring as a result of any default or negligence on the part of our Company, our Company shall promptly, at no additional cost to RCOM/RTL, repair, replace, provide additional services or otherwise correct (including by way of re-performance of the services) any such deficient services so that the services comply with terms of the Master Services Agreement, at no additional cost to RCOM/RTL. If our Company does not re-perform the services, RCOM/RTL shall be entitled to have the deficiencies remedied by a third-party service provider at our Company's cost.
- q) A roof-top communication tower site shall be delivered by our Company to RCOM/RTL within 45 days and a ground-based communication tower site shall be delivered within 60 days from the site agreement being signed, unless agreed otherwise between the parties in writing. Our Company shall be liable for a one-time penalty in case of any delay in the delivery time, other than any delay arising out of an event of force majeure or any delay caused by or pursuant to a request of RCOM/RTL. The one-time penalty for above delay shall be computed in the following manner:

Delay of up to one week: 10% of quarterly capital charges;

One to two weeks delay: 25% of quarterly capital charges; and

More than three weeks: 50% of quarterly capital charges.

- r) In consideration for our Company granting to RCOM/RTL the rights with respect to the Sites, RCOM and RTL have agreed, and will cause their associates, affiliates and any group company to agree, that it will not:
- engage or prepare to engage or publicly indicate an intention to engage in any business or activity which is the same or similar to the provision of the services contemplated in the Master Services Agreement, save and except for the 472 communication towers that have been awarded to RCIL by the Government of India under the USO Fund Scheme;
  - solicit, canvass or approach any person who was at any time a customer or client of our Company with a view to providing or offering to provide to that person any services that is the same or similar to the services contemplated in the Master Services Agreement or is in competition with the business of our Company;
  - interfere with the business relationship between our Company and its other customers including the third party customers, clients, employees or suppliers; or
  - induce or assist in the inducement of any employee of our Company to leave his/her employment.
- s) RCOM/RTL shall pay our Company services charges in relation to each Site from the date that such Site is ready for installation, except in relation to the Existing Sites in respect of which the service charges became payable from April 11, 2007. Service charges comprise capital charges and operating charges. Capital charges are payable in advance on a quarterly basis. Operating charges are classified into fixed and variable operating charges and are payable in arrears on a quarterly basis. The capital charges payable on existing passive infrastructure for fiscal 2008 is Rs.208,000 for roof-top communications towers and Rs.390,000 for ground-based communications towers between 40 to 42 meters, Rs. 468,000 for ground-based communications towers up to 62 meters and Rs.520,000 for ground based communications towers up to 70 meters. Capital charges are subject to an increase of 3% on a year-on-year basis. The fixed operating charges are valid for a period of one year from the date of the respective agreement and shall be escalated at 5% on a year-on-year basis during the term of the Master Services Agreement. The variable operating charges are not fixed for any specific period of time and shall be reimbursed by RCOM or RTL (on a pro-rata basis) at actuals. The operating charges for each site are payable in arrears on a quarterly basis during the term of the Master Services Agreement.
- t) The Master Services Agreement shall, unless terminated earlier by the parties, be valid for a period of 10 years and shall stand renewed for a further period of 10 years if the parties agree upon mutually acceptable terms and conditions.



- u) Either party may terminate the agreement prior to the expiry of its term upon occurrence of an event of default.
- v) Each party has indemnified the other against any and all claims, damages, cost, charges and expenses incurred or likely to be incurred by the other arising out of any injury to life or property of any person resulting from the negligence or willful misconduct of the former party or otherwise on account of breach of applicable law by the former party. RCOM/RTL have indemnified our Company against claims arising out of any claims relating to electromagnetic radiations, health hazards etc. that may be associated with the business of RCOM/RTL. The maximum liability of our Company for damages shall be limited to the aggregate of the service charges paid by RCOM/RTL in respect of the relevant Site during the 12 month period ended on the date that such claim arises.

As of January 15, 2008, RCOM provided us a firm roll out plan to develop 16,000 towers during Fiscal 2009 pursuant to the roll-out letter. In addition, the said letter provided for a tentative roll out plan for an additional 9,000 and 8,596 tower sites to be developed in the Fiscal 2009 and 2010 respectively. Further, by an amendment dated August 1, 2009 the parties have agreed to waive the quarterly fees of 25% payable by RCOM to our Company.

#### ***Shared Facilities and Support Services Agreement***

Our Company entered into a shared facilities and support services agreement dated April 10, 2007 (the "Shared Services Agreement") with RCOM in which RCOM has agreed to provide our Company the expertise and services relating to the installation, commissioning and operations of the Passive Telecommunication Infrastructure.

Pursuant to the Shared Service Agreement:

- Our Company shall be responsible for identifying land to build a passive infrastructure facility and shall inform RCOM of such identified land. RCOM shall then endeavour to provide our Company necessary support to acquire or obtain a lease on such land or may acquire or obtain a lease on such land;
- RCOM shall provide us with the necessary support to obtain consents, approvals and licenses;
- RCOM shall provide our Company with the necessary support in relation to the ongoing construction of passive infrastructure facilities, including support in relation to design, project implementation, procurement, engineering and construction services, operations and management services, quality control and testing;
- RCOM shall lease the office premises presently being leased by us for a period of two years; and
- If requested by us, RCOM shall depute its personnel for the purposes of the services to us in terms to be determined on a cost sharing basis.

Our Company is required to reimburse RCOM for direct and associated costs and expenses which are incurred by RCOM while providing services under the Shared Services Agreement and which can be allocated to the services being used by us on an arm's length basis.

The Shared Services Agreement shall, unless terminated earlier by the parties, be valid for a period of two years and shall stand renewed for a further period of two years. Either party may terminate the agreement prior to the expiry of its term upon occurrence of an event of default.

Each party has indemnified the other against any and all claims, damages, costs, charges and expenses incurred or likely to be incurred by the other arising out of any injury to life or property of any person resulting from the negligence or willful misconduct of the former party or otherwise on account of breach of applicable law by the former party. The maximum liability of RCOM for damages shall be limited to the aggregate of the commission paid by our Company during the 12 month period ended on the date that such claim arises.

### **MoU between the Company and RCOM for Optic Fibre Undertaking Services**

The Company has entered into a MoU to provide optic fibre undertaking services (“OFC MoU”) dated March 15, 2009 with RCOM. In terms of the scheme of arrangement sanctioned by the High Court of Bombay pursuant to which the OFC Undertaking of RCOM was transferred to and vested in our Company (“OFC Demerger Scheme”), RCOM has a non-exclusive right to use the optic fibre of RITL.

Under the OFC MoU, the Company has granted RCOM an exclusive indefeasible right of connectivity through 20 pairs of optical fibre connecting identified destination points. The contractual arrangements relating to the acquisition of the OFU by the Company and the use of the OFU asset by RCOM are proposed to be captured in a master services agreement between RITL and RCOM which shall include the key principles as set out below:

- Immediately following the implementation of the OFC Demerger Scheme, the ownership of the OFU will be transferred to the Company from RCOM with effect from April 1, 2008, without any encumbrance and without being subject to any prior rights of usage or equities from RCOM to our Company, such that our Company shall have the absolute and unfettered right to own, use and permit usage of 100% of the assets and capacity of the optic fibre.
- The Company will grant RCOM an indefeasible right to use (“IRU”) in relation to up to 80% of the total capacity of the OFC as on the date of implementation of the OFC Demerger Scheme, for an initial period of 7 years.
- RCOM shall directly bear all operating and maintenance costs in relation to the OFC provided by the Company to RCOM.
- The Company has agreed to provide RCOM, an alternate OFC connectivity out of its spare capacity in case there is temporary or permanent dislocation in OFC connectivity or if there is any technical glitch leading to disruption in OFC services to RCOM.
- The master services agreement shall be renewed at the end of seven years for a minimum period of three years, on terms that are the same or better for RITL. In consideration to the Company providing the OFC services to RCOM, RCOM will pay annual rentals as mentioned in the OFC MoU. The annual lease rental payable by RCOM for the OFC for the first year of such renewed term shall, assuming that the capacity granted to RCOM in relation to the OFC remains the same, be no lower than the lease rental payable by RCOM for the year ending March 2015, as mentioned in the MoU.
- RCOM has agreed that it shall not, and that it shall procure that its subsidiaries and affiliates shall not, enter into any business which directly or indirectly competes with the business conducted by the Company through the utilisation of the OFC.
- The liability of the Company towards RCOM under the master services agreement, in the event of the Company being unable to make available the committed capacity to RCOM in accordance with RCOM’s IRU, shall not, irrespective of the reason for such failure, exceed the rental amounts paid by RCOM to the Company during the 12 months preceding such failure.
- The terms agreed to by the parties in this OFC MoU are initially valid for a period of seven years.
- In terms of the OFC MoU, RCOM does not have any right to terminate the Master Services Agreement without the prior approval of the Company and such termination shall only be effective upon, and to the extent the Company is relieved of all obligations and liabilities under the Master Services Agreement.

## OUR MANAGEMENT

Under our Articles of Association we cannot have fewer than three directors or more than 12 directors. We currently have five directors on our Board.

The following table sets forth details regarding our Board as of the date of filing the Draft Red Herring Prospectus with SEBI:

Name, Designation, Father's Name, Address and Occupation	Age (Years)	Status of Director in our Company	Other Directorships
<b>Mr. Anil Dhirubhai Ambani</b> <i>Director &amp; Chairman</i> Late Mr. Dhirubhai H. Ambani  Sea Wind, 39, Cuffe Parade, Colaba, Mumbai 400 005, Maharashtra  <i>Industrialist</i>  DIN- 00004878	50	<ul style="list-style-type: none"> <li>• Non-Independent</li> <li>• Non-Executive</li> </ul>	<ul style="list-style-type: none"> <li>• Reliance Communications Limited</li> <li>• Reliance Infrastructure Limited</li> <li>• Reliance Capital Limited</li> <li>• Reliance Natural Resources Limited</li> <li>• Reliance Power Limited</li> <li>• Harmony Art Foundation</li> <li>• AAA Communication Private Limited</li> <li>• AAA Enterprises Private Limited</li> <li>• AAA Power Systems (Global) Private Limited</li> <li>• AAA Project Ventures Private Limited</li> <li>• Indian School of Business</li> <li>• Mandke Foundation</li> <li>• Reliance Big TV Limited</li> <li>• Reliance Innoventures Private Limited</li> <li>• Reliance Anil Dhirubhai Ambani Group Limited</li> <li>• Reliance Globalcom Limited, Bermuda</li> </ul>
<b>Mr. S.P. Talwar</b> <i>Director</i> Mr. Tekchand Talwar  163, Beach Towers P. Baloo Marg Prabhadevi Mumbai 400 025  <i>Former Deputy Governor, Reserve Bank of India</i>  DIN- 00059681	70	<ul style="list-style-type: none"> <li>• Non-Executive</li> <li>• Independent</li> </ul>	<ul style="list-style-type: none"> <li>• Reliance Communications Limited</li> <li>• Reliance Communications Infrastructure Limited</li> <li>• Crompton Greaves Limited</li> <li>• Reliance General Insurance Company Limited</li> <li>• Reliance Life Insurance Company Limited</li> <li>• Videocon Industries Limited</li> <li>• Housing Development and Infrastructure Limited</li> <li>• A.B. Hotels Limited</li> <li>• Kalpataru Power Transmission Limited</li> <li>• Asian Oilfield Services Limited</li> <li>• HDIL Investment Advisor Private Limited</li> <li>• Uttam Galva Steels Limited</li> <li>• Hotel Queen Road Private Limited</li> <li>• GTL Infrastructure Limited</li> </ul>
<b>Mr. E.B. Desai</b> <i>Director</i> Mr. Byramsha Desai  81, Sonarica, 33A Peddar Road, Mumbai 400 026  <i>Advocate and Solicitor</i>  DIN- 00023290	77	<ul style="list-style-type: none"> <li>• Non-Executive</li> <li>• Independent</li> </ul>	<ul style="list-style-type: none"> <li>• Supreme Industries Limited</li> <li>• Hindalco Industries Limited</li> <li>• Century Textiles &amp; Industries Limited</li> <li>• Hercules Hoists Limited</li> <li>• ICICI Prudential Trust Limited</li> <li>• Panasonic Energy India Company Limited</li> <li>• Uni Abex Alloy Products Limited</li> <li>• Dolphin Fisheries &amp; Trading Private Limited</li> <li>• Bekaert Industries Private Limited</li> <li>• The Sandur Manganese &amp; Iron Ores Limited</li> </ul>

Name, Designation, Father's Name, Address and Occupation	Age (Years)	Status of Director in our Company	Other Directorships
<b>Mr. R. N. Bhardwaj</b> <i>Additional Director</i> Late Mr. Murarilal  402, Moksh Apartment, Upper Govind Nagar, Malad (E), Mumbai 400 097  <i>Retired banker</i>  DIN- 01571764	64	<ul style="list-style-type: none"> <li>• Non-Executive</li> <li>• Independent</li> </ul>	<ul style="list-style-type: none"> <li>• Jaiprakash Associates Limited</li> <li>• Money Matters Financial Services Limited</li> <li>• Indian Railway Catering and Tourism Corporation Limited</li> <li>• ESKAY K'nIT (India) Limited</li> <li>• KSL and Industries Limited</li> <li>• SREI Venture Capital Limited</li> <li>• TEMBA Shipyards Limited</li> <li>• Adhunik Power &amp; Natural Resources Limited</li> <li>• Microsec Financial Services Limited</li> <li>• Jaiprakash Power Ventures Limited</li> <li>• Religare Trustee Company Limited</li> <li>• Lanco Kondapalli Power Private Limited</li> <li>• Milestone Capital Advisors Private Limited</li> <li>• Milestone Religare Investment Advisors Private Limited</li> <li>• IIT Insurance Broking and Risk Management Private Limited</li> <li>• Invent Assets Securitisation and Reconstruction Private Limited</li> <li>• Samvridhi Advisors Private Limited</li> <li>• IL&amp;FS Milestone Realty Advisors Private Limited</li> <li>• Singhi Advisors Private Limited</li> </ul>
<b>Mr. Vijay K. Aggarwal</b> <i>Whole Time Director and CEO</i> Mr. Prem Sagar Aggarwal  F-104, Great Eastern Gardens, L.B.S Marg, Kanjur Marg (W), Mumbai 400 078  <i>Service</i>  DIN- 01281634	56	<ul style="list-style-type: none"> <li>• Executive</li> </ul>	<ul style="list-style-type: none"> <li>• Reliance Globalcom Limited</li> </ul>

All our Directors are nationals of India.

#### Brief Profile of the Directors

**Mr. Anil Dhirubhai Ambani** is the non-executive Chairman of our Company. He holds a Bachelor's Degree in Science from the University of Bombay and a Master's Degree in Business Administration from The Wharton School, University of Pennsylvania, USA. Mr. Ambani is also the Chairman of Reliance Communications Limited, Reliance Capital Limited, Reliance Infrastructure Limited, Reliance Natural Resources Limited and Reliance Power Limited. He is a member of the Wharton Board of Overseers, The Wharton School, USA, the Central Advisory Committee, Central Electricity Regulatory Commission, and the Board of Governors of the Indian Institute of Management (IIM), Ahmedabad and the Indian Institute of Technology, Kanpur (IIT), and Executive Board, Indian School of Business (ISB), Hyderabad. Mr. Ambani is also the Chairman of the Board of Governors of Dhirubhai Ambani Institute of Information and Communication Technology, Gandhinagar, Gujarat.

Mr. Ambani has received numerous awards and recognitions, including:

- Awarded 'Person of the Year' for outstanding achievements in the communication industry by Light Readings, 2008.

- Voted 'Businessman of the Year' in a poll conducted by the Times of India – TNS, December 2006.
- Voted 'Best Role Model' among business leaders in the biannual Mood of the Nation poll conducted by India Today magazine, August 2006.
- Conferred 'CEO of the Year 2004' in the Platts Global Energy Awards.
- Rated as one of 'India's Most Admired CEOs' for the sixth consecutive year in the Business Barons – TNS Mode opinion poll, 2004.

**Mr. S.P. Talwar** is an independent Director of our Company. He holds a Bachelor's Degree in Arts from the Punjab University and a Bachelor's Degree in Law from the Agra University. Mr. Talwar was the Deputy Governor of the Reserve Bank of India from November 1994 to June 2001. He has also been the chairman-cum-managing director of Bank of Baroda, Union Bank of India and Oriental Bank of Commerce. He is a Certified Associate Member of the Indian Institute of Bankers ("CAIIB"). He has over 40 years of experience in the fields of banking, finance and planning.

**Mr. E.B. Desai** is an independent Director of our Company. He holds a Bachelor's Degree in Arts and Law from the Mumbai University. Mr. Desai is a Solicitor by profession and a senior partner in Mulla & Mulla & Craige Blunt & Caroe. He was appointed as Independent Director of our Company on January 23, 2008.

**Mr. R. N. Bhardwaj** is a non-executive and independent Director of our Company. He holds a Post Graduate degree in Economics from the Delhi School of Economics and a Diploma in Industrial Relations and Personnel Management from Punjabi University, Patiala. He has over 37 years of experience with the Life Insurance Corporation of India and has served in various positions including Managing Director and Chairman of Life Insurance Corporation of India. Mr. R. N. Bhardwaj has also served as a member of the Securities Appellate Tribunal (SAT). He was appointed as an Additional Director of our Company on September 19, 2009.

**Mr. Vijay K. Aggarwal** is a Whole-Time Director. He holds a Bachelor's Degree in Engineering from Delhi College of Engineering and a Masters in Business Administration from the Faculty of Management Studies, Delhi University. He has over 35 years of experience in diverse functions of the capital goods and telecommunication industry and has led the profit centre responsibilities at RCOM. He has established India's first CDMA network in Madhya Pradesh; National Long Distance network and International Voice network for RCOM. He has been working with RCOM since May 2000 as President (Long Distance and Global Voice Business). He was appointed as the Whole Time Director and CEO of our Company on January 23, 2008.

### **Borrowing Powers of our Board**

Pursuant to a resolution passed by our shareholders at the AGM held on September 4, 2009, our Board of Directors has been authorised to borrow money for our Company upon such terms and conditions and with or without security as the Board of Directors may think fit, provided that the money or monies to be borrowed together with the monies already borrowed by our Company (apart from temporary loans obtained from the bankers of our Company in ordinary course of business) shall not exceed fifteen times the paid-up share capital and free reserves of our Company.

### **Details of Terms of Appointment of our Directors**

<b>Name</b>	<b>Contract / Appointment Letter / Resolution</b>	<b>Term</b>	<b>Date of expiry of term</b>
Mr. Anil Dhirubhai Ambani	Board Resolution dated June 18, 2007 and shareholder resolution dated September 29, 2007	Director not liable to retire by rotation	Not Applicable
Mr. S.P. Talwar	Board Resolution dated June 18, 2007 and shareholder resolution dated September 29, 2007  Reappointed by shareholders at the Annual General Meeting held on	Director liable to retire by rotation	The date when the annual general meeting of the Company is held in 2011

Name	Contract / Appointment Letter / Resolution	Term	Date of expiry of term
	September 29, 2008		
Mr. E.B. Desai	Board Resolution dated January 23, 2008 and shareholder resolution dated January 30, 2008  Reappointed by shareholders at the Annual General Meeting held on September 4, 2009	Director liable to retire by rotation	The date when the annual general meeting of the Company is held in 2012
Mr. Vijay K. Aggarwal	Board Resolution dated January 23, 2008 and shareholder resolution dated January 30, 2008	Whole-time Director appointed for five years with effect from January 23, 2008, liable to retire by rotation	The date when the annual general meeting of the Company is held in 2010  As a Wholetime Director- January 23, 2013
Mr. R.N. Bhardwaj	Board Resolution dated September 19, 2009	Additional Director holding office till the next annual general meeting	The date of the next annual general meeting of the Company

### Corporate Governance

The provisions of the Listing Agreement to be entered into with BSE and NSE and the SEBI Regulations in respect of corporate governance will be applicable to our Company immediately upon the listing of our Company's Equity Shares on the Stock Exchanges. Our Company undertakes to adopt the corporate governance code as per Clause 49 of the Listing Agreement to be entered into with the Stock Exchanges on listing (Clause 49). The Board of Directors consists of a total of five Directors of which three are independent Directors (as defined under Clause 49), which constitutes more than 50% of our Board of Directors. This is in compliance with the requirements of Clause 49.

In terms of Clause 49, our Company has already appointed independent Directors and constituted the following committees:

#### *Audit Committee*

Members: Mr. S.P. Talwar, Chairman  
Mr. Vijay K. Aggarwal  
Mr. R.N. Bhardwaj

The purpose of the Audit Committee is to ensure the objectivity, credibility and correctness of our Company's financial reporting and disclosure processes, internal controls, risk management policies and processes, tax policies, compliance and legal requirements and associated matters.

Terms of reference / scope of the Audit Committee are:

General Functions and Powers:

- Oversight of our Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending to the Board, the appointment, re-appointment and removal of external auditors, fixing of audit fee.
- Approval of payment to statutory auditors for any services rendered by the statutory auditors.

- d. Reviewing the annual financial statements before submission to the Board, focusing primarily on:
  - Any changes in accounting policies and practices and reasons for the same.
  - Major accounting entries based on exercise of judgment by management.
  - Qualifications in draft audit report.
  - Significant adjustments arising out of audit.
  - The going concern assumption.
  - Compliance with accounting standards.
  - Any related party transactions, i.e., transactions of our Company of material nature, with promoters or the management, their subsidiaries or relatives etc. that may potentially conflict with the interests of Company in general.
  - Matters required to be included in the Directors' Responsibility Statement in terms of Section 217 (2AA) of the Companies Act, 1956.
  - Compliance with listing and other legal requirements relating to financial statements.
- e. Reviewing the adequacy of the internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- f. When money is raised through an issue, the Company shall disclose to the Audit Committee, the uses/applications of funds by major category (capital expenditure, sales and marketing, working capital etc) on a quarterly basis as part of their quarterly declaration of financial results. Further, on an annual basis, the Company shall prepare a statement of funds utilized for the purposes other than those stated in the offer document and place it before the audit committee. Such disclosures are to be made till such time that the full money raised through the issue has been fully spent.
- g. Discussion with internal auditors any significant findings and follow-up there on.
- h. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- i. Reviewing with management the performance of External and Internal Auditors and adequacy of Internal Control Systems.
- j. Discussion with statutory auditors before the audit commences on the nature and scope of audit as well as having post-audit discussions to ascertain any areas of concern.
- k. Reviewing with the management the quarterly financial statements before submission to the Board for approval.
- l. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
- m. To review the functioning of the whistle blower mechanism.
- n. Carrying out any other function as and when required by the Board.

Information for review:

1. Management discussion and analysis of financial condition and results of operations.
2. Statement of significant related party transactions (as may be defined by the audit committee) submitted by management.
3. Management letters / letters of internal control weaknesses issued by the statutory auditors.
4. Internal audit reports relating to internal control weaknesses.
5. The appointment, removal and terms of remuneration of the Chief Internal Auditor.

6. The uses / application of funds raised through public issues, rights issues, preferential issues, etc.
7. Review of the financial statement of unlisted subsidiaries company(ies), in particular the investments made by them.

#### ***Shareholders'/Investors' Grievance Committee***

Members: Mr. S.P. Talwar, Chairman  
Mr. E.B. Desai  
Mr. R.N. Bhardwaj  
Mr. Vijay K. Aggarwal

This Committee is responsible for the redressal of shareholder grievances.

The terms of reference of the Investor Grievance Committee are as follows:

- a. To approve allotment of shares, debentures and other securities as per the authority conferred/to be conferred to the Committee by the Board of Directors from time to time.
  - To approve requests for transfer, transposition, deletion, consolidation, sub-division, change of name etc., of shares, debentures and securities, which are above 5,000 in number in each individual case per transfer deed/per application received by our Company.
  - To authorise the officers of our Company to approve the requests for transfer, transposition, deletion, consolidation, sub-division, change of name etc., of shares, debentures and securities up to 5,000 in numbers in each individual case per transfer deed/per application received by our Company.
- b. To monitor, under the supervision of our Company Secretary, the complaints received by our Company from SEBI, Stock Exchanges, Department of Company Affairs, RoC and the Share/Debenture/Security holders of our Company etc., and the action taken for redressal of the same.
- c. To approve and ratify the action taken by the authorised Officers of our Company in compliance with the requests received from the Shareholders/Investors for issue of duplicate/replacement/consolidation/sub-division share certificates and other purposes for the shares, debentures and securities of the Company.
- d. To monitor and expedite the status and process of dematerialisation and dematerialisation of shares, debentures and securities of our Company.
- e. To give directions for monitoring the stock of blank stationery and for printing of stationery required by the Secretarial Department of our Company, from time to time, for issuance of share certificates, debenture certificates, allotment letters, warrants, pay orders, cheques and other related stationary.

#### ***Nomination / Remuneration Committee***

Members: Mr. S.P. Talwar, Chairman  
Mr. Anil Dhirubhai Ambani  
Mr. E.B. Desai  
Mr. R.N. Bhardwaj

This Committee is responsible for determining the remuneration of executive directors of our Company.

The terms of reference/scope of the Committee are as follows:

- a. to ensure that our Company has formal and transparent procedures for the selection and appointment of new directors to the board and succession plans;
- b. to develop and implement a plan for identifying and assessing competencies of directors;



- c. to identify individuals who are qualified to become board members, taking into account a variety of factors, including, but not limited to:
  - the range of skills currently represented on the board;
  - the skills, expertise, experience (including commercial and/or industry experience) and particular qualities that make individuals suitable to be a director of our Company; and/or
  - the individual's understanding of technical, accounting, finance and legal matters;
- d. to make recommendations for the appointment and removal of directors;
- e. ensure that our Company has in place programs for the effective induction of new directors;
- f. to review, on an ongoing basis, the structure of the board, its committees and their interrelationship;
- g. to determine a broad policy for the remuneration of executive directors, the chairman of our Company and such other members of senior management as it is designated to consider; and
- h. within the terms of the agreed policy, determine the total individual remuneration package of each executive director, including, where appropriate, bonuses, incentive payments and share options.

#### **Policy on Disclosures and Internal Procedure for Prevention of Insider Trading**

The provisions of Regulation 12 (1) of the SEBI (Prohibition of Insider Trading) Regulations, 1992 will be applicable to our Company immediately upon the listing of its Equity Shares on the Stock Exchanges. We shall comply with the requirements of the SEBI (Prohibition of Insider Trading) Regulations, 1992 on listing of our Equity Shares. Company has adopted "Reliance Anil Dhirubhai Ambani Group - Corporate Governance Policies and Code of Conduct" which also includes provisions of Regulation 12(1) of the SEBI (Prohibition of Insider Trading) Regulations, 1992.

#### **Shareholding of Directors in our Company**

None of our Directors hold any Equity Shares in our Company.

#### **Interest of our Directors**

Mr. Vijay. K. Aggarwal has been appointed as the Whole Time Director and CEO of our Company for a period of five years with effect from January 23, 2008.

All the Directors, including independent Directors, may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or a committee thereof as well as to the extent of other remuneration and reimbursement of expenses payable to them under the Articles of Association. In addition, the compensation payable to Directors may include commission representing a percentage of profits subject to the limit prescribed under law. Our shareholders by way of their resolution dated January 30, 2008 have authorised the payment of commission in accordance with and up to the limits laid down under the provisions of Section 309(4) of the Companies Act or such higher percentage as may be approved by the Central Government, computed in the manner specified in the Act, for a period of five years from the financial year commencing April 1, 2008, in such manner and up to such extent as the Remuneration Committee of the Board may, from time to time, determine.

All the Directors, including independent Directors, may also be deemed to be interested to the extent of Equity Shares, if any, already held by or that may be subscribed for and allotted to them or to the companies, firms and trusts, in which they are interested as directors, members, partners and/or trustees, out of the present offer and also to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares.

The Directors, including independent Directors, may also be regarded as interested in the Equity Shares, if any, held by or that may be subscribed by and allotted to the companies, firms and trust, in which they are interested as directors, members, partners or trustees. The Directors may also be deemed to be interested to the extent of the fees and other payments that may be made to companies in which they are directors.

Mr. Anil Dhirubhai Ambani and Mr. S.P. Talwar as directors of RCOM may be deemed to be indirectly interested to the extent of any payments, contractual arrangements or other business dealings with RCOM by us pursuant to arrangements with RCOM.

The Independent Directors of RCOM including Mr. S.P. Talwar were paid a commission of Rs. 1.50 million by RCOM for the year ended March 31, 2009, as approved by its Nomination / Remuneration Committee and the Board of Directors at a meeting held on August 8, 2009.

### Service agreements with our Directors

Agreement with Mr. Vijay K. Aggarwal

Our Company has entered into an agreement dated January 31, 2008, appointing Mr. Vijay K. Aggarwal as Whole Time Director and CEO of our Company for a period of five years with effect from January 23, 2008. During the tenure of his appointment as the Whole Time Director, Mr. Aggarwal is entitled to an aggregate remuneration of Rs. 12.90 million, per annum comprising salary, allowances and other perquisites. In addition, Mr. Aggarwal will also be eligible for an annual increment not exceeding 50% on the last drawn salary, perquisites and allowances, as well as reimbursements of expenses incurred for business related travelling, boarding and lodging. Under the terms of this agreement, either party is entitled to terminate this Agreement by giving a prior written notice of three months.

We have not entered into any service agreements with any of our other directors which provide for benefits upon termination of service.

### Changes in our Board of Directors in the last three years

The following changes have occurred in Board of Directors of our Company in the last three years:

Name of Director	Date of Appointment / Re-appointment	Date of Cessation	Reason*
Mr. B. D. Khuranna	July 23, 2005	January 31, 2007	Resignation
Mr. Surendra Pipara	July 23, 2005	June 18, 2007	Resignation
Mr. Samir Raval	January 18, 2006	June 18, 2007	Resignation
Mr. Anil Dhirubhai Ambani	June 18, 2007	-	Appointed
Mr. S. P. Talwar	June 18, 2007	-	Appointed
Mr. Pravin N. Ghatalia	June 18, 2007	August 13, 2009	Deceased
Mr. Hasit Shukla	July 23, 2005	July 30, 2007	Resignation
Mr. E.B. Desai	January 23, 2008	-	Appointed
Mr. Vijay K. Aggarwal	January 23, 2008	-	Appointed
Mr. R.N. Bhardwaj	September 19, 2009	-	Appointed

\* The resignations and consequent appointments were made to facilitate the reconstitution of the Board to respond to the changes in status and business of the Company.

### Board of Advisors of our Company

Our Company has also constituted a Board of Advisors to provide guidance and assistance to our Company and its Board of Directors. Currently, the Board of Advisors of our Company consists of the following:

**Mr. Anil Dhirubhai Ambani** – for details see “Brief Profile of the Directors” on page 103 above.

**Mr. S.P. Talwar** – for details see “Brief Profile of the Directors” on page 104 above.

**Mr. Amitabh Jhunjhunwala**, 52, is a Fellow Chartered Accountant. He has had a wide exposure in developing, strategizing and overseeing businesses in the financial services, power, telecommunication and entertainment sectors. Currently, he oversees and leads businesses in the financial services and entertainment sectors of the Reliance ADA group. He has experience in the areas of finance, commercial, banking, accounts,

and general management. Mr. Jhunjhunwala is the Group Managing Director of Reliance Anil Dhirubhai Ambani Group Limited. He is also Vice-Chairman of Reliance Capital Limited and is a director on the Board of Harmony Art Foundation.

**Mr. Satish Seth**, 53, is a Fellow Chartered Accountant and a law graduate. He has had a wide exposure in developing, strategizing and overseeing businesses in the petrochemicals, petroleum, power, telecommunication, and infrastructure sectors. Currently, he oversees and leads businesses in the power, telecommunication and infrastructure sectors of the Reliance ADA group. He has experience in the areas of finance, commercial, banking, accounts, audit, taxation, legal, project execution and general management. Mr. Seth is the Group Managing Director of Reliance Anil Dhirubhai Ambani Group Limited. Mr. Seth is also the Vice Chairman of Reliance Infrastructure Limited and is a Director of Reliance Telecom Limited, Reliance Anil Dhirubhai Ambani Group Limited, Harmony Art Foundation and WorldTel Limited.

**Mr. Gautam Doshi**, 56, is a Fellow Chartered Accountant. He has experience in the areas of mergers and acquisitions, income-tax, international taxation, accounting, auditing, finance, banking, legal, and general management. Until recently he was associated with RSM & Co., a well-known firm of Chartered Accountants, as a Senior Partner and with Ambit Corporate Finance Private Limited, a leading investment banker, as a founder director. Mr. Doshi is the Group Managing Director of Reliance Anil Dhirubhai Ambani Group Limited and is also a director on the Board of Adlabs Films Limited, Piramal Life Sciences Limited, Reliance Communications Infrastructure Limited, Reliance Anil Dhirubhai Ambani Group Limited, Reliance Life Insurance Company Limited, Reliance Asset Reconstruction Company Limited, Reliance Big TV Limited, Sonata Investments Limited, Digital Bridge Foundation, Sterlite Industries (India) Limited and Reliance Telecom Limited.

#### **Key Managerial Personnel**

All of our key managerial personnel mentioned below have been transferred from RCOM under the PTI Demerger Scheme, on the same terms as their existing terms of employment and such key managerial personnel are now permanent employees of our Company.

**Mr. Inder Bajaj**, aged 46 years, is the President and is heading Reliance Infratel Limited. He has over 24 years experience and 5 years in Reliance Communication Limited, having held positions in significant corporate functions like planning, strategy and led the launch of the Company's infrastructure business. Prior to this, he was associated with companies like Bharti Cellular Limited, Modi Xerox Limited and Ballarpur Industries. He holds a Master's Degree in Management from Punjab University. The gross remuneration paid to him during fiscal 2009 was Rs. 12.90 million. He joined the Company on September 22, 2003.

**Mr. Vijay K. Aggarwal**, for details, see "Our Board of Directors" above on page 104 of the Draft Red Herring Prospectus.

**Mr. Mohan K. Abichandani**, aged 55 years and an Indian national, is the Head- Projects. Mr. Abichandani is a B.Tech and has over 35 years of experience in construction industry and project management. He was the head of the construction arm of RCOM. He has optimized designs for the telecommunication towers and has established a quality management system to be adopted during fabrication and erection of towers. He has executed various turn-key projects in the power, cement, chemical, oil and gas sectors. He joined RCOM in 2003 and has been transferred to our Company with effect from January 1, 2008. Prior to joining RCOM, he was the Senior Vice President (Project), Finolex Cables Limited. The gross remuneration paid to him during the fiscal 2009 was Rs. 10.04 million.

**Mr. GS Kumar**, aged 55, is the Vice President, CTO – Network Business. He has over 31 years experience in the communications sector. He holds a Masters Degree in Engineering. He joined RCOM in 1996 and has been transferred to our Company with effect from January 01, 2008. He has been responsible for projects and was involved in roll-out of GSM & CDMA network. Prior to joining the Reliance group, he was associated with Civil Aviation, Punjab Wireless Systems, Optel Communication, National Telephone Services and Cellular Communications. The gross remuneration paid to him during the fiscal 2009 was Rs. 4.87 million.

**Mr. Sanjay Deshmukh**, aged 43 years and Indian national, is the Senior Vice President, Head – Planning & Program Management. Mr. Deshmukh is an Instrumentation Engineer and has done MPRE in Marketing. He has over 23 years of experience in areas of project engineering, project management and operations. He has been with RCOM since the roll-out of its CDMA business in June 2003 and was an integral part of corporate

planning and strategy team. He joined RCOM in 1990 and has been transferred to our Company with effect from January 1, 2008. Prior to joining RCOM, he was with Reliance Industries Limited and Zuari Agro Chemicals Limited. The gross remuneration paid to him during the fiscal 2009 was Rs. 3.96 million.

**Mr. Mangesh Chavan**, aged 49, is the Chief Financial Officer. He holds a degree from Institute of Cost and Works Accountants of India (ICWA). He has over 28 years experience in finance and managerial functions. Prior to joining the Company, he was associated with Koll Morgen, Philips, Grind Well Norton and Genelac Limited. He was appointed on August 7, 2009. The gross remuneration paid to him during the fiscal 2009 was Rs. 3.03 million.

**Mr. Anil C Shah**, aged 46 years and an Indian national, is our Company Secretary and Compliance Officer. Mr. Shah has a Master of Commerce Degree and is a Fellow Member of the Institute of Company Secretaries of India. He has over two decades of experience in corporate secretarial, legal, finance and managerial functions. He joined RCOM in 2006. He was deputed to our Company from March 30, 2007 and was transferred to our Company with effect from January 1, 2008. Prior to joining RCOM, he was with Nirma Limited. The gross remuneration paid to him during the fiscal 2009 was Rs. 2.49 million.

#### **Shareholding of the Key Managerial Personnel**

None of our key managerial personnel hold any shares in our Company.

#### **Bonus or Profit Sharing Plan for our Key Managerial Personnel**

There is no bonus or profit sharing plan for our key managerial personnel.

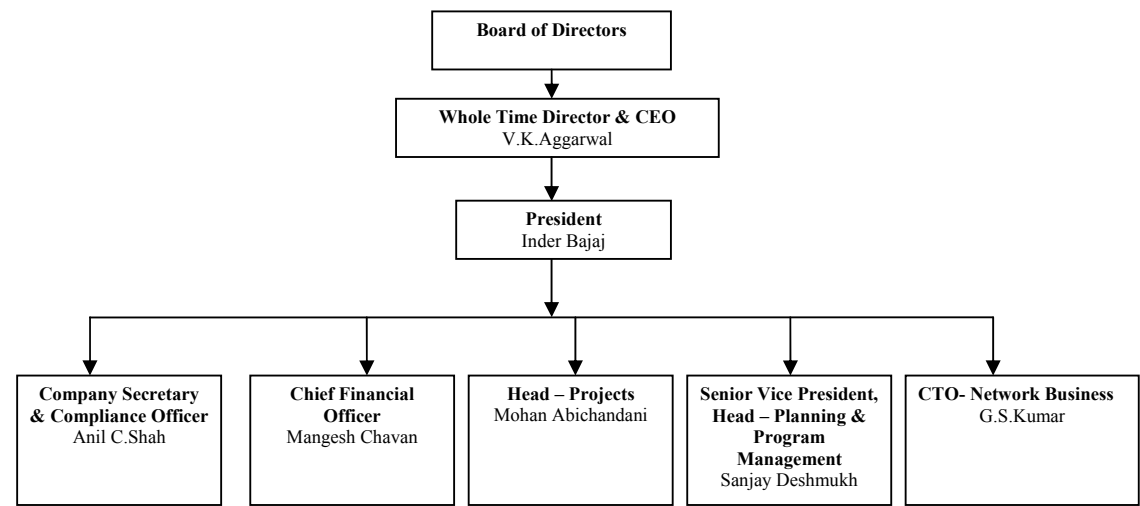
#### **Changes in Key Management Personnel**

All our Key Management Personnel enlisted above, have been transferred to our Company from RCOM, under the terms of the PTI Demerger Scheme. Mr. Anil C. Shah was deputed to our Company as a Company Secretary with effect from March 30, 2007 and was transferred to our Company with effect from January 1, 2008. All the other Key Management Personnel have been transferred to our Company with effect from January 1, 2008. Mr. A. B. Kumar has resigned from the post of Chief Financial Officer and Mr. Mangesh Chauhan has been appointed as Chief Financial Officer with effect from August 7, 2009.

#### **Payment or Benefit to officers of our Company**

Except as stated otherwise in this Draft Red Herring Prospectus, no non-salary amount or benefit has been paid or given or is intended to be paid or given to any of our Company's employees including the key managerial personnel and our Directors. None of the beneficiaries of loans, and advances and sundry debtors are related to the Directors of our Company.

**Organisation Chart**



## OUR PROMOTERS AND GROUP COMPANIES

Our Company is a part of the Reliance Anil Dhirubhai Ambani group. The Reliance Anil Dhirubhai Ambani group constitutes and interests in various sectors, including energy, communications, financial services and entertainment.

### Our Promoters

RCOM and RCIL are promoters of our Company.

### Reliance Communications Limited

Reliance Communications Limited (“RCOM”) was incorporated on July 15, 2004, as Reliance Infrastructure Developers Private Limited. The status of this company was changed to public limited company on July 25, 2005. The name was changed to Reliance Communication Ventures Limited on August 3, 2005 and to Reliance Communications Limited on June 7, 2006. RCOM has its registered office at H Block, 1<sup>st</sup> Floor, Dhirubhai Ambani Knowledge City, Navi Mumbai 400 710, India. The promoters of RCOM are listed below under the head “Shareholding Pattern of RCOM”.

#### *Principal Business of RCOM*

RCOM is an integrated communications service provider in the private sector having pan-India operations across the spectrum of wireless, wireline, and long distance, voice, data, and internet communication services. RCOM also has an international presence through the provision of long distance voice, data and internet services and submarine cable network infrastructure.

#### *Board of Directors of RCOM*

Name	Age	Position	Director Since
Mr. Anil Dhirubhai Ambani	50	Chairman	February 7, 2006
Mr. S.P. Talwar	70	Independent Director	February 7, 2006
Mr. J. Ramachandran	52	Independent Director	February 7, 2006
Mr. Deepak Shourie	60	Independent Director	April 30, 2006
Mr. A.K.Purwar	63	Independent Director	July 17, 2007

#### *Shareholding Pattern of RCOM as of September 18, 2009*

	Category of Shareholder	No of Shareholders	Total No of Shares	Number of shares held in dematerialized Form	Total Shareholding as percentage of total number of shares		Shares Pledged or otherwise encumbered	
					As a % of (A+B)	As a % of (A+B+C)	No. of Shares Pledged	As a % of (A+B+C)
(A)	<b>Shareholding of Promoter and Promoter Group</b>							
(1)	<b>Indian</b>							
(a)	Individuals/Hindu Undivided Family	11	9845089	9844989	0.48	0.48	0	0.00
(b)	Central Government/State Governments	0	0	0	0.00	0.00	0	0.00
(c)	Bodies Corporate	37	1368295971	1368274468	66.76	66.29	159181411	11.63
(d)	Financial Institutions/Banks	0	0	0	0.00	0.00	0	0.00
(e)	Any Other (Specify)	1	9200000	9200000	0.45	0.45	0	0.00
	<b>Sub -Total (A)(1)</b>	<b>49</b>	<b>1387341060</b>	<b>1387319457</b>	<b>67.69</b>	<b>67.22</b>	<b>159181411</b>	<b>11.47</b>
(2)	<b>Foreign</b>							
(a)	Individuals(Non-Resident Individuals / Foreign Individuals)	0	0	0	0.00	0.00	0	0.00
(b)	Bodies Corporate	0	0	0	0.00	0.00	0	0.00
(c)	Institutions	0	0	0	0.00	0.00	0	0.00
(d)	Any Other (Specify)	0	0	0	0.00	0.00	0	0.00
	<b>Sub -Total (A)(2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>

	Category of Shareholder	No of Shareholders	Total No of Shares	Number of shares held in dematerialized Form	Total Shareholding as percentage of total number of shares		Shares Pledged or otherwise encumbered	
					As a % of (A+B)	As a % of (A+B+C)	No. of Shares Pledged	As a % of (A+B+C)
	<b>Total of Promoter and Promoter Group (A)=(A)(1)+(A)(2)</b>	<b>49</b>	<b>1387341060</b>	<b>1387319457</b>	<b>67.69</b>	<b>67.22</b>	<b>159181411</b>	<b>11.47</b>
<b>(B)</b>	<b>Public Shareholding</b>							
<b>(1)</b>	<b>Institutions</b>						N/A	N/A
(a)	Mutual Funds /UTI	308	363 06 573	35833608	1.77	1.76	0	0.00
(b)	Financial Institutions/Banks	407	3942204	3819448	0.19	0.19	0	0.00
(c)	Central Government/State Governments	62	1056415	56256	0.05	0.05	0	0.00
(d)	Venture Capital Funds	0	0	0	0.00	0.00	0	0.00
(e)	Insurance Companies	29	163385180	163378601	7.97	7.92	0	0.00
(f)	Foreign Institutional Investors	611	191841542	191718773	9.36	9.29	0	0.00
(g)	Foreign Venture Capital Investors	0	0	0	0.00	0.00	0	0.00
(h)	Any Other (Specify)							
	<b>Sub -Total (B)(1)</b>	<b>1417</b>	<b>3965 31 914</b>	<b>394806686</b>	<b>19.35</b>	<b>19.21</b>	<b>0</b>	<b>0.00</b>
<b>(2)</b>	<b>Non-Institutions</b>						N/A	N/A
(a)	Bodies Corporate	9365	48712774	48033551	2.38	2.36	0	0.00
(b) (i)	Individual shareholders holding nominal share capital up to Rs.1Lakh.	2063268	191186943	143890443	9.33	9.26	0	0.00
(ii)	Individual shareholders holding nominal share capital in excess of Rs.1Lakh.	136	13004613	12427117	0.63	0.63	0	0.00
(c)	Any Other (Specify)						N/A	N/A
1	NRIs/OCBs	21016	12911221	8980641	0.63	0.63	0	0.00
	<b>Sub -Total (B)(2)</b>	<b>2093785</b>	<b>265815551</b>	<b>213331752</b>	<b>12.97</b>	<b>12.88</b>	<b>0</b>	<b>0.00</b>
	<b>Total Public Shareholding B=(B)(1)+(B)(2)</b>	<b>2095202</b>	<b>6623 47 465</b>	<b>608138438</b>	<b>32.31</b>	<b>32.09</b>	<b>0</b>	<b>0.00</b>
	<b>TOTAL (A) +(B)</b>	<b>2095251</b>	<b>20496 88 525</b>	<b>1995457895</b>	<b>100.00</b>	<b>99.31</b>	<b>159181411</b>	<b>7.77</b>
<b>(C)</b>	<b>Shares held by Custodians and against which Depository Receipts have been issued</b>	<b>1</b>	<b>14338356</b>	<b>14338356</b>	<b>0.00</b>	<b>0.69</b>	<b>0</b>	<b>0.00</b>
	<b>GRAND TOTAL (A)+(B)+(C)</b>	<b>2095252</b>	<b>20640 26 881</b>	<b>2009796251</b>	<b>100.00</b>	<b>100.00</b>	<b>159181411</b>	<b>7.71</b>

#### Financial Performance of RCOM (Standalone)

(Rs. in Million, except share data)

Particulars	FY 2007*	FY 2008 <sup>#</sup>	FY 2009 <sup>@</sup>
Sales and Other Income	117,619.1	134,266.5	136,946.7
PAT	24,088.5	25,864.5	48,026.7
Equity Capital	10,223.1	10,320.1	10,320.1
Reserves (excluding revaluation reserves)	195,032.3	238,080.2	506,583.1
EPS (Rs.)	12.0	12.6	23.27
Book Value (Rs.)	100.4	120.35	250.44

\* Financial Year from January 1, 2006 to March 31, 2007.

<sup>#</sup> Financial Year from April 2007 to March 31, 2008.

<sup>@</sup> Financial Year from April 2008 to March 31, 2009

#### Financial Performance of RCOM (Consolidated)\*

(Rs. in Million, except share data)

Particulars**	FY 2007 <sup>#</sup>	FY 2008	FY 2009 <sup>@</sup>
Sales and Other Income	174,402.5	190,677.6	229,484.6
PAT	35,308.20	67,926.7	62,485.1
Equity Capital	10,223.1	10,320.1	10,320.1

Particulars**	FY 2007 <sup>#</sup>	FY 2008	FY 2009 <sup>@</sup>
Reserves (excluding revaluation reserves) <sup>##</sup>	219,083.4	279,943.2	229,484.6
EPS (Rs.)	17.6	26.32	30.27
Book Value (Rs.)	112.2	140.63	184.55

\* RCOM has prepared consolidated results for the first time for Financial Year 2007.

\*\* The consolidated figures reflect the impact of the financial performance of the subsidiaries, which may have made losses.

<sup>#</sup> Financial Year from January 1, 2006 to March 31, 2007.

<sup>##</sup> Reserves are net of miscellaneous expenditure to the extent not written off.

<sup>@</sup> Financial Year from April 1, 2008 to March 31, 2009

#### *Details of listing and Highest & Lowest market price during the preceding six months*

The equity shares of RCOM are listed on BSE and NSE and its GDRs are listed at the Luxembourg Stock Exchange.

#### *Monthly High and Low price of the equity shares of RCOM at BSE and NSE*

Month	BSE		NSE	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
March 2009	188.40	131.35	187.90	131.10
April 2009	240.90	172.65	240.80	172.50
May 2009	322.30	218.95	324.10	219.45
June 2009	349.30	218.95	350.25	289.45
July 2009	298.55	237.05	298.65	236.75
August 2009	289.90	240.25	290.00	240.20

(Source: BSE and NSE websites)

The share price of RCOM on NSE was Rs. 306.35 as of September 18, 2009.

The share price of RCOM on BSE was Rs. 306.60 as of September 18, 2009.

The market capitalisation of RCOM on BSE was Rs. 632,314.63 million as of September 18, 2009.

The market capitalisation of RCOM on NSE was Rs. 632,830.64 million as of September 18, 2009.

#### *Promise vs. Performance*

RCOM has not made any public or rights issue since its inception.

#### *Mechanism for Redressal of Investor Grievance*

All share related matters, namely, transfer, transmission, transposition, nomination, dividend, change of name, address and signature, registration of mandate and power of attorney, replacement, split, consolidation, demat and remat of shares, issue of duplicate certificates etc. are handled by RCOM's Registrars and Transfer Agents ("R&TA"), Karvy Computershare Private Limited ("Karvy").

Investors correspond directly with Karvy on all share related matters. RCOM has an established mechanism for investor service and grievance handling, with Karvy and the Compliance Officer appointed by RCOM for this purpose being the important functional nodes. RCOM has appointed two firms of Chartered Accountants as Internal Security Auditors to concurrently audit the transactions and to communicate with investors, regulatory and other concerned authorities.

RCOM has prescribed service standards for various investor related activities that are handled by Karvy. Any deviation there from is examined by the Internal Security Auditors who also advise the corrective action thereon and inform RCOM on the matters on a monthly basis.



The Board of Directors of RCOM has constituted a Shareholder/Investor Grievance Committee which, inter alia, approves the issue of duplicate certificates and oversees and reviews all matters connected with securities transfers and other processes.

The Committee also looks into the redressal of shareholders' complaints related to transfer of shares, non-receipt of declared dividend, etc. The Committee oversees performance of the R&TA and recommends measures for overall improvement in the quality of investor services. The summary statement of investor related transactions and details are also considered by the Board of Directors of RCOM.

As of September 18, 2009, there was no investor complaints pending against RCOM.

Further, there are certain investor related disputes pending before various courts. For more details, see "Outstanding Litigation and Material Development" on page 189 of this Draft Red Herring Prospectus.

#### *Other Information*

RCOM is neither a sick company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1985 nor is it under the process of winding up.

We confirm that the permanent account number, bank account number, company registration number and the address of the Registrar of Companies where RCOM is registered have been submitted to BSE and NSE at the time of filing the Draft Red Herring Prospectus with them.

#### **Reliance Communications Infrastructure Limited**

RCIL was incorporated on July 17, 1997, as Sukhkarata Fintrade Private Limited. The name of this company was changed to Macronet Private Limited on February 15, 1999. The name of this company was again changed to Reliance Infocom Private Limited on November 3, 2000. The status of this company was changed to Public Limited Company on November 4, 2000. The name was again changed to Reliance Communications Infrastructure Limited on March 7, 2002. RCIL has its registered office at H Block, 1<sup>st</sup> Floor, Dhirubhai Ambani Knowledge City, Navi Mumbai 400 710, India. RCIL is a wholly-owned subsidiary of RCOM.

#### *Principal Business of RCIL*

Reliance Communications Infrastructure Limited provides internet data centre services. The infrastructure facilities of RCIL are interlaced and integrated with wireless network of the RCOM. RCIL also provides wireless multimedia services through 'RWorld', a wireless data application platform and wireless internet access services through 'Reliance Net Connect'.

#### *Shareholding Pattern of RCIL*

The shareholding pattern of RCIL is as follows:

Sr. No.	Category	No. of Shares Held*	Percentage
	Promoter		
1	Reliance Communications Limited**	2,010,000,000	100.00
	Total	2,010,000,000	100.00

\* Equity Shares of Re. 1 each

\*\* including six equity shares held by individuals jointly with RCOM

RCIL had also issued and allotted 20,000 Preference shares of Rs.10 each aggregating Rs.200,000 to RCOM.

#### *Board of Directors of RCIL*

The board of directors of RCIL comprises Prof. J. Ramachandran, Mr. S. P. Talwar and Mr. Gautam Doshi.

### Financial Performance of RCIL

(Rs. in Million, except share data)

Particulars	Fiscal 2007	Fiscal 2008	Fiscal 2009
Sales and Other Income	13,231.50	36,226.90	40,960.30
PAT	(5,069.30)	6,212.60	2,661.80
Equity Capital	2,000.00	2,000.00	2,010.00
Reserves (excluding revaluation reserves)*	19,110.50	19,851.60	1,425.86
EPS (Rs.)	(2.53)	3.11	1.33
Book Value (Rs.)	4.91	11.23	14.67

\* Reserves are net of miscellaneous expenditure to the extent not written off.

RCIL is an unlisted company. RCIL is neither a sick company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1985 nor is it under the process of winding up.

We confirm that the permanent account number, bank account number, company registration number and the address of the Registrar of Companies where RCIL is registered have been submitted to BSE and NSE at the time of filing the Draft Red Herring Prospectus with them.

### Promoter of the Promoter

Mr. Anil Dhirubhai Ambani is the promoter of our Promoters



Mr. Anil Dhirubhai Ambani, age 50 years, is the promoter of our Promoters and is also the Chairman of our Company. For further details, see “Our Management” on page 102 of this Draft Red Herring Prospectus.

### Common Pursuits and Interests of Promoters

Reliance ADA group intends that Reliance Infratel shall be its primary vehicle for all Passive Telecommunication Infrastructure business of the group. RCIL has existing business operations in the telecommunication tower industry. RCIL owns 472 telecommunication towers that were awarded to it by the Government of India under the USO Fund Scheme. Currently, RCIL does not have the permission from DoT to transfer these towers to our Company.

The Promoters of our Company are interested to the extent of their shareholding in us and the dividend they are entitled to receive, if declared, by our Company. For the payments that are made by our Company to certain group entities, see “Financial Statements – Related Party Transactions” on page 163 of this Draft Red Herring Prospectus.

Except as stated otherwise in this Draft Red Herring Prospectus, we have not entered into any contracts, agreements or arrangements during the preceding two years from the date of this Draft Red Herring Prospectus in which the Promoters are directly or indirectly interested and no payments have been made to them in respect of the contracts, agreements or arrangements which are proposed to be made with them including the properties purchased by our Company other than in the normal course of business.

Further, except as disclosed in the sections titled “Our Promoters and Group Companies” on page 113 of this Draft Red Herring Prospectus, our Promoters do not have any interest in any venture that is involved in any activities similar to those conducted by us.

### Confirmations

Further, none of our Promoters has been declared as a wilful defaulter by the RBI or any other governmental authority and there are no violations of securities laws committed by the Promoters in the past or are pending against them.

Further, none of our Promoter or Promoter Group companies have become sick companies within the meaning of Sick Industrial Companies (Special Provisions) Act, 1985 and none of them is under the process of winding up. In addition, none of the Promoter or Promoter Group companies had negative net worth as of the date of the respective last audited financial statements.

#### **Payment of benefits to our Promoters**

Except as stated in the section “Financial Statements - Related Party Transactions” on page 163 of this Draft Red Herring Prospectus, there has been no payment of benefits to our Promoters during the two years prior to the filing of this Draft Red Herring Prospectus.

#### **Companies with which the Promoters have disassociated in the last three years**

Paradox Studios Limited, Reliance Digital World Limited, NIS Sparta Limited, FLAG Projects Pte. Limited, Alsign Holdings Pte. Limited, Actaram Pte. Limited, FLAG Telecom France Network SAS, FLAG Telecom France Services EURL, FLAG Telecom Korea Limited and FLAG Telecom Espana SA ceased to be the subsidiaries of RCOM in the last three years due to reorganisation in the ordinary course of business. Apart from the above, the promoters have not disassociated from any company in the last three years.

For details of litigations pending by/against our Promoters, see “Outstanding Litigation and other Material Developments” on page 189 of this Draft Red Herring Prospectus.

#### **Group Companies**

##### **Financial Information of the Group Companies**

The following is the financial information of top five group companies, on the basis of turnover.

##### **1. Reliance Telecom Limited**

Reliance Telecom Limited is a company incorporated in India on March 1, 1994. It is in the business of telecommunication. RCOM has 100% interest in this company.

##### *Financial Information*

*(Rs In Million except per share data)*

<b>Particulars</b>	<b>Fiscal 2007</b>	<b>Fiscal 2008</b>	<b>Fiscal 2009</b>
Sales and Other Income	8,741.90	13,619.50	20,508.30
PAT	2,112.60	468.20	(1,742.90)
Equity Capital	199.30	350.00	350.00
Reserves (excluding revaluation reserves)	2,552.50	3,189.90	2,000.00
EPS (Rs.)	106.00	13.0	(50.00)
Book Value (Rs.)	138.00	101.00	67.00

##### **2. Reliance Communications Inc.**

Reliance Communications Inc. is a company incorporated in the USA on October 21, 2002. It is in the business of telecommunication. RCOM has 88.58% interest in this company.

##### *Financial Information*

*(Rs In Million except per share data)*

<b>Particulars</b>	<b>Fiscal 2007*</b>	<b>Fiscal 2008**</b>	<b>Fiscal 2009***</b>
Sales and Other Income	12,127.40	11,683.80	12,058.18
PAT	52.65	331.44	399.79
Equity Capital	215.50	200.10	253.60
Reserves (excluding revaluation	82.81	408.33	917.30

Particulars	Fiscal 2007*	Fiscal 2008**	Fiscal 2009***
reserves)			
EPS (Rs.)	526,528.00	3,314,421.00	3,997,925.00
Book Value (Rs.)	2,983,067.00	6,084,313.00	11,708,978.00

\* Financial data converted at the exchange rate of US\$ = Rs. 43.10

\*\* Financial data converted at the exchange rate of US\$ = Rs. 40.02

\*\*\* Financial data converted at the exchange rate of US\$ = Rs. 50.72

### 3. Reliance Globalcom Limited

Reliance Globalcom Limited is a company incorporated in Bermuda on October 29, 2003. It is in the business of providing telecommunication services and bandwidth for the companies. RCOM has 87.67% interest in this company.

#### Financial Information

(Rs In Million except per share data)

Particulars	Fiscal 2007*	Fiscal 2008**	Fiscal 2009***
Sales and Other Income	10,767.11	10,154.14	16,379.78
PAT	(258.94)	832.02	3,483.05
Equity Capital	0.52	40.02	52.24
Reserves (excluding revaluation reserves)	14,762.31	12,020.32	13,107.72
EPS (Rs.)	(21,579.00)	8.00	34.00
Book Value (Rs.)	1,230,235.00	121.00	128.00

\* Financial data converted at the exchange rate of US\$ = Rs. 43.10

\*\* Financial data converted at the exchange rate of US\$ = Rs. 40.02

\*\*\* Financial data converted at the exchange rate of US\$ = Rs. 50.72

### 4. Reliance Communication International Inc.

Reliance Communications International Inc. is a company incorporated in the USA on September 29, 2003. It is in the business of telecommunication. RCOM has 88.58% interest in this company.

#### Financial Information

(Rs In Million except per share data)

Particulars	Fiscal 2007*	Fiscal 2008**	Fiscal 2009***
Sales and Other Income	6,947.23	5,572.72	5,903.60
PAT	80.57	76.61	112.95
Equity Capital	0.43	0.40	0.51
Reserves (excluding revaluation reserves)	82.40	153.13	307.02
EPS (Rs.)	805,664.00	766,142.00	1,129,521.00
Book Value (Rs.)	828,358.00	1,535,304.00	3,075,313.00

\* Financial data converted at the exchange rate of US\$ = Rs. 43.10

\*\* Financial data converted at the exchange rate of US\$ = Rs. 40.02

\*\*\* Financial data converted at the exchange rate of US\$ = Rs. 50.72

### 5. Reliance FLAG Telecom Ireland Limited

Reliance FLAG Telecom Ireland Limited is a company incorporated in Ireland on January 2, 1999. It is in the business of telecommunication. RCOM has 87.67% interest in this company.

#### Financial Information

(Rs In Million except per share data)

Particulars	Fiscal 2007*	Fiscal 2008**	Fiscal 2009***
Sales and Other Income	4,611.14	4,356.42	4,879.28

Particulars	Fiscal 2007*	Fiscal 2008**	Fiscal 2009***
PAT	(1,629.48)	464.03	2,791.41
Equity Capital	0.0007758	0.000720	0.000913
Reserves (excluding revaluation reserves)	(9,063.93)	(7,952.17)	(2,278.56)
EPS (Rs.)	(81,474,085.00)	23,201,595.00	139,570,639.00
Book Value (Rs.)	(453,196,461.00)	(397,608,669.00)	(113,927,840.00)

\* Financial data converted at the exchange rate of US\$ = Rs. 43.10

\*\* Financial data converted at the exchange rate of US\$ = Rs. 40.02

\*\*\* Financial data converted at the exchange rate of US\$ = Rs. 50.72

In addition to the above, the following are the companies/firms/ventures promoted by our Promoters.

6. **Reliance WiMax Limited** (formerly known as Gateway Systems (India) Limited) is a company incorporated in India. It is in the business of providing internet services using WiMAX. RCOM has 100% interest in this company.
7. **Reliance Digital Home Services Limited** is a company incorporated in India. It is in the business of establishing and providing telecommunication infrastructure, telecommunication systems, telecommunication networks and telecommunication. RCOM has 100% interest in this company.
8. **Reliance Global IDC Limited** is a company incorporated in India. It is in the business of establishing internet data centre and providing services relating to e-governance, community internet centres and internet kiosks. RCOM has 100% interest in this company.
9. **Reliance Webstore Limited** is a company incorporated in India. It is in the business of running retail stores for mobile phone businesses. RCOM has 100% interest in this company.
10. **Netizen Rajasthan Limited** is a company incorporated in India. It is in the business of entertainment and movie rights. RCOM has 100% interest in this company.
11. **Reliance Communications Investment and Leasing Limited** is a company incorporated in India. It is a non-banking financial company. RCOM has 100% interest in this company.
12. **Campion Properties Limited** is a company incorporated in India. This company owns prime property in New Delhi and is developing the said property for commercial use. RCOM has 100% interest in this company.
13. **Reliance Mobile Limited** is a company incorporated in India. It is in the business of telecommunication services. RCOM has 100% interest in this company.
14. **Matrix Innovations Limited** is a company incorporated in India. It is in the business of trading mobile handsets. RCOM has 100% interest in this company.
15. **Reliance Infocomm Infrastructure Private Limited** is a company incorporated in India. This company owns property in New Mumbai and provides business centre facilities to the Group Companies. RCOM has 100% interest in this company.
16. **Reliance Tech Services Private Limited** is a company incorporated in India. It is in the business of providing end-to-end information technology enabled services and management capabilities to the Group companies. RCOM has 89% interest in this company.
17. **Reliance Big TV Limited** is a company incorporated in India. It is in the business of providing fully digital home entertainment direct to home ("DTH") services. RCOM has 100% interest in this company.

18. **Reliance Communications West Bengal Private Limited** is a company incorporated in India. It is in the business of telecommunication services. RCIL and its subsidiaries have 97.32% interest in this company.
19. **Reliance Communications Haryana Private Limited** is a company incorporated in India. It is in the business of telecommunication. RCIL and its subsidiaries have 97.32% interest in this company.
20. **Reliance Communications Maharashtra Private Limited** is a company incorporated in India. It is in the business of telecommunication. RCIL and its subsidiaries have 97.32% interest in this company.
21. **Reliance Communications Tamil Nadu Private Limited** is a company incorporated in India. It is in the business of telecommunication. RCIL and its subsidiaries have 97.32% interest in this company.
22. **Reliance Broadcom Private Limited** is a company incorporated in India. It is in the business of telecommunication. RCIL and its subsidiaries have 97.32% interest in this company.
23. **Reliance Globalcom BV** is a company incorporated in the Netherlands. It is an investment company and is in the business of financing the Group companies. RCOM has 100% interest in this company.
24. **Gateway Net Trading Pte Limited** is a company incorporated in Singapore. It is in the business of trading mobile handsets for the Group companies. RCOM has 100% interest in this company.
25. **Reliance Communications (New Zealand) Pte Limited** is a company incorporated in New Zealand. It is in the business of providing telecommunication services. RCOM has 100% interest in this company.
26. **Reliance Communications (Australia) Pty Limited** is a company incorporated in Australia. It is in the business of providing telecommunication services. RCOM has 100% interest in this company.
27. **Anupam Global Soft (U) Limited** is a company incorporated in Uganda. It is in the business of providing telecommunication services. RCOM has 90% interest in this company.
28. **Reliance Communications (UK) Limited** is a company incorporated in United Kingdom. It is in the business of providing telecommunication services. RCOM has 100% interest in this company.
29. **RCOM Malaysia SDN BHD** is a company incorporated in Malaysia. It is in the business of providing telecommunication services. RCOM has 100% interest in this company.
30. **Reliance Communications (Hong Kong) Limited** is a company incorporated in Hong Kong. It is in the business of providing telecommunication services. RCOM has 100% interest in this company.
31. **Reliance Communications (Singapore) Pte Limited** is a company incorporated in Singapore. It is in the business of providing telecommunication services. RCOM has 100% interest in this company.
32. **FLAG Telecom Development Limited** is a company incorporated in Bermuda. It is an investment company and is in the business of financing group companies. RCOM has 87.67% interest in this company.
33. **FLAG Telecom Group Services Limited** is a company incorporated in Bermuda. It is an investment company and is in the business of financing group companies. RCOM has 87.67% interest in this company.
34. **Reliance FLAG Pacific Holdings Limited** is a company incorporated in Bermuda. It is in the business of telecommunication. RCOM has 87.67% interest in this company.

35. **FLAG Pacific Limited** is a company incorporated in Bermuda. It is in the business of telecommunication. RCOM has 87.67% interest in this company.
36. **FLAG Telecom Network Services Limited** is a company incorporated in Ireland. It is an investment company and is in the business of financing group companies. RCOM has 87.67% interest in this company.
37. **FLAG Atlantic UK Limited** is a company incorporated in United Kingdom. It is in the business of telecommunication. RCOM has 87.67% interest in this company.
38. **FLAG Telecom Asia Limited** is a company incorporated in Hong Kong. It is in the business of telecommunication. RCOM has 87.67% interest in this company.
39. **FLAG Telecom Japan Limited** is a company incorporated in Japan. It is in the business of telecommunication. RCOM has 87.67% interest in this company.
40. **FLAG Telecom Servizi Italia SpA** is a company incorporated in Italy. It is in the business of telecommunication. RCOM has 87.67% interest in this company.
41. **FLAG Telecom Network USA Limited** is a company incorporated in the USA. It is in the business of telecommunication. RCOM has 87.67% interest in this company.
42. **Reliance FLAG Atlantic France SAS** is a company incorporated in France. It is in the business of telecommunication. RCOM has 87.67% interest in this company.
43. **FLAG Telecom Singapore Pte Limited** is a company incorporated in Singapore. It is in the business of telecommunication. RCOM has 87.67% interest in this company.
44. **Seoul Telenet Inc.** is a company incorporated in Korea. It is in the business of telecommunication. RCOM has 87.67% interest in this company.
45. **FLAG Holdings (Taiwan) Limited** is a company incorporated in Taiwan. It is in the business of telecommunication. RCOM has 43.84% interest in this company.
46. **FLAG Telecom (Taiwan) Limited** is a company incorporated in Taiwan. It is in the business of telecommunication. RCOM has 52.61% interest in this company.
47. **FLAG Telecom Development Services Company LLC** is a company incorporated in Egypt. It is in the business of telecommunication. RCOM has 87.67% interest in this company.
48. **FLAG Telecom Ireland Network Limited** is a company incorporated in Ireland. It is in the business of telecommunication. RCOM has 87.67% interest in this company.
49. **Reliance Globalcom (UK) Limited** is a company incorporated in the United Kingdom. It is in the business of supplying man power to Group companies. RCOM has 87.67% interest in this company.
50. **FLAG Telecom Belgium Network SA** is a company incorporated in Belgium. It is in the business of telecommunication. RCOM has 87.67% interest in this company.
51. **FLAG Telecom Nederland BV** is a company incorporated in the Netherlands. It is in the business of telecommunication. RCOM has 87.67% interest in this company.
52. **FLAG Telecom Deutschland GmbH** is a company incorporated in Germany. It is in the business of telecommunication. RCOM has 87.67% interest in this company.

53. **FLAG Telecom Hellas AE** is a company incorporated in Greece. It is in the business of telecommunication. RCOM has 87.67% interest in this company.
54. **FLAGWEB Limited** is a company incorporated in Bermuda. It is in the business of telecommunication. RCOM has 87.67% interest in this company.
55. **FLAG Telecom Espana Network SAU** is a company incorporated in Spain. It is in the business of telecommunication. RCOM has 87.67% interest in this company.
56. **FLAG Telecom Taiwan Services Limited** is a company incorporated in Taiwan. It is in the business of telecommunication. RCOM has 87.67% interest in this company.
57. **FLAG Access India Private Limited** is a company incorporated in India. It is in the business of telecommunication. RCOM has 87.67% interest in this company.
58. **Reliance Vanco Group Limited** is a company incorporated in the United Kingdom. It is an investment company and is in the business of financing group companies. RCOM has 87.67% interest in this company.
59. **Vanco Australasia PTY Limited** is a company incorporated in Australia. It is in the business of telecommunication. RCOM has 87.67% interest in this company.
60. **Vanco NV** is a company incorporated in Belgium. It is in the business of telecommunication. RCOM has 87.67% interest in this company.
61. **Vanco South America Ltda** is a company incorporated in Brazil. It is in the business of telecommunication. RCOM has 87.67% interest in this company.
62. **Vanco GmbH** is a company incorporated in Germany. It is in the business of telecommunication. RCOM has 87.67% interest in this company.
63. **Vanco EpE** is a company incorporated in Greece. It is in the business of telecommunication. RCOM has 87.67% interest in this company.
64. **Vanco Sp. z o o** is a company incorporated in Poland. It is in the business of telecommunication. RCOM has 87.67% interest in this company.
65. **Vanco (Asia Pacific) Pte Limited** is a company incorporated in Singapore. It is in the business of telecommunication. RCOM has 87.67% interest in this company.
66. **Vanco Switzerland AG** is a company incorporated in Switzerland. It is in the business of telecommunication. RCOM has 87.67% interest in this company.
67. **Wancom GmbH** is a company incorporated in Switzerland. It is in the business of telecommunication. RCOM has 87.67% interest in this company.
68. **Vanco Global Limited** is a company incorporated in the United Kingdom. It is in the business of telecommunication. RCOM has 87.67% interest in this company.
69. **Vanco International Limited** is a company incorporated in the United Kingdom. It is in the business of telecommunication. RCOM has 87.67% interest in this company.
70. **Vanco UK Limited** is a company incorporated in the United Kingdom. It is in the business of telecommunication. RCOM has 87.67% interest in this company.



71. **Vanco BV** is a company incorporated in the Netherlands. It is in the business of telecommunication. RCOM has 87.67% interest in this company.
72. **Vanco SAS** is a company incorporated in France. It is in the business of telecommunication. RCOM has 87.67% interest in this company.
73. **Vanco Hong Kong Solutions Limited** is a company incorporated in Hong Kong. It is in the business of telecommunication. RCOM has 87.67% interest in this company.
74. **Vanco Net Direct Limited** is a company incorporated in the United Kingdom. It is in the business of telecommunication. RCOM has 87.67% interest in this company.
75. **Vanco Srl** is a company incorporated in Italy. It is in the business of telecommunication. RCOM has 87.67% interest in this company.
76. **Vanco Benelux BV** is a company incorporated in the Netherlands. It is in the business of telecommunication. RCOM has 87.67% interest in this company.
77. **Euronet Spain SA** is a company incorporated in Spain. It is in the business of telecommunication. RCOM has 87.67% interest in this company.
78. **Vanco Net Direct Limited** is a company incorporated in Ireland. It is in the business of telecommunication. RCOM has 87.67% interest in this company.
79. **Vanco Row Limited** is a company incorporated in the United Kingdom. It is in the business of telecommunication. RCOM has 87.67% interest in this company.
80. **VNO Direct Limited** is a company incorporated in the United Kingdom. It is in the business of telecommunication. RCOM has 87.67% interest in this company.
81. **Vanco Solutions Inc** is a company incorporated in the USA. It is in the business of telecommunication. RCOM has 87.67% interest in this company.
82. **Vanco US, LLC** is a company incorporated in the USA. It is in the business of telecommunication. RCOM has 87.67% interest in this company.
83. **Vanco (Shanghai) Company Limited** is a company incorporated in China. It is in the business of telecommunication. RCOM has 87.67% interest in this company.
84. **Vanco Euronet Sro** is a company incorporated in Czech Republic. It is in the business of telecommunication. RCOM has 87.67% interest in this company.
85. **Vanco ApS** is a company incorporated in Denmark. It is in the business of telecommunication. RCOM has 87.67% interest in this company.
86. **Vanco Deutschland GmbH** is a company incorporated in Germany. It is in the business of telecommunication. RCOM has 87.67% interest in this company.
87. **Vanco India Private Limited** is a company incorporated in India. It is in the business of telecommunication. RCOM has 87.67% interest in this company.
88. **Vanco Japan KK** is a company incorporated in Japan. It is in the business of telecommunication. RCOM has 87.67% interest in this company.

89. **Net Direct SA (Proprietary) Limited** is a company incorporated in South Africa. It is in the business of telecommunication. RCOM has 87.67% interest in this company.
90. **Vanco Sweden AB** is a company incorporated in Sweden. It is in the business of telecommunication. RCOM has 87.67% interest in this company.
91. **Reliance WiMAX World BVI** is a company incorporated in British Virgin Island. It is in the business of telecommunication. RCOM has 90.00% interest in this company.
92. **Equatorial Communications SARL** is a company incorporated in Republic of Cameroon. It is in the business of telecommunication. RCOM has 45.90% interest in this company.
93. **Access Guinea SARL** is a company incorporated in Republic of Guinea. It is in the business of telecommunication. RCOM has 54.00% interest in this company.
94. **Reliance WiMAX World BV** is a company incorporated in the Netherlands. It is in the business of telecommunication. RCOM has 90.00% interest in this company.
95. **RWW Cameroon BV** is a company incorporated in the Netherlands. It is in the business of telecommunication. RCOM has 45.90% interest in this company.
96. **RWW Congo Brazzaville BV** is a company incorporated in the Netherlands. It is in the business of telecommunication. RCOM has 45.90% interest in this company.
97. **RWW Guinea BV** is a company incorporated in the Netherlands. It is in the business of telecommunication. RCOM has 54.00% interest in this company.
98. **RWW Sierra Leone BV** is a company incorporated in the Netherlands. It is in the business of telecommunication. RCOM has 67.50% interest in this company.
99. **Interconnect Brazzaville SA** is a company incorporated in Republic of Congo. It is in the business of telecommunication. RCOM has 45.90% interest in this company.
100. **Equatorial Communications Limited** is a company incorporated in Sierra Leone. It is in the business of telecommunication. RCOM has 67.50% interest in this company.
101. **Reliance WiMAX World UK Limited** is a company incorporated in the United Kingdom. It is in the business of telecommunication. RCOM has 90.00% interest in this company.
102. **Reliance WiMAX World LLC** is a company incorporated in the USA. It is in the business of telecommunication. RCOM has 90.00% interest in this company.
103. **RWW Democratic Republic Congo** is a company incorporated in the Netherlands. It is in the business of telecommunication. RCOM has 90% interest in this Company.
104. **RWW Gambia BV** is a company incorporated in the Netherlands. It is in the business of telecommunication. RCOM has 90% interest in this Company.
105. **RWW Mauritius BV** is a company incorporated in the Netherlands. It is in the business of telecommunication. RCOM has 90% interest in this Company.
106. **RWW Mozambique BV** is a company incorporated in the Netherlands. It is in the business of telecommunication. RCOM has 90% interest in this Company.
107. **RWW Niger BV** is a company incorporated in the Netherlands. It is in the business of telecommunication. RCOM has 90% interest in this Company.

108. **RWW Zambia BV** is a company incorporated in the Netherlands. It is in the business of telecommunication. RCOM has 90% interest in this Company.
109. **Access Bissau LDA** is a company incorporated in the Guinea Bissau. It is in the business of telecommunication. RCOM has 90% interest in this Company.
110. **Yipes Holdings Inc.** is a company incorporated in the USA. It is in the business of telecommunication. RCOM has 88.58% interest in this company.
111. **Reliance Globalcom Services Inc.** is a company incorporated in the USA. It is in the business of telecommunication. RCOM has 88.58% interest in this company.
112. **Yipes Systems Inc.** is a company incorporated in the USA. It is in the business of telecommunication. RCOM has 88.58% interest in this company.
113. **YTV Inc.** is a company incorporated in the USA. It is in the business of telecommunication. RCOM has 88.58% interest in this company.
114. **Reliance Netway Inc.** is a company incorporated in the USA. It is in the business of telecommunication. RCOM has 88.58% interest in this company.
115. **Reliance Infocomm Inc.** is a company incorporated in the USA. It is in the business of telecommunication. RCOM has 88.58% interest in this company.
116. **Reliance Communications Canada Inc.** is a company incorporated in the USA. It is in the business of telecommunication. RCOM has 88.58% interest in this company.
117. **Reliance Telecom Infrastructure (Cyprus) Holding Limited** is a company incorporated in Cyprus. It is an investment company and is in the business of financing group companies. Reliance Globalcom BV controls the board of directors of this company.
118. **Lagerwood Investments Limited** is a company incorporated in Cyprus. It is an investment company and is in the business of financing group companies. Reliance Globalcom BV controls the board of directors of this company.

#### **ASSOCIATE COMPANIES**

1. **Warf Telecom International Private Limited** is a company incorporated in Maldives. It is in the business of telecommunication services. RCOM has 20.00% interest in this company.
2. **Alcatel-Lucent Managed Solutions India Private Limited** is a company incorporated in India. It is in the business of telecommunication. RCIL has 33.00% interest in this company.
3. **Macronet Private Limited** is a company incorporated in India. It is in the business of trading mobile handsets for group companies. RCIL has 21.00% interest in this company.
4. **Macronet Mercantile Private Limited** is a company incorporated in India. It is in the business of trading mobile handsets for group companies. RCIL has 21.00% interest in this company.
5. **Kribhco Reliance Kisan Limited** is a company incorporated in India. It is in the business of trading of telecommunication and other products. RCIL has 40.00% interest in this company.

## **RELATED PARTY TRANSACTIONS**

See page 163 of this Draft Red Herring Prospectus for a description of our related party transactions.

## **DIVIDEND POLICY**

The declaration and payment of dividends will be recommended by our Board of Directors and approved by our shareholders, in their discretion, and will depend on a number of factors, including, but not limited to our earnings, capital requirements and overall financial position. Our Company has no stated dividend policy.

In addition, our ability to pay dividends may be impacted by a number of factors, including restrictive covenants under the loan or financing arrangements we may enter into to finance our expansion plans and also the funding requirements for our expansion plans.

We have not paid any dividend in the past.

## SECTION V: FINANCIAL INFORMATION

### FINANCIAL STATEMENTS

#### AUDITOR'S REPORT

(As required by Part II, Schedule II to the Companies Act, 1956)

To  
The Board of Directors  
Reliance Infratel Limited  
1<sup>st</sup> Floor, H Block  
Dhirubhai Ambani Knowledge City  
Koperkhairane  
Navi Mumbai – 400 710

1. We, S.R. Batliboi & Co., Chartered Accountants (“SRB”) and Chaturvedi & Shah, Chartered Accountants (“C&S”) (collectively “the Joint Auditors”) have examined the Financial Information of Reliance Infratel Limited (“the Company”) as at March 31, 2009, 2008, 2007, 2006 and 2005, approved by the Board of Directors and prepared by the Company in accordance with the requirements of:
  - a. Paragraph B(1) of Part II of Schedule II of the Companies Act, 1956 (the “Act”); and
  - b. SEBI (Issue of Capital & Disclosure Requirements) Regulations 2009 (the “SEBI Regulations”) issued by the Securities and Exchange Board of India (“SEBI”) on August 26, 2009, in pursuance of Section 11 of the Securities and Exchange Board of India Act, 1992.
2. We have examined such Financial Information taking into consideration:
  - a. the terms of reference dated September 23, 2009 received from the Company, requesting us to carry out the assignment, in connection with the Offer Document being issued by the Company for its proposed Initial Public Offering (“IPO”) of equity shares; and
  - b. The Guidance Note on Reports in Company Prospectuses (Revised) issued by the Institute of Chartered Accountants of India.

The Company proposes to make an IPO of 156,000,000 equity shares, having a face value of Rs. 10 each, at an issue price to be arrived at by the book building process.

#### Financial Information as per Audited Financial Statements

3. The Financial Information of the Company has been extracted by the management from the Financial Statements of the Company for the years ended March 31, 2009, 2008, 2007, 2006 and 2005 and approved by the Board of Directors. Audit of Financial Statements of the Company for the years ended March 31, 2009 and 2008 was conducted jointly by us. Audit of Financial Statements of the Company for the year ended March 31, 2007 was conducted by C&S, one of the Joint Auditors, and for the years ended March 31, 2006 and 2005 was conducted by previous auditors, Pathak H. D. & Associates (“PHD”).

This report, in so far as it relates to the amounts included for the financial year ended March 31, 2007, is based on the Audited Financial Statements of the Company which were audited solely by C&S and whose Auditors report have been relied upon by SRB for the said year.

This report, in so far as it relates to the amounts included for the financial years ended March 31, 2006 and 2005, is based on the Audited Financial Statements of the Company which were audited solely by PHD and whose Auditors reports have been relied upon by the Joint Auditors for the said years.

4. In accordance with the requirements of Paragraph B(1) of Part II of Schedule II of the Act, the SEBI Regulations and terms of our engagement agreed with you, we further report that:

- a. The Summary Statement of Assets and Liabilities, as restated, Summary Statement of Profit and Loss, as restated and Statement of Cash Flow, as restated ('Restated Summary Statements') of the Company, including as at and for the years ended March 31, 2006 and 2005 based on the Audited Financial Statements of the Company which were solely audited by PHD and whose Auditors reports have been relied upon by the Joint Auditors for the said years, as at and for the year ended March 31, 2007 based on the Audited Financial Statements of the Company which were solely audited by C&S and whose Auditors Report have been relied upon by SRB and as at and for the year ended March 31, 2008 and 2009 based on the Audited Financial Statements of the Company which were jointly audited by us, as set out in Annexure I, II and III to this report are after making adjustments and regrouping as in our opinion were appropriate and more fully described in the Significant Accounting Policies and Notes to the Restated Summary Statements (Refer Annexure V).
- b. Based on the above and also as per the reliance placed by SRB on the reports submitted by the C&S for year ended March 31, 2007 and by Joint Auditors on the reports submitted by the PHD for the years ended March 31, 2006 and 2005, we are of the opinion that the Restated Summary Statements have been made after incorporating:
  - i. The impact arising on account of changes in accounting policies adopted by the Company as at and for the year ended March 31, 2009, applied with retrospective effect in the Restated Summary Statements;
  - ii. Adjustments for the material amounts in the respective financial years to which they relate.
  - iii. There are no extraordinary items that need to be disclosed separately in the Restated Summary Statements
  - iv. There are no qualifications in the Auditors' Reports which require any adjustments to the Restated Summary Statements.
- c. Additionally, without qualifying our opinion, we draw attention to the following notes, wherein the Company's financial statements are prepared, in preference to relevant generally accepted accounting principles in India, in accordance with the schemes approved by the Hon'ble High Court, with the respective impacts included in the notes therein:
  - i. Note 3(b) in Annexure V regarding the scheme for the transfer of passive infrastructure (the "Scheme"). The Company based on a legal opinion, considers the general reserve created pursuant to the Scheme, to be a free reserve, available for any purpose including off-setting the effect of additional depreciation, and consequently, has withdrawn and credited to the profit and loss account, an amount of Rs 11,189.79 million in respect of depreciation charge and Rs 1,910.68 million in respect of fuel costs, incurred during the year ended March 31, 2009. Had the Company not made such withdrawal as per the Scheme, the profit before taxes for the year ended March 31, 2009 would have been lower by Rs 13,100.47 million.
  - ii. Note 3(a) in Annexure V regarding withdrawal in accordance with the Scheme of Arrangement (the "New Scheme"), for the transfer of the optic fiber undertaking of an amount of Rs 8,042.89 million from the general reserve, being an amount equal to the amount of losses incurred on account of changes in exchange rates, relating to all the loans/liabilities, debited to profit and loss account in accordance with Accounting Standard 11, The Effects of Changes in Foreign Exchange Rates. Had the Company not made such withdrawal as per the New Scheme, the profit before taxes for the year ended March 31, 2009 would have been lower by Rs 8,042.89 million.

The above matters were included in our audit report dated August 7, 2009 on the financial statements of the Company for the year ended March 31, 2009. Further, the audit report drew attention to Note 3 of Schedule O of the financial statements for the year ended March 31, 2009 regarding the accounting pursuant to the New Scheme for the transfer of the optic fiber undertaking of Reliance Communications Limited to the Company, approved by the Hon'ble High Court of Mumbai on July 18, 2009, to be effective from April 1, 2008. The Company was in the process of obtaining a certified copy of the Order of the Hon'ble High Court for the purpose of effectuating the transfer by filing it with the Registrar of Companies ("RoC"), as required by Section 394(3) of the Act as at the date of the report. Subsequently, on September 15, 2009,

the Company has filed the certified copy of the Order of Hon'ble High Court Order with the RoC thereby effecting the New Scheme.

5. We have not audited any financial statements of the Company as of any date or for any period subsequent to March 31, 2009. Accordingly, we express no opinion on the financial position, results of operations or cash flows of the Company as of any date or for any period subsequent to March 31, 2009.

**Other Financial Information:**

6. At the Company's request, we have examined the following Financial Information proposed to be included in the Offer Document, prepared by the management and approved by the Board of Directors of the Company and annexed to this report for the years ended March 31, 2009, 2008, 2007, 2006 and 2005. In respect of the year ended March 31, 2007 this information have been included based on the Audit Financial Statements of the Company which were audited solely by C&S and whose Auditors report have been relied upon by SRB. In respect of the years ended March 31, 2006 and 2005 this information have been included based on the Audit Financial Statements of the Company which were audited solely by PHD and whose Auditors reports have been relied upon by Joint Auditors':
  - a. Annexure IV -- Schedules to Restated Summary Statements;
  - b. Annexure VI -- Summary of Accounting Ratios, as restated;
  - c. Annexure VII -- Details of Rate of Dividend declared;
  - d. Annexure VIII -- Statement of Capitalisation as at March 31, 2009;
  - e. Annexure IX -- Statement of Tax Shelters; and
  - f. Annexure X -- Statement of Transactions with Related Parties and Details of Outstanding Balances,
7. In our opinion, the Financial Information contained in Annexures to this report as referred to above, read along with the Significant Accounting Policies and Notes to Restated Summary Statements (Refer Annexure V) has been prepared after making adjustments and regrouping as considered appropriate, have been prepared in accordance with Part II of Schedule II of the Act and the SEBI Regulations.
8. This report should not be in any way construed as a reissuance or redating of any of the previous Audit Reports issued by either any of us singly or issued jointly or by other firms of Chartered Accountants, nor should this report be construed as a new opinion on any of the financial statements referred to herein.
9. We have no responsibility to update our report for events and circumstances occurring after the date of the report.
10. This report is intended solely for your information and for inclusion in the Offer Document in connection with the proposed IPO of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

**For S.R. Batliboi & Co.**  
Chartered Accountants

**For Chaturvedi & Shah**  
Chartered Accountants

**per Kaustav Ghose**  
Partner

**Lalit R. Mhalsekar**  
Partner

Membership No. 57828  
Mumbai  
September 23, 2009

Membership No. 103418  
Mumbai  
September 23, 2009



**RELIANCE INFRATEL LIMITED**
**Annexure I Summary Statement of Assets and Liabilities, As Restated**
**(Rs. in million)**

Particulars		As at				
		March 31, 2005	March 31, 2006	March 31, 2007	March 31, 2008	March 31, 2009
<b>A</b>	<b>FIXED ASSETS</b>					
	Gross Block	-	-	-	88,886.57	185,606.71
	Less: Accumulated Depreciation	-	-	-	10,249.57	38,093.38
	<b>Net Block</b>	-	-	-	<b>78,637.00</b>	<b>147,513.33</b>
	Capital Work in Progress (including capital advance )	-	-	-	28,165.45	38,065.19
		-	-	-	<b>106,802.45</b>	<b>185,578.52</b>
<b>B</b>	<b>INVESTMENTS</b>	0.10	0.10	4.53	13,516.77	0.13
<b>C</b>	<b>CURRENT ASSETS, LOANS AND ADVANCES</b>					
	<b>Current Assets</b>					
	Inventories	-	-	-	227.69	449.77
	Sundry Debtors	-	-	-	6,345.17	6,198.85
	Cash and Bank Balances	0.41	0.36	2.27	491.22	1,538.26
	Other Current Assets	0.01	0.01	-	0.19	8,930.57
		0.42	0.37	2.27	7,064.27	17,117.45
	<b>Loans and Advances</b>	-	-	1,002.15	3,204.39	4,917.39
		<b>0.42</b>	<b>0.37</b>	<b>1,004.42</b>	<b>10,268.66</b>	<b>22,034.84</b>
<b>D</b>	<b>LIABILITIES &amp; PROVISIONS</b>					
	Unsecured Loans	0.05	-	2.95	65,091.29	151,612.90
	Current Liabilities	0.02	0.01	0.48	19,835.71	15,632.61
	Provisions for Income Tax	-	-	1.67	-	0.22
		<b>0.07</b>	<b>0.01</b>	<b>5.10</b>	<b>84,927.00</b>	<b>167,245.73</b>
<b>E</b>	<b>Net Worth( A+B+C-D)</b>	<b>0.45</b>	<b>0.46</b>	<b>1,003.85</b>	<b>45,660.88</b>	<b>40,367.76</b>
	<b>Represented by:</b>					
	Share Capital	0.50	0.50	1,000.60	3,990.20	3,990.20
	Reserves and Surplus	(0.05)	(0.04)	3.25	41,670.68	36,377.56
<b>F</b>	<b>Net Worth</b>	<b>0.45</b>	<b>0.46</b>	<b>1,003.85</b>	<b>45,660.88</b>	<b>40,367.76</b>

The above statement should be read with significant accounting policies and notes to summary statements of Profit and Loss and Assets and liabilities, as restated appearing in Annexure V.

**RELIANCE INFRATEL LIMITED**
**Annexure II Summary Statement of Profit and Loss, As Restated**
**(Rs. in million)**

Particulars	For the year ended				
	March 31, 2005	March 31, 2006	March 31, 2007	March 31, 2008	March 31, 2009
<b>INCOME</b>					
Services Revenue	-	-	-	16,366.56	44,370.61
Less: Service Tax	-	-	-	(1,800.37)	(4,202.45)
Net Service Revenue				14,566.19	40,168.16
Operating Lease Revenue	-	-	-	-	9,040.30
Less: Service Tax	-	-	-	-	(10.30)
Net Operating Lease Revenue	-	-	-	-	9,030.00
Net Service and Lease Revenue	-	-	-	<b>14,566.19</b>	<b>49,198.16</b>
Other Income	-	0.02	0.56	9.96	141.91
<b>Total Income</b>	-	<b>0.02</b>	<b>0.56</b>	<b>14,576.15</b>	<b>49,340.07</b>
<b>EXPENDITURE</b>					
Network Operation Expenses	-	-	-	7,480.30	17,009.70
Less: Fuel expenses withdrawn from General Reserve (Refer Note 3(b) of Annexure V)	-	-	-	-	(1,910.68)
				<b>7,480.30</b>	<b>15,099.02</b>
Personnel Expenses	-	-	0.01	208.23	236.05
General and Administrative Expenses	0.01	0.03	0.05	131.98	203.14
<b>Total Expenditure</b>	<b>0.01</b>	<b>0.03</b>	<b>0.06</b>	<b>7,820.51</b>	<b>15,538.21</b>
<b>Operating Profit/(Loss) before Finance Charges, Depreciation and Adjustment pursuant to the Scheme of Arrangement</b>	<b>(0.01)</b>	<b>(0.01)</b>	<b>0.50</b>	<b>6,755.64</b>	<b>33,801.86</b>
Finance Charges (Net)	-	-	-	(3.13)	1,293.59
<b>Operating Profit/(Loss) before Depreciation and Adjustment pursuant to the Scheme of Arrangement</b>	<b>(0.01)</b>	<b>(0.01)</b>	<b>0.50</b>	<b>6,758.77</b>	<b>32,508.27</b>
Depreciation	-	-	-	3,796.73	34,296.65
Less : Transferred from General Reserve (Refer Note 3(b) of Annexure V)	-	-	-	(1,250.52)	(17,642.64)
	-	-	-	<b>2,546.21</b>	<b>16,654.01</b>
<b>Profit/(Loss) before Adjustment pursuant to the Scheme of Arrangement and tax</b>	<b>(0.01)</b>	<b>(0.01)</b>	<b>0.50</b>	<b>4,212.56</b>	<b>15,854.26</b>
<b>Adjustment pursuant to the Scheme of Arrangement inter alia for transfer of Optic Fibre Undertaking from Reliance Communications Limited</b>					
Exchange Loss on Loans and Liabilities	-	-	-	-	8,042.89
Less: Equivalent amount withdrawn from General Reserve (Refer Note 3(a) of Annexure V)	-	-	-	-	(8,042.89)
<b>Profit/(Loss) before tax</b>	<b>(0.01)</b>	<b>(0.01)</b>	<b>0.50</b>	<b>4,212.56</b>	<b>15,854.26</b>
<b>PROVISION FOR TAX</b>					
Current Tax	-	-	0.18	335.60	-
Less: MAT Credit	-	-	-	(335.60)	-

Particulars	For the year ended				
	March 31, 2005	March 31, 2006	March 31, 2007	March 31, 2008	March 31, 2009
Deferred Tax	-	-	-	1,006.80	(1,006.80)
Fringe Benefit Tax	-	-	-	-	4.02
	-	-	0.18	1,006.80	(1,002.78)
<b>Profit/(Loss) after Tax as per Audited Accounts</b>	<b>(0.01)</b>	<b>(0.01)</b>	<b>0.32</b>	<b>3,205.76</b>	<b>16,857.04</b>
<b>Adjustments on account of Change in accounting policies</b> (Refer Note 1 of Annexure V)					
a) Preliminary Expenditure Written Off	(0.01)	0.02	-	-	-
b) Depreciation due to change in method	-	-	-	6,452.85	(6,452.85)
Less: Transferred from General Reserve	-	-	-	(6,452.85)	6,452.85
c) Tax impact of above adjustments	-	-	-	1,006.80	(1,006.80)
d) Current Tax	-	-	-	(335.60)	-
Less: MAT credit	-	-	-	(335.60)	-
<b>Total of adjustments</b>	<b>(0.01)</b>	<b>0.02</b>	<b>-</b>	<b>1,006.80</b>	<b>(1,006.80)</b>
<b>NET PROFIT/(LOSS), AS RESTATED</b>	<b>(0.02)</b>	<b>0.01</b>	<b>0.32</b>	<b>4,212.56</b>	<b>15,850.24</b>
Profit and Loss account at the beginning of the year	(0.03)	(0.05)	(0.04)	0.28	4,212.84
<b>Balance available for appropriation, as restated</b>	<b>(0.05)</b>	<b>(0.04)</b>	<b>0.28</b>	<b>4,212.84</b>	<b>20,063.08</b>
<b>BALANCE CARRIED FORWARD RESTATED</b>	<b>(0.05)</b>	<b>(0.04)</b>	<b>0.28</b>	<b>4,212.84</b>	<b>20,063.08</b>

The above statement should be read with significant accounting policies and notes to summary statements of Profit and Loss and Assets and liabilities, as restated appearing in Annexure V.

**RELIANCE INFRATEL LIMITED**  
**Annexure III – Summary of Cash Flows, As Restated**

(Rs. in million)

Particulars		For the year ended				
		March 31, 2005	March 31, 2006	March 31, 2007	March 31, 2008	March 31, 2009
<b>A.</b>	<b>Cash Flow From Operating Activities</b>					
	Profit/(Loss) before Tax, as restated	(0.02)	0.01	0.50	4,212.56	15,854.26
	Adjustment for -					
	Depreciation, net of withdrawal of general reserve (Refer Note 3 (b) of Annexure V)	-	-	-	2,546.21	16,654.01
	Interest Income	-	(0.02)	(0.56)	(4.77)	(0.46)
	Interest Expense	-	-	-	25.40	1,315.67
	Profit on Sale of Investments	-	-	-	(5.13)	(24.94)
	Withdrawal of Fuel Expenses from General Reserve (Refer Note 3 (b) of Annexure V)	-	-	-	-	(1,910.68)
	Unrealised foreign exchange gain (net)	-	-	-	40.66	267.75
	<b>Operating Profit/(Loss) before working capital changes</b>	<b>(0.02)</b>	<b>(0.01)</b>	<b>(0.06)</b>	<b>6,814.93</b>	<b>32,155.62</b>
	<b>Movements in Working Capital</b>					
	Changes in Debtors and other Current Assets	-	-	-	(7,503.38)	(9,849.61)
	Change in Inventories	-	-	-	(227.68)	(222.09)
	Changes in Trade and other Payables	-	-	2.40	3,051.98	(1,042.66)
	<b>Cash from/(used) in operations</b>	<b>(0.02)</b>	<b>(0.01)</b>	<b>2.34</b>	<b>2,135.85</b>	<b>21,041.26</b>
	Tax paid (including FBT)	-	-	(1.62)	(500.14)	(651.86)
	<b>Net Cash (used in) / from by Operating Activities</b>	<b>(0.02)</b>	<b>(0.01)</b>	<b>0.72</b>	<b>1,635.71</b>	<b>20,389.40</b>
<b>B.</b>	<b>Cash flow from Investing Activities</b>					
	Purchase of Fixed Assets and CWIP	-	-	-	(55,797.79)	(34,835.29)
	Purchase of Investments	-	-	-	(19,863.77)	(19,977.53)
	Sale of Investments	0.02	-	0.10	6,613.86	33,261.71
	Dividend Income	-	-	-	36.16	-
	Interest Received	-	0.02	0.56	86.48	0.22
	<b>Net Cash (used in) / from by Investing Activities</b>	<b>0.02</b>	<b>0.02</b>	<b>0.66</b>	<b>(68,925.06)</b>	<b>(21,550.89)</b>
<b>C.</b>	<b>Cash flow from Financing Activities</b>					
	Unsecured loan received	-	-	0.53	81,032.38	131,820.83
	Unsecured loan repaid	(0.05)	(0.06)	-	(16,509.17)	(128,149.60)
	Proceeds from issued equity share capital	0.40	-	-	2,989.60	-
	Interest Paid	-	-	-	272.52	(1,473.16)
	<b>Net Cash from / (used in) Financing Activities</b>	<b>0.35</b>	<b>(0.06)</b>	<b>0.53</b>	<b>67,785.33</b>	<b>2,198.07</b>
	<b>Net Increase/Decrease in Cash and Cash Equivalents (A+B+C)</b>	<b>35</b>	<b>(0.05)</b>	<b>1.91</b>	<b>495.98</b>	<b>1,036.58</b>
	Cash and Cash Equivalents at the beginning of the year	0.06	0.41	0.36	2.27	491.21
	Effect of Exchange (loss)/ Gain on cash and Cash Equivalents	-	-	-	(7.04)	10.47
	<b>Cash and Cash Equivalents at the end of the year</b>	<b>0.41</b>	<b>0.36</b>	<b>2.27</b>	<b>491.21</b>	<b>1,538.26</b>

**Note :**

- 1 Unrealized Exchange differences of Rs. 4489.40 million have not been shown separately, since recouped from General Reserve (Refer Note 3 (a) (iv) of Annexure V)
- 2 Assets and Liabilities of Passive Infrastructure (Refer Note 3(b) of Annexure V) and Optical Fibre Undertaking (Refer Note 3(a) of Annexure V) acquired pursuant to Scheme of arrangement dated March 16, 2007 and July 18, 2009 respectively have not been considered in the above statement. Similarly assets acquired in an amalgamation by issues of equity shares to Reliance Next Generation Technology Private Limited ( Refer Note 3(c) of Annexure V) has not been considered in the above statement.
- 3 The above statement should be read with significant accounting policies and notes to summary statements of Profit and Loss and Assets and liabilities, as restated appearing in Annexure V.

**RELIANCE INFRATEL LIMITED**

**Annexure IV – Schedules to Restated Summary Statements**

**Annexure IV (a) - Schedule of Fixed Assets as at March 31, 2009, As Restated**

(Rs. in million)

Particulars	Gross Block (at cost)				Depreciation			Net Block
	As at April 1, 2008	Additions on account of scheme of arrangement ( Note a)	Additions during the Period	As at March 31, 2009	Upto 31 st March 2008	For the year ended 31 st March 2009	As at March 31, 2009	As at March 31, 2009
Freehold Land	90.50	-	-	90.50	-	-	-	90.50
Building	-	-	0.37	0.37	-	-	-	0.37
Plant and Machinery	88,796.07	62,019.32	34,609.19	185,424.58	10,249.58	27,809.79	38,059.37	147,365.21
Vehicle	-	-	91.26	91.26	-	34.01	34.01	57.25
<b>Total</b>	<b>88,886.57</b>	<b>62,019.32</b>	<b>34,700.82</b>	<b>185,606.71</b>	<b>10,249.58</b>	<b>27,843.80</b>	<b>38,093.38</b>	<b>147,513.33</b>
Capital Work in Progress (including capital advance )	28,165.45			38,065.19				38,065.19

**Annexure IV (a) - Schedule of Fixed Assets as at March 31, 2008, As Restated**

(Rs. in million)

Particulars	Gross Block (at cost)				Depreciation			Net Block
	As at April 1, 2007	Additions on account of scheme of arrangement (Note a)	Additions during the Period	As at March 31, 2008	Upto 31 st March 2007	For the year ended 31 st March 2008	As at March 31, 2008	-
Freehold Land	-	90.50	-	90.50	-	-	-	90.50
Plant and Machinery	-	41,884.65	46,911.42	88,796.07	-	10,249.57	10,249.58	78,546.50
<b>Total</b>	<b>-</b>	<b>41975.15</b>	<b>46,911.42</b>	<b>88,886.57</b>	<b>-</b>	<b>10,249.57</b>	<b>10,249.58</b>	<b>78,637.00</b>
Capital Work in Progress (including capital advance )	-			28,165.45				28,165.45

**Note :**

1. During the year ended March 31, 2009, fair value of Fixed Assets (including Capital Work in Progress of Rs 10,044.88 million) received on Scheme of Arrangement from Reliance Communications Limited was Rs.72,064.20 million. During the year ended March 31, 2008, fair value of Fixed Assets (including Capital Work in Progress) received on Scheme of Arrangement from Reliance Communications Limited and Reliance Telecom Limited amounted to Rs 32,834.53 million and Rs 11,783.94 million respectively. (Refer Note 3 (a) (i) of Annexure V)
2. Freehold Land includes Rs. 0.06 million acquired from Karnataka Industrial Area Development Board (a Government of Karnataka Undertaking). As per the agreement, the process of transfer of ownership of the same is under progress.
3. On March 2, 2009, Reliance Communications Limited, the Ultimate Holding Company issued, 3,000 Secured Redeemable Non Convertible Debentures (NCDs) of the face value of Rs. 10 million each, aggregating Rs. 3,0000 million. The issue was to be secured by a pari passu charge on the moveable and immovable assets of the Company (excluding Land & Building thereon, Goodwill and brand name), on pari passu basis with the Company's existing & future lenders with a minimum asset cover of 1.25 times. The Board of Directors of the Company have resolved to accept the charge on the asset of the Company, subject to prior written consent of the existing lender of the Company. Redemption of the said NCDs shall be at the end of ten years from the date of allotment thereof. The charge is yet to be created as on the Balance sheet date.
4. The above statement should be read with significant accounting policies and notes to summary statements of Profit and Loss and Assets and liabilities, as restated appearing in Annexure V.

**RELIANCE INFRATEL LIMITED**
**Annexure IV – Schedules to Restated Summary Statements**
**Annexure IV(b) – Schedule of Investments, As Restated**
**(Rs. in million)**

Particulars	As at				
	March 31, 2005	March 31, 2006	March 31, 2007	March 31, 2008	March 31, 2009
<b>INVESTMENTS</b>					
<b>LONG TERM INVESTMENTS, TRADE (At cost)</b>					
<b>In Equity Shares (Unquoted) Fully Paid up</b>					
800 equity shares of Reliance Infosoft Private Limited of Rs.10 each			-	-	-
800 equity shares of Reliance Communication Delhi Private Limited of Rs.10 each			-	-	-
800 equity shares of Reliance Communications Himachal Pradesh Private Limited of Rs.10 each			-	-	-
800 equity shares of Reliance Communications Jammu & Kashmir Private Limited of Rs.10 each			-	-	-
800 equity shares of Karma Commercials Private Limited of Rs.10 each			-	-	-
1200 equity shares of Gurukul Commercials Private Limited of Rs.10 each	0.10	0.10	-	-	-
800 equity shares of Parikrama Commercials Private Limited of Rs.10 each					
2600 (800 as at March 31, 2005 and March 31, 2006) equity shares of Reliance Communications Maharashtra Private Limited of Rs.10 each (Refer Note 1 below)			-	-	0.13
2600 ( 800 as at March 31, 2005 and March 31, 2006) equity shares of Reliance Communications Haryana Private Limited of Rs.10 each (Refer Note 1 below)			-	-	
2600 (800 as at March 31, 2005 and March 31, 2006) equity shares of Reliance Communications Tamil Nadu Private Limited of Rs.10 each (Refer Note 1 below)			-	-	
2600 (1200 as at March 31, 2005 and March 31, 2006) equity shares of Reliance Communications West Bengal Private Limited of Rs.10 each (Refer Note 1 below)			-	-	
2600 equity shares of Reliance Broadcom Private Limited of Rs.10 each (Refer Note 1 below)	-	-	-	-	
<b>Total</b>	<b>0.10</b>	<b>0.10</b>	<b>-</b>	<b>-</b>	<b>0.13</b>
<b>CURRENT INVESTMENTS – OTHERS (Cost or fair value which ever is less)</b>					
<b>Unquoted &amp; Fully paid up</b>					
<b>In Mutual Fund Units</b>					
BGI US Dollar Liquidity Fund - Institutional Share Class 33,69,08,482 Units - Face Value US \$ 1/-	-	-	-	13,516.77	-
Reliance Liquidity Fund - Growth Option 403,170 Units Reliance Liquidity fund Growth option	-	-	4.53	-	-
	-	-	<b>4.53</b>	<b>13,516.77</b>	-
<b>Total Investments</b>	<b>0.10</b>	<b>0.10</b>	<b>4.53</b>	<b>13,516.77</b>	<b>0.13</b>

**Note:**

- As at March 31, 2009, above Companies are associates since the Company owns 26 percent of the shares of the respective companies.
- The above statement should be read with significant accounting policies and notes to summary statements of Profit and Loss and Assets and liabilities, as restated appearing in Annexure V.



# **RELIANCE INFRATEL LIMITED**

## **Annexure IV – Schedules to Restated Summary Statements**

### **Annexure IV(c) – Schedule of Sundry Debtors, As Restated**

(Rs. in million)

Particulars	As at				
	March 31, 2005	March 31, 2006	March 31, 2007	March 31, 2008	March 31, 2009
<b>Unsecured, Considered Good</b>					
Debts outstanding for a period exceeding six months	-	-	-	-	4.68
Others	-	-	-	6,345.17	6,194.17
<b>Total</b>	-	-	-	<b>6,345.17</b>	<b>6,198.85</b>

Note:

1. Details of related party transactions and balances have been disclosed in Annexure X.
2. The above statement should be read with significant accounting policies and notes to summary statements of Profit and Loss and Assets and liabilities, as restated appearing in Annexure V.

**RELIANCE INFRATEL LIMITED**

**Annexure IV – Schedules to Restated Summary Statements**  
**Annexure IV(e) – Schedule of Loans and Advances , As Restated**

(Rs. in million)

Particulars	As at				
	March 31, 2005	March 31, 2006	March 31, 2007	March 31, 2008	March 31, 2009
<b>Others</b>					
Advances recoverable in cash or kind or for value to be received	-	-	1,000.61	105.83	1,663.24
Advance Income Tax	-	-	1.50	500.40	1,148.46
Cenvat Credit Receivable	-	-	-	1,531.79	489.23
Deposits	-	-	0.05	1,066.37	1,616.46
<b>Total</b>	-	-	<b>1,002.15</b>	<b>3,204.39</b>	<b>4,917.39</b>

**Note:**

1. Details of related party transactions and balances have been disclosed in Annexure X.
2. The above statement should be read with significant accounting policies and notes to summary statements of Profit and Loss and Assets and liabilities, as restated appearing in Annexure V.

**RELIANCE INFRATEL LIMITED****Annexure IV – Schedules to Restated Summary Statements****Annexure IV (d) – Details of Other Current Assets, As Restated****(Rs. in million.)**

<b>Particulars</b>	<b>For the year ended</b>				
	<b>March 31, 2005</b>	<b>March 31, 2006</b>	<b>March 31, 2007</b>	<b>March 31, 2008</b>	<b>March 31, 2009</b>
Interest Accrued on Investments and Fixed Deposits	0.01	0.01	-	0.19	0.57
Lease Rent Equalisation Account	-	-	-	-	8,930.00
<b>Total</b>	<b>0.01</b>	<b>0.01</b>	<b>-</b>	<b>0.19</b>	<b>8,930.57</b>

The above statement should be read with significant accounting policies and notes to summary statements of Profit and Loss and Assets and liabilities, as restated appearing in Annexure V.

# **RELIANCE INFRATEL LIMITED**

## **Annexure IV – Schedules to Restated Summary Statements**

### **Annexure IV (f) – Schedule of Unsecured Loans, As Restated**

(Rs. in million)

Particulars	As at				
	March 31, 2005	March 31, 2006	March 31, 2007	March 31, 2008	March 31, 2009
<b>Long Term</b>					
<b>From Banks</b>					
External Commercial Borrowing	-	-	-	20,060.00	25,360.00
Punjab National Bank	-	-	-	-	20,000.00
<b>From Others</b>					
Loan from Holding Company	-	-	-	-	6,577.99
Loan from Ultimate Holding Company	-	-	-	-	67,189.37
<b>Short Term</b>					
<b>From Banks</b>					
Punjab National Bank	-	-	-	10,000.00	-
Commercial Paper	-	-	-	-	1,716.02
Buyers Credit	-	-	-	13,048.77	13,422.98
<b>From Others</b>					
Loan from Holding Company	0.05	-	2.95	21,982.52	14,783.78
Loan from Ultimate Holding Company	-	-	-	-	2,562.76
<b>Total</b>	<b>0.05</b>	<b>-</b>	<b>2.95</b>	<b>65,091.29</b>	<b>151,612.90</b>

#### **Note:**

1. The company has taken external commercial borrowing (ECB) of USD 500 million in January 2008 from a consortium of banks in Singapore and Hong Kong for import of capital goods and funding of capital expenditure. The loan is repayable over a period of 6 years in 3 equal annual installments after an initial moratorium for 3 years. The interest payable on this loan is at LIBOR rates with applicable margin.
2. The long term loan from Punjab National Bank was availed in August 2008 for the purpose of funding capital expenditure. This loan is with tenure of five years repayable in 3 equal annual installments after moratorium period of 2 years.
3. Long term loan from Ultimate Holding Company of Rs. 67,189.37 million (Previous Year NIL) is pursuant to Scheme of Arrangement (Refer Annexure V 3 (a) (iii)) and is repayable by March 31,2018, at an interest rate of 8.85% p.a. effective from September 15, 2009.
4. Long term loan from Holding Company includes amount of Rs. 6,577.99 million (Previous Year NIL) is pursuant to transfer of OFC assets under the joint ownership agreement and is payable over a period of 3 years at an interest rate of SBI-PLR from October 1, 2009 or from the date the company gets listed on a recognized stock exchange, whichever is earlier..
5. Short term loans from Holding and Ultimate Holding companies are interest free recurring loans payable at call.
6. The company has Buyers Credit contracts outstanding of JYP 13,783.20 million and USD 123.43 million as on March 31, 2009 for import of capital goods, The contract are for a period ranging from 6 months to 12 months and the same are rolled over from time to time. The interest payable on this loan is at LIBOR rates

with applicable margin.

7. The company has one Commercial Paper issue outstanding as on March 31, 2009 of 3,600 units having face value of Rs. 0.5 million per unit, redemption is due 362 days from the date of issue. The effective discount rate is 11.90% p.a.
8. The above statement should be read with significant accounting policies and notes to summary statements of Profit and Loss and Assets and liabilities, as restated appearing in Annexure V.

# **RELIANCE INFRATEL LIMITED**

## **Annexure IV – Schedules to Restated Summary Statements** **Annexure IV(g) – Schedule of Current Liabilities, As Restated**

(Rs. in million)

Particulars	As at				
	March 31, 2005	March 31, 2006	March 31, 2007	March 31, 2008	March 31, 2009
<b><u>Current Liabilities</u></b>					
Sundry Creditors					
– Micro Small Medium Enterprises	-	-	-	67.61	591.06
– Others Creditors for expenses	-	-	0.46	17,071.88	13,409.30
Interest accrued but not due on Buyers Credit	-	-	-	385.80	122.28
Other liabilities	0.02	0.01	0.02	2,310.42	1,509.97
<b>Total</b>	<b>0.02</b>	<b>0.01</b>	<b>0.48</b>	<b>19,835.71</b>	<b>15,632.61</b>

### **Note:**

1. Sundry creditors include capital creditors of Rs. 13,274.70 million as at 31 March 2009 and Rs 16,323.10 million as at 31 March 2008.
2. The above statement should be read with significant accounting policies and notes to summary statements of Profit and Loss and Assets and liabilities, as restated appearing in Annexure V.

# **RELIANCE INFRATEL LIMITED**

## **Annexure IV – Schedules to Restated Summary Statements** **Annexure IV (h) – Schedule of Share Capital, As Restated**

(Rs. in million)

Particulars	As At				
	March 31, 2005	March 31, 2006	March 31, 2007	March 31, 2008	March 31, 2009
<b>Authorised Share Capital</b>					
No. of shares of Rs 5/- each	100,000	100,000	3,000,000,000	3,000,000,000	3,000,000,000
Share Capital	0.50	0.50	15,000.00	15,000.00	15,000.00
<b>Issued, Subscribed and Paid up:</b>					
No. of shares of Rs 5/- each	100,000	100,000	200,120,000	798,040,534	798,040,534
Share Capital	0.50	0.50	1,000.60	3,990.20	3,990.20

Note:

- As at March 31, 2009, out of the above shares:
  - 636,118,800 equity shares of the Company are held by the holding company, Reliance Communications Infrastructure Limited;
  - 118,018,506 equity shares are held by subsidiaries of Reliance Communications Limited and
  - 4,001,200 equity shares are held by Reliance ADA Group Trustees Private Limited
 All the above shares are held for the benefit of the ultimate holding company, Reliance Communications Limited and its shareholders.
- Out of the above Equity Shares, 200,020,000 equity shares were allotted as fully paid up pursuant to the Scheme of Amalgamation between Reliance Next Generation Technology Private Limited and the Company without payment being received in Cash (Refer Note 3(c) of Annexure V)
- On January 30, 2008, the authorized share capital of the Company of Rs. 15,000 million divided into 1,500,000,000 equity shares of Rs. 10 each was subdivided into 3,000,000,000 equity shares of Rs. 5 each. The Company has made disclosure of above change retrospectively for all the years covered in the Restated Summary Statements.
- Subsequent to March 31, 2009, the Company had following changes to its authorized share capital and face value of shares:
  - On September 4, 2009, the authorized share capital of the Company was increased from Rs. 15,000 million to Rs. 25,000 million, divided into 4,000,000,000 equity shares of Rs. 5 each and 500,000,000 preference shares of Rs. 10 each
  - On September 15, 2009, the authorized equity share capital of Rs. 20,000 million divided into 4,000,000,000 equity shares of Rs. 5 each was modified by consolidating every two equity shares of Rs. 5 each into one equity share of Rs. 10 each resulting in 2,000,000,000 equity shares of Rs. 10 each
- On September 4, 2009, the Company allotted 15,000,000 Redeemable Non Convertible Preference Shares of Rs. 10 each at a premium of Rs. 990 per share aggregating Rs.15,000 million to Reliance Communications Limited.
- On September 15, 2009, the Company issued bonus shares to its then existing equity shareholders in proportion of five new fully paid equity shares of Rs. 10 each for every two equity shares of Rs. 10 each held.
- The above statement should be read with significant accounting policies and notes to summary statements of Profit and Loss and Assets and liabilities, as restated appearing in Annexure V.

# **RELIANCE INFRATEL LIMITED**

## **Annexure IV – Schedules to Restated Summary Statements**

### **Annexure IV (i) – Schedule of Reserves and Surplus, As Restated**

**(Rs. in million)**

Particulars	As At				
	March 31, 2005	March 31, 2006	March 31, 2007	March 31, 2008	March 31, 2009
<b>General Reserve</b>					
As per last Balance Sheet	-	-	-	2.97	37,457.84
Add : Created as per the Scheme of Arrangement (Refer Note 3 (b), & (c) of Annexure V)	-	-	2.97	45,158.24	-
Less : Transferred to Profit & Loss Account on account of depreciation (Refer Note 3(b) of Annexure V)	-	-	-	7,703.37	11,189.79
Less : Transferred as per Scheme of Arrangement on account of Fuel Expenses (Refer Note 3(b) of Annexure V)	-	-	-	-	1,910.68
Less : Transferred as per Scheme of Arrangement on account of Exchange Losses on Loan and Liabilities (Refer Note 3(a) of Annexure V)	-	-	-	-	8,042.89
Total General Reserves ( A )	-	-	2.97	37,457.84	16,314.48
Profit and Loss Account ( B )	(0.05)	(0.04)	0.28	4,212.84	20,063.08
<b>Total ( A + B )</b>	<b>(0.05)</b>	<b>(0.04)</b>	<b>3.25</b>	<b>41,670.68</b>	<b>36,377.56</b>

The above statement should be read with significant accounting policies and notes to summary statements of Profit and Loss and Assets and liabilities, as restated appearing in Annexure V.



**RELIANCE INFRATEL LIMITED****Annexure IV – Schedules to Restated Summary Statements****Annexure IV (j) – Details of other Income – Non Recurring, As Restated****(Rs. in million)**

<b>Particulars</b>	<b>For the year ended</b>				
	<b>March 31, 2005</b>	<b>March 31, 2006</b>	<b>March 31, 2007</b>	<b>March 31, 2008</b>	<b>March 31, 2009</b>
Interest	-	0.02	0.56	4.77	0.46
Profit on sale of current Investments	-	-	-	5.13	24.94
Miscellaneous Income	-	-	-	0.06	116.50
<b>Total</b>	-	<b>0.02</b>	<b>0.56</b>	<b>9.96</b>	<b>141.90</b>

The above statement should be read with significant accounting policies and notes to summary statements of Profit and Loss and Assets and liabilities, as restated appearing in Annexure V.

# **RELIANCE INFRATEL LIMITED**

## **Annexure IV – Schedules to Restated Summary Statements**

### **Annexure IV (k) – Details of Network Operation Expenses, As Restated**

**(Rs. in million)**

Particulars	For the year ended				
	March 31, 2005	March 31, 2006	March 31, 2007	March 31, 2008	March 31, 2009
Repairs and Maintenance - Plant and Machinery	-	-	-	1,156.96	2,098.20
Rent	-	-	-	1,204.72	2,802.52
Rates and Taxes	-	-	-	112.14	279.37
Stores and Spares – consumed	-	-	-	82.16	298.74
Power and Fuel	-	-	-	4,462.54	11,271.22
Insurance	-	-	-	8.89	45.84
Security Expenses	-	-	-	452.89	213.81
<b>Total</b>	-	-	-	<b>7,480.30</b>	<b>17,009.70</b>

The above statement should be read with significant accounting policies and notes to summary statements of Profit and Loss and Assets and liabilities, as restated appearing in Annexure V.

# **RELIANCE INFRATEL LIMITED**

## **Annexure IV – Schedules to Restated Summary Statements**

### **Annexure IV (I) – Details of General and Administrative Expenses, As Restated**

**(Rs. in million)**

Particulars	For the year ended				
	March 31, 2005	March 31, 2006	March 31, 2007	March 31, 2008	March 31, 2009
Hire Charges of Vehicles, Furniture & Office Equipment	-	-	-	9.94	0.13
Electricity Expenses	-	-	-	6.15	0.25
Business Centre Expenses	-	-	-	10.80	6.78
Rent	-	-	-	3.28	0.81
Rates and Taxes	-	-	-	5.49	61.97
Repairs and Maintenance – Others	-	-	-	0.43	0.73
Travelling and Conveyance	-	-	-	50.31	7.53
Professional Fees	-	-	-	22.26	82.12
Bank Charges	-	-	-	5.93	10.81
Auditors' Remuneration	0.01	0.01	0.02	5.21	5.22
Other Administration and Miscellaneous Expenses	-	-	0.03	12.18	26.79
Preliminary Expenses	-	0.02	-	-	-
<b>Total</b>	<b>0.01</b>	<b>0.03</b>	<b>0.05</b>	<b>131.97</b>	<b>203.14</b>

The above statement should be read with significant accounting policies and notes to summary statements of Profit and Loss and Assets and liabilities, as restated appearing in Annexure V.

## **RELIANCE INFRATEL LIMITED**

### **Annexure V – Significant Accounting Policies and Notes to Restated Summary Statements**

#### **1 Notes on Adjustments to Restated Statements of Profit and Loss and Assets and Liabilities on Changes in Accounting Policies**

- a. The preliminary expenses incurred in connection with formation of the Company and increase in Authorized Share Capital for the years ended March 31, 2002 and March 31, 2005 Rs. 0.001 million and Rs. 0.01 million, respectively was recorded as Miscellaneous Expenditure in the Balance Sheet to the extent not written off. These expenses are now restated and are expensed to the profit and loss account in the year in which they are incurred in line with the accounting policies followed for the year ended March 31, 2009.
- b. Till March 31, 2008, the Company followed Straight Line Method of Depreciation. With effect from April 1, 2008, the company has retrospectively changed its method of depreciation on Plant and Machinery from Straight Line Method to Written Down Value method to provide for earlier replacement on account of technological advancement. The Company has adjusted the retrospective impact of depreciation amounting to Rs 6,452.85 million in the year ended March 31, 2008, which was earlier recorded in the year ended March 31, 2009.

Consequent to above change, the Company has made withdrawal adjustments for general reserve in year ended March 31, 2008 which was earlier recorded in the year ended March 31, 2009. (Refer Note 3 (b) Annexure V).

- c. Tax impact of adjustment pertains to tax effect on restatement adjustments, at the tax rates applicable in the respective years.

#### **2 Significant Accounting Policies**

- a. Basis of Preparation of Restated Financial Statements

The financial statements have been prepared to comply in all material respects with the accounting standards notified by the Companies (Accounting Standards) Rules, 2006, (as amended), the relevant provisions of the Companies Act, 1956 (“ the Act” ) and SEBI Regulations. The financial statements have been prepared under the historical cost convention on an accrual basis.

- b. Use of Estimates

The preparation and presentation of financial statements in conformity with the generally accepted accounting principles requires management to make estimates and assumptions 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. Although these estimates are based upon the management's best knowledge of current events and actions, actual results could differ from these estimates. Difference between the actual result and estimates are recognised in the period in which the results are known / materialised.

- c. Fixed Assets

Fixed assets are stated at cost, net of Modvat and Cenvat, less accumulated depreciation and impairment loss if any. Fixed asset transferred pursuant to the Scheme of Arrangements approved by the court is recorded based on accounting prescribed by the court order. Cost comprises the purchase price and attributable cost of bringing the asset to its working condition for its intended use. Expenses incurred relating to projects prior to commencement of commercial operation are considered as project development expenditure and shown under Capital Work-in-Progress.

d. Depreciation

Depreciation on Fixed Assets is provided on Written Down Value Method at the rates and in the manner prescribed in Schedule XIV to the Act, except for the Plant & Machinery acquired under Scheme of Arrangement which is depreciated over the residual life of 1 to 18 years on a Written Down Value basis.

e. Impairment of Assets

The carrying amounts of assets are reviewed at each Balance sheet date if there is any indication of impairment based on internal or external factors. An impairment loss is recognised when the carrying cost of assets exceeds 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 of prior accounting period is increased / reversed where there has been change in the estimate of recoverable value. The recoverable value is the higher of the net selling price and value in use of the asset.

f. Investments

Investments that are readily realisable and intended to be held for not more than one year are classified as current investment. All other investments are classified as long term investments. Current investments are carried at the lower of cost and fair value, computed investment wise. Long Term Investments are stated at cost. Provision for diminution in the value of long-term investments is made only if such decline is other than temporary in the opinion of the management.

g. Inventories of Stores and Spares

Inventories of stores and spares are accounted for at cost, determined on weighted average basis, or net realisable value, whichever is less.

h. Foreign Currency Transactions

- i) Transactions denominated in foreign currencies are normally recorded at the exchange rates prevailing at the time of the transaction.
- ii) Monetary items denominated in foreign currencies at the reporting date are restated at closing rates. In case of monetary items, which are covered by forward exchange contracts, the difference between the year end rate and rate on the date of the contract is recognized as exchange difference and the premium, on forward contracts is recognized over the life of the contract.
- iii) Non monetary foreign currency items are recorded at the rate prevailing on the date of transaction.
- iv) Any income or expense on account of exchange difference either on settlement or on translation is recognised in the Profit and Loss Account.
- v) The premium or discount arising at the inception of forward exchange contracts is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or expense for the year.

i. Revenue Recognition

Service Revenue is recognised net of taxes as and when the Base Transceiver Station (BTS) Tower is Ready for Installation of customer equipment, as per the terms of agreement.

Income related to Optic Fibre Infrastructure given on operating lease is recognised net of taxes on straight line basis over the lease term.

j. Miscellaneous Expenditure

Miscellaneous Expenses are charged to the Profit & Loss Account in the year in which they are incurred.

k. Provisions for Income Taxes

Provision for Income Tax is made on the basis of estimated taxable income for the year at current rates. Tax expense comprises of current, deferred and fringe benefit tax. Current income tax and fringe benefit tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. 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. The deferred tax asset is recognised and carried forward only to the extent that there is a reasonable certainty that the asset will be realised in future. However, where there is unabsorbed depreciation or carried forward loss under taxation laws deferred tax asset is recognised only if there is virtual certainty of realisation of asset. MAT credit is recognised as an asset only if there is convincing evidence that the Company will pay normal income tax during the specified period.

l. Provision, Contingent Liabilities and Contingent Assets

Provision involving substantial degree of estimation in measurement is recognised when there is a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on best estimate required to settle the obligation as the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect current best estimates. Contingent Liabilities are not recognised but are disclosed in the notes to the financial statements. Contingent Assets are neither recognised nor disclosed in the financial statements.

m. Lease

Lease where the lessor effectively retains substantially all the risk and benefits of ownership of the leased assets are classified as operating lease. Operating lease payments are recognised as an expense in the Profit and Loss Account on a straight line basis over the lease term.

Assets given on operating lease are included in fixed assets. This income is recognised in the Profit and loss account on straight line basis over the lease term. Costs, including depreciation, are recognised as an expense in the Profit and loss account.

n. Borrowing Cost

Borrowing costs that are attributable for construction of qualifying assets are capitalised, net of income from temporary investment of the borrowings, as part of the cost of such assets up to the commencement of commercial operation. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. Other borrowing costs are recognised as expense in the year in which they are incurred.

o. Cash and Cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

p. Commercial Paper

Commercial Paper is recognised at redemption value net of unamortised finance charges thereon. The difference between redemption value and issue value is amortised on a time proportion basis and is disclosed under finance charges as interest cost.

### 3 Scheme of Arrangement

#### (a) Transfer of Optic Fibre Undertaking

Pursuant to The Scheme of Arrangement ("The New Scheme") under sections 391 to 394 of the Act, between Reliance Communications Limited ("RCOM") and the Company for transfer and vesting of Optic Fibre Undertaking was approved by the Hon'ble High Court of Bombay vide order dated July 18, 2009, with effect from Appointed Date as at April 1, 2008. The Company has recorded following accounting entries in the books of accounts:

- i) Recorded fixed assets (including Capital Work-in-progress of Rs. Rs 10,044.88 million) related Optic Fibre Undertaking appearing in the books of RCOM as on April 1, 2008 at fair value of Rs. 72,064.20 million;
- ii) Recorded liabilities related to Optic Fibre Undertaking appearing in the books of RCOM as at April 1, 2008 at Rs. 4,874.83 million;
- iii) Accordingly, recorded net amount payable of Rs 67,189.37 million to RCOM related to OFC undertaking
- iv) Accounted the losses on account of changes in exchange rates relating to loans and liabilities denominated in foreign currencies taken/incurred amounting to Rs. 8,042.89 million in Profit and loss account and withdrawn from General Reserves an amount equal to the amount of loss

On September 15, 2009, the Company filed the certified copy of the Order of Hon'ble High Court Order with the RoC thereby effecting the New Scheme.

In accordance with the undertaking given by the Company to the High Court, interest will be payable by the Company to RCOM on outstanding amount due by the Company from and after Effective Date of the Scheme, i.e. from and after the date on which the Order of the High Court approving the Scheme is filed with the ROC. Accordingly, no interest has been included in the amounts incorporated in the Accounts, as aforesaid.

#### (b) Transfer of Passive Infrastructure

Pursuant to the Scheme of Arrangement ("the Scheme - I") under sections 391 to 394 of the Act, between RCOM, Reliance Telecom Limited (RTL) and the Company for transfer of passive infrastructure from RCOM and RTL to RTIL was approved by the Hon'ble High Court of Bombay vide order dated March 16, 2007, which was effective from April 10, 2007. In accordance with the aforesaid Scheme - I Passive Infrastructure, comprising of wireless and broadcast towers including towers under construction, all rights, titles, deposits, interest over the land on which such towers have been proposed to be constructed or erected or installed and all plant and equipment as forming part of passive infrastructure including electrical connections, utilities, engine alternators, power backup equipments and associated civil and electrical structures etc are recorded by the company at their respective fair values and an equivalent amount is credited to General Reserve account.

In terms of the Scheme of Amalgamation ("the Scheme - II") under section 391 to 394 of the Companies Act, sanctioned by Order dated June 12, 2007 of the Hon'ble High Court of Bombay with effective date as September 29, 2007 and the appointed date as April 1, 2006, Reliable Internet Services Limited (RISL), whose core activities were providing telecom services has been amalgamated with RTL. In accordance with the aforesaid Scheme - II all the assets and liabilities as appearing in the books of RISL have been recorded at fair value in the books of RTL. Passive Infrastructure assets as received by RTL from RISL comprising of wireless and broadcast towers including towers under construction, all rights, titles, deposits, interest over the land on which such towers have been proposed to be constructed or erected or installed and all plant and equipment as forming part of passive infrastructure including electrical connections, utilities, engine

alternators, power backup equipments and associated civil and electrical structures etc. as on April 10, 2007 as stated above were transferred and recorded by the Company at their respective fair values and an equivalent amount is credited to General Reserve account.

The summary of assets transferred at fair value by RCOM and RTL and equivalent amount credited to general reserve by the Company is given below:

(Rs in million)			
Particulars	RCOM	RTL	Total
Fair Value of Assets			
Land	90.50	-	90.50
Plant and Machinery	31,897.22	9987.43	41,884.65
CWIP ( including Capital Advance )	846.81	1,796.52	2,643.33
Deposits	440.10	99.31	539.41
Advance Rent	-	0.35	0.35
	<b>33,274.63</b>	<b>11,883.61</b>	<b>45,158.24</b>

Had the Scheme - I not provided this treatment, an amount of Rs. 45,158.23 million would have been credited to Capital Reserve as required by the Purchase Method prescribed by Accounting Standard (AS) 14 on Accounting for Amalgamation issued by the Institute of Chartered Accountants of India

Based on the Scheme –I, the above general reserve shall constitute free reserve available for any purpose as the Company at its own discretion considers proper including in particular for off-set any additional depreciation that may be charged by the Company.

In the terms of the aforesaid Scheme - I, Additional Depreciation means depreciation provided, charged or suffered by the Company on the respective assets transferred by RCOM and RTL under the scheme in excess of that which would be chargeable on the original book value of these assets, as if there had been no revaluation or transfer of these assets under the aforesaid scheme and also pursuant to the Scheme of Amalgamation and arrangement of Communications Group Companies sanctioned by the Hon'ble Bombay High Court and the Gujarat High Court on July 21 and July 28, 2006, respectively.

Accordingly, the Company has withdrawn general reserve for following purposes:

(Rs. in million)			
	Particulars	March 31, 2009	March 31, 2008
a.	Difference in depreciation expenses between WDV and SLM method, as restated excluding additional depreciation	8,645.94	4,363.37
b.	Additional depreciation as defined above, as restated	2,543.85	3,340.00
A	Total withdrawal for depreciation (A)	11,189.79	7,703.37
B	Fuel expenses incurred in excess of electricity charges due to delay in obtaining electricity connection and required approvals	1,910.68	-
	Total withdrawal from general reserve (A+B)	13,100.47	7,703.37

(c) Amalgamation of Reliance Next Generation Technology Private Limited (“RNGTPL”)

In terms of the Scheme of Amalgamation (“the Scheme”) under sections 391 to 394 of the Companies Act, sanctioned by order dated March 23, 2007 of Hon’ble High Court of Bombay with effective date March 30, 2007, RNGTPL has been amalgamated with the Company. In accordance with the aforesaid Scheme and Hon'ble High Court approval:



- i) All the Assets, Properties, Liabilities, Duties and Obligations of RNGTHPL have been vested with the Company with effect from March 30, 2007
- ii) All the Assets and Liabilities recorded in the books of RNGTHPL are recorded by the Company at their respective fair value.

The computation of Amount transferred to General Reserve is as under

	(Rs. in million)	
	Amount	Amount
Fair Value of Assets		
Investments	4.53	
Net Current Assets	1,000.95	
Less: Unsecured Loan	(2.41)	
Fair Value of net Assets Taken over		1,003.07
Less: Equity Shares issued to RNGTHPL Share holders (10 00 10 000 Equity shares of Rs. 10 Each)*		1,000.10
<b>Amount of General Reserve</b>		<b>2.97</b>
* 20 00 20 000 Equity shares of Rs 5.		

- iii) Had the Scheme not provide this treatment, an amount of Rs 2.97 million would have been credited to Capital Reserve as required by the Purchase Method prescribed by Accounting Standard (AS) 14 on Accounting for Amalgamation issued by the Institute of Chartered Accountants of India.

#### 4 Commitment for Capital Expenditure

	(Rs in million)	
	March 31, 2009	March 31, 2008
Estimated amount of Contracts remaining to be executed on capital account and not provided for	5,719.10	52,354.71

#### 5 Contingent Liabilities

	March 31, 2009	March 31, 2008
Disputed Liabilities in tower construction pending adjudication	6.55	6.69
Bank Guarantee	4.52	1.09

#### 6 Export Commitments

The Company has obtained licenses/authorisations under the Export Promotion Capital Goods (EPCG) Scheme for importing capital goods at a concessional rate of customs duty against submission of bonds. Under the terms of the respective licenses/authorisations, the Company is required to export goods of FOB value equivalent to or more than, eight times the amount of duty saved in respect of such licenses / authorisations, where export obligation has been refixed by the order of Director General Foreign Trade. Ministry of Commerce and Industry, Government of India, as applicable. Balance export obligations outstanding as on March 31, 2009 and 2008 under the aforesaid licenses/authorisations is Rs. 71,320.35 million and Rs. 55,240.54 million respectively. The Company will fulfill its export obligations under the EPCG Scheme by using RCOM and its subsidiaries export benefits and duty-free credit scrips obtained by RCOM under the Served from India Scheme.

#### 7 Segment Information

The Company has identified two reportable segments (a) Tower Division relates to providing services with respect to BTS Towers and OFC Division relates to providing services with respect to Optic Fibre

Connectivity. Segments have been identified and reported taking into account nature of services provided, the differing risks and returns and the internal business reporting systems. The accounting policies adopted for segment reporting are in line with the accounting policy of the Company with following additional policies for Segment Reporting. Revenue and expenses have been identified to a segment on the basis of relationship to operating activities of the segment. Revenue and expenses which relate to enterprise as a whole and are not allocable to a segment on reasonable basis have been disclosed as "Unallocable". Segment assets and liabilities represent assets and liabilities in respective segments.

**Primary Segment Information – As restated**  
**As at and for the year ended March 31, 2009**

**(Rs. in million)**

Particulars	Tower Division	OFC Division	Total
<b>Segment Revenue</b>			
External Revenue	40,168.16	9,030	49,198.16
Inter Segment Revenue	-	-	-
Net Revenue	40,168.16	9,030	49,198.16
<b>Segment Result before interest &amp; taxes</b>	18,935.63	(1,929.68)	17,005.95
Less: Finance Charges	1,293.59	-	1,293.59
Add : Interest and Investment Income	141.91	-	141.91
Segment Result before Tax	17,783.95	(1,929.68)	15,854.27
Less: Current Tax/ Fringe Benefit Tax	4.02	-	4.02
Segment Result After Tax	17,779.93	(1,929.68)	15,850.25
<b>Other Information</b>			
Segment Assets	130,890.69	76,722.81	207,613.50
Segment Liabilities	10,758.01	4,874.83	15,632.84
Unsecured Loans	77,845.53	73,767.36	151,612.89
Capital Expenditure	27,977.69	78,642.19*	106,619.88
Depreciation	16,884.12	10,959.68	27,843.80
Non cash expenses other than depreciation	-	-	-

\* Capital expenditure in OFC Division includes Rs. 72,064.20 million pursuant to the Scheme of Arrangement (Refer Note 3 (a) of Annexure V)

For the year ended March 31, 2008, the Company had only once segment i.e. Tower division

Secondary Segment Information is not disclosed since the company operates only within India.

# RELIANCE INFRATEL LIMITED

## Annexure VI – Summary of Accounting Ratios

Particulars	March 31, 2005		March 31, 2006		March 31, 2007		March 31, 2008		March 31, 2009	
	Pre Reverse Split and bonus	Post Reverse Split and bonus	Pre Reverse Split and bonus	Post Reverse Split and bonus	Pre Reverse Split and bonus	Post Reverse Split and bonus	Pre Reverse Split and bonus	Post Reverse Split and bonus	Pre Reverse Split and bonus	Post Reverse Split and bonus
Basic and Diluted Earning/(Loss) Per Share (Rs.)	(0.21)	(0.12)	0.05	0.03	0.27	0.16	5.65	3.23	19.86	11.35
Return on Net worth (%)	-4.20%	-4.20%	1.04%	1.04%	0.03%	0.03%	9.23%	9.23%	39.26%	39.26%
Net Asset value per Equity Share (Rs.)	4.53	2.59	4.57	2.61	5.02	2.87	57.22	32.69	50.58	28.90
Weighted Average No. of Equity Shares outstanding during the year.	90,356	158,123	100,000	175,000	1,196,000	2,093,000	745,706,838	1,304,986,967	798,040,534	1,396,570,935
Total number of equity shares outstanding at the end of the year.	100,000	175,000	100,000	175,000	200,120,000	350,210,000	798,040,534	1,396,570,935	798,040,534	1,396,570,935

### Notes:

1. The ratios have been computed as below:

(a) Basic Earning per Share:

Net Profit/(Loss) after tax, as restated, attributable to the equity shareholders

---

Weighted average number of equity shares outstanding during the year

(b) Return on Net worth:

Net Profit/(Loss) after tax, as restated

---

Net worth as restated at the year end

(c) Net Asset value per Share:

Net worth as restated at the end of the year

---

No. of equity shares outstanding at the year end

2. Earnings / (loss) per share calculations are computed in accordance with the Accounting Standard 20 'Earnings Per Share' issued by the Institute of Chartered Accountants of India
3. Subsequent to March 31, 2009, the Company had following changes to its share capital and face value of shares:
  - a. On September 4, 2009, the authorized share capital of the Company was increase from Rs. 15,000 million divided into 4,000,000,000 equity shares of Rs. 5 each and 500,000,000 preference shares of Rs. 10 each
  - b. On September 15, 2009, the authorized equity capital of Rs. 20,000 million divided into 4,000,000,000 equity shares of Rs. 5 each was modified by consolidating every two equity shares of Rs. 5 each into one equity share of Rs. 10 each resulting in 2,000,000,000 equity shares of Rs.. 10 each
  - c. On September 15, 2009, the Company issued bonus shares to its than existing equity shareholders in proportion of five new fully paid equity shares of Rs. 10 each for every two equity shares of Rs. 10 each held.

**RELIANCE INFRATEL LIMITED****Annexure VII – Details of Rate of Dividend Declared**

Particulars	For the year ended				
	March 31, 2005	March 31, 2006	March 31, 2007	March 31, 2008	March 31, 2009
Equity Share of Face Value-(Rs.)	10.0	10.0	10.0	5.0	5.0
Final Dividend per share (Rs.)	-	-	-	-	-

Note:

1. On January 30, 2008, the authorized share capital of the Company of Rs. 15,000 million divided into 1,500,000,000 equity shares of Rs. 10 each was subdivided into 3,000,000,000 equity shares of Rs. 5 each.
2. On September 15, 2009, the authorized equity capital of Rs. 20,000 million divided into 4,000,000,000 equity shares of Rs. 5 each was modified by consolidating every two equity shares of Rs. 5 each into one equity share of Rs. 10 each resulting in 2,000,000,000 equity shares of Rs. 10 each

**RELIANCE INFRATEL LIMITED****Annexure VIII – Statement of Capitalization as at March 31, 2009**

(Rs. in million)		
Particulars	Pre issue	Post issue (Refer Note below)
<b>Borrowings:</b>		
Short Term Debt:		
Buyer's Credit	13,422.98	
Commercial Paper	1,716.01	
Loan from Holding Company	14,783.78	
Loan from Ultimate Holding Company	2,562.76	
Long Term Debts:		
Foreign Currency Borrowing	25,360.00	
Rupee Loan from Banks	20,000.00	
Loan from Holding Company	6,577.99	
Loan from Ultimate Holding Company	67,189.37	
<b>Total Debt</b>	<b>151,612.89</b>	
<b>Shareholders' Funds</b>		
Share Capital	3,990.20	
Reserves and Surplus	36,377.57	
<b>Total Shareholders' Fund</b>	<b>40,367.77</b>	
Total Debt / Shareholders' Fund	<b>3.76:1</b>	

**Note:**

*Shareholders' funds post issue can be calculated only on the conclusion of the book building process.*

# **RELIANCE INFRATEL LIMITED**

## **Annexure IX – Statement of Tax Shelters**

(Rs. in million)

Particulars	For the year ended				
	March 31, 2005	March 31, 2006	March 31, 2007	March 31, 2008	March 31, 2009
<b>Net Profit/(Loss) before tax as restated in Annexure II</b>	<b>(0.02)</b>	<b>0.01</b>	<b>0.50</b>	<b>4,212.56</b>	<b>15,854.26</b>
Tax Rate in % (including Surcharge)	36.59%	33.66%	33.66%	33.99%	33.99%
<b>Tax at notional rates (A)</b>	<b>-</b>	<b>-</b>	<b>0.18</b>	<b>1,431.85</b>	<b>5,388.86</b>
<b>Adjustments</b>					
<b><u>Permanent Differences</u></b>					
Withdrawal from general reserve (Refer Note 3(a) and 3(b) of Annexure (v))	-	-	-	(2,618.37)	(7,186.62)
Fringe benefit tax	-	-	-	-	4.02
<b>Total Permanent Differences (B)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,618.37)</b>	<b>(7,182.60)</b>
<b><u>Timing Differences</u></b>					
Depreciation	-	-	-	37.11	1,085.24
Lease straight lining adjustment	-	-	-	-	(2,981.53)
Carried forward loss	-	-	-	1,149.26	945.01
Other differences	-	-	-	0.15	2,749.04
<b>Total Timing Differences/Deferred tax (C)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,186.52</b>	<b>1,797.76</b>
Income tax as per Section 115JB	-	-	-	-	-
Less: MAT credit	-	-	-	-	-
<b>Total MAT charge (D)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Restated tax provision for the year (A+B+C+D)</b>	<b>-</b>	<b>-</b>	<b>0.18</b>	<b>0.00</b>	<b>4.02</b>
<b>Tax effect of adjustments</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,006.80</b>	<b>(1,006.80)</b>
<b>Provision for tax as per books of accounts</b>	<b>-</b>	<b>-</b>	<b>0.18</b>	<b>1,006.80</b>	<b>(1,002.78)</b>

The above statement should be read with significant accounting policies and notes to summary statements of Profit and Loss and Assets and liabilities, as restated appearing in Annexure V.

## RELIANCE INFRATEL LIMITED

### Annexure X – Related Party Transactions

As per Accounting Standard - 18 issued by the Institute of Chartered Accountants of India, the Company's related parties transactions are as described below:

#### A. Parties where control exists:

i) Holding Company	Reliance Communications Infrastructure Limited
ii) Ultimate Holding Company	Reliance Communications Limited
iii) Person having control during the year	Shri Anil D. Ambani

#### B. Other related parties with whom transactions have taken place during the year / period:

i) Subsidiaries	None
ii) Fellow - subsidiary Company	Reliance Telecom Limited
iii) Fellow - subsidiary Company	Reliance Infocomm Infrastructure Private Limited
iv) Fellow - subsidiary Company	Reliance Webstores Limited
v) Associates	Reliance Communications West Bengal Private Limited
vi) Associates	Reliance Communications Haryana Private Limited
vii) Associates	Reliance Communications Maharashtra Private Limited
viii) Associates	Reliance Communications Tamilnadu Private Limited
ix) Associates	Reliance Broadcom Private Limited
x) Key Managerial Personnel	Shri Vijay K. Aggarwal

#### C. Details of Transactions and Closing balance during the year:

Particulars	(Rs. in million)				
	For the year ended				
	March 31, 2005	March 31, 2006	March 31, 2007	March 31, 2008	March 31, 2009
<b>Allotment of Shares</b>					
Reliance Communications Infrastructure Limited	0.40	-	990.09	2190.00	-
<b>Income</b>					
<b><i>Interest Earned on Inter Corporate Deposit</i></b>					
Reliance Communications Infrastructure Limited	-	-	-	1.81	-
Reliance Telecom Limited	-	-	0.55	2.74	-
<b>Service Revenue (Net)</b>					
Reliance Communications Infrastructure Limited	-	-	-	172.67	255.81
Reliance Communications Limited	-	-	-	11,011.78	36,820.98
Reliance Telecom Limited	-	-	-	3,378.00	6,702.07
<b>Expenditure</b>					
<b><i>Expenses -Reimbursed</i></b>					
Reliance Communications Infrastructure Ltd	-	-	-	4.75	5.59
Reliance Communications Limited	-	-	-	889.81	216.59
Reliance Telecom Limited	-	-	-	1,452.93	93.22
Reliance Infocomm Infrastructure Limited	-	-	-	10.46	6.50
Reliance Web store Limited	-	-	-	2.49	2.93
<b>Loan Taken from Holding Company</b>					
Opening Balance	-	-	-	2.95	21,982.52
Received during the year / period	-	-	30.38	38,498.74	70,111.98
Repaid during the year / period	-	-	27.43	16,519.17	70,732.72
Closing Balance	-	-	2.95	21,982.52	21,361.78



Particulars	For the year ended				
	March 31, 2005	March 31, 2006	March 31, 2007	March 31, 2008	March 31, 2009
<b>Loan Taken from Ultimate Holding Company</b>					
Opening Balance	-	-	-	-	-
Received during the year / period	-	-	-	12,000	92,624.83
Repaid during the year / period	-	-	-	12,000	22,872.70
Closing Balance	-	-	-	-	69,752.13
<b>Creditors for expenses</b>					
Reliance Communications Limited	-	-	0.01	307.83	27.74
Reliance Communications Infrastructure Ltd	-	-	-	1.44	4,718.15
Reliance Telecom Limited	-	-	-	145.60	-
Reliance Infocomm Infrastructure Limited	-	-	-	11.89	7.55
Reliance Web store Limited	-	-	-	2.79	6.07
<b>Debtors</b>					
Reliance Communications Infrastructure Ltd	-	-	-	171.17	26.33
Reliance Communications Limited	-	-	-	4,938.41	3,751.41
Reliance Telecom Limited	-	-	-	1,231.53	601.74
<b>Advance for expenses</b>					
Reliance Telecom Limited	-	-	-	-	722.95
<b>Loans and Advances – Reliance Telecom Limited</b>					
Opening Balance	-	-	-	1,000.55	-
Given/Accrued during the year / period	-	-	1,000.55	-	-
Returned / Adjusted during the year / period	-	-	-	1,000.55	-
Closing Balance	-	-	1,000.55	-	-

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

*You should read the following discussion of our financial condition and results of operations together with "Financial Information – Financial Statements", including the notes related thereto, and other financial data appearing elsewhere in this Draft Red Herring Prospectus. Unless otherwise specifically mentioned, the following discussion relates to our Company based on the Restated Financial Statements of our Company, including the notes related thereto, which have been prepared in accordance with Indian GAAP, the accounting standards and requirements referred to in the Companies Act, the other applicable provisions of the Companies Act and the SEBI Regulations. Our Company's fiscal year ends on March 31 of each year, and all references to a particular fiscal year are to the 12 months ended March 31 of that year.*

*Certain statements set forth below constitute "forward-looking statements." Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of our Company, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Given these uncertainties, prospective investors are cautioned not to place undue reliance on such forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those discussed in "Risk Factors" and "Business."*

*You should note that our Company commenced operations on the Effective Date, i.e., April 10, 2007, and, therefore, although financial information is presented for the year ended March 31, 2008, this is only representative of our Company's operations from April 10, 2007 until March 31, 2008.*

*Our Company's historical financial performance should not be considered as indicative of future financial performance.*

### Overview

We build, own and operate telecommunication towers, OFC and related assets in India and provide these passive telecommunication infrastructure assets on a shared basis to wireless and other communications service providers under long-term contracts. These customers use the space on our telecommunication towers to install active communication-related equipment to operate their wireless communications networks, and use our OFC network to provide voice and data services to their end customers. Although we have begun and intend to continue to use our assets to operate as a third-party passive infrastructure provider and offer passive infrastructure sharing to multiple wireless service providers on a leased-space and co-location basis across our network, our service agreements with RCOM and RTL continue to account for all of our revenues as of March 31, 2009. However, we are currently in negotiations with other third-party telecommunications operators to offer passive infrastructure sharing on a co-location basis. There can be no assurance that we will enter into additional third-party service contracts on terms which are commercially favorable or at all.

### Reorganisation

We were incorporated on April 16, 2001 under the Companies Act, 1956, but until March 30, 2007, we were a dormant company with no material business or assets. On March 30, 2007, pursuant to the PTI Demerger Scheme approved by the High Court of Bombay, RNGTHPL, a subsidiary of RCIL which held certain telecommunications assets that could usefully be combined with passive infrastructure, was merged into our Company. On April 10, 2007, also pursuant to the PTI Demerger Scheme, RCOM and RTL transferred to us the telecommunication towers and related assets that now constitute a substantial portion of our business operations. On September 15, 2009, pursuant to the OFC Demerger Scheme sanctioned by the High Court of Bombay, the OFC assets of RCOM were transferred into our Company.

The OFC Demerger Scheme became effective as of April 1, 2008, pursuant to which we have (i) recorded all assets (including capital work in progress) related to RCOM's optic fibre division as at April 1, 2008 at a fair value of Rs.72,064.2 million, (ii) recorded all liabilities related to RCOM's optic fibre division as at April 1, 2008 at Rs.4,874.83 million, (iii) recorded an amount of Rs.67,189.37 million related to RCOM's optic fibre division as payable to RCOM, (iv) accounted for certain losses on account of changes in exchange rates relating to loans and liabilities denominated in foreign currencies incurred amounting to Rs.8,042.89 million in our profit and loss account, and (v) withdrawn from the general reserve an amount equal to Rs.8,042.89 million.

Since the OFC Demerger Scheme became effective as of April 1, 2008, the financial impact of the OFC Demerger Scheme has already been reflected in our accounts as described above. However, on September 19, 2009, we have repaid Rs.15,000 million to RCOM from the outstanding loan of Rs.67,189.37 million that we owed RCOM pursuant to the OFC Demerger Scheme. We have financed the repayment of this amount by issuing to RCOM our non-cumulative non-convertible redeemable preference shares. For details of the preference share issues to RCOM, see “Outstanding Litigation and Material Developments” on page 189 of this Draft Red Herring Prospectus.

### **Presentation and Non-Comparability of Our Financial Statements**

We have only been operating independently since the Effective Date and the assets that we have been using in our business have been acquired pursuant to the Reorganisation. Since we were a dormant company with no material business or assets until the Effective Date, the financial information presented herein for periods prior to that date will not be indicative of our results as an independent operating company.

We have only presented summary financial statements for the fiscal years 2005, 2006 and 2007 at pages 11 to 14 of this Draft Red Herring Prospectus. No meaningful comparison can be made for the years ended March 31, 2005, 2006 and 2007 to the years ended March 31, 2008 and 2009 since we had no operations until the Effective Date and, consequently, no material income or cash flows during the years ended March 31, 2005, 2006 and 2007.

We did not, and do not presently, have any subsidiaries. RCOM and RTL principally used the passive infrastructure assets that we acquired pursuant to the PTI Demerger Scheme in a proprietary manner, to operate their own respective wireless communications networks. Since these assets were being utilized as integrated parts of a continuing business and also expanded in terms of number of installations and upgraded in terms of capacity, we have been unable to prepare pro forma financial information to show results of operations that may historically have been attributed to such passive infrastructure assets.

Furthermore, since our financial statements include the OFC business only from April 1, 2008, our financial statements for the year ended March 31, 2009 are not comparable to our financial statements for prior years.

### **Factors Affecting Our Financial Condition and Results of Operations**

Our prospects must be considered in light of the risks and uncertainties inherent in new business ventures. Additionally, you should not evaluate our prospects and viability based on the performance of our Promoters, including RCOM. Instead, in addition to the other information contained in this Draft Red Herring Prospectus, you should consider the information contained below in this section and some of the key factors that we expect will affect our reported results and our financial condition in the future, such as the macroeconomic factors discussed under “Industry Overview” and the risks discussed under “Risk Factors.”

As we commenced operations as an independent entity on the Effective Date, we have considered the factors discussed below only from that day onwards and we have included certain factors that we believe will affect companies operating in the Indian passive infrastructure industry, including ourselves, in the foreseeable future. There may be additional factors affecting our financial condition and results that we are as yet unaware of. See “Risk Factors – We have a limited operating history on which to gauge our business and financial condition and future prospectus” and “Risk Factors – There is only a limited amount of historical financial information available in respect of our business.”

### ***Matters Relating to the Demerger Scheme***

The PTI Demerger Scheme took effect on April 10, 2007 and the OFC Demerger Scheme took effect on April 1, 2008. A detailed description of each of the PTI Demerger Scheme and the OFC Demerger Scheme is included in the section entitled “Reorganisation” beginning on page 65 of this Draft Red Herring Prospectus. Further to the Reorganisation, we are still in the process of implementing the following Reorganisation related measures:

- transferring leases for the land on which our tower sites are located from RCOM and RTL to our Company; and
- transferring various approvals from local and municipal authorities issued to RCOM and RTL to our Company to allow us to operate our tower portfolio and OFC assets.

For a description of certain risks associated with these ongoing matters and with the Reorganisation in general, see “Risk Factors—We face certain risks associated with the Demerger Schemes” on page xx of this Draft Red Herring Prospectus. All of the above steps will require substantial management time and financial and other resources and may pose risks with respect to conducting our business smoothly and the retention of management and technical personnel. Although these measures are still being implemented, such assets and liabilities are deemed to be our assets and liabilities and, under the PTI Demerger Scheme, are reflected as such in our financial statements as of March 31, 2008 and under the OFC Demerger Scheme, are reflected as such in our financial statements as of March 31, 2009.

Further, RCOM and RTL had various litigation and tax claims pending against them with respect to each of their passive infrastructure assets, which they have transferred to our Company under the PTI Demerger Scheme. As at the Effective Date, RCOM and RTL also had approximately 610 litigation matters pending to which either or both of them was a party. Legal proceedings of any nature by or against RCOM or RTL prior to the Effective Date will not abate or be discontinued or in any way be prejudicially affected by reason of the PTI Demerger Scheme. As a result, all such legal proceedings shall continue and be enforceable and enforced against our Company. We have not received any indemnity for liabilities arising out of such litigation or any future litigation or present or future tax claims against RCOM and RTL. There were eight litigation matters pending to which we were the defendants with respect to the OFC Demerger Scheme, as of the date of this Draft Red Herring Prospectus. See “Risk Factors – We may be subject to significant liabilities arising out of litigation and tax claims pending against RCOM and RTL and which have been passed on to us in the PTI Demerger Scheme and the OFC Demerger Scheme.”

### ***Economic Conditions***

Our Company’s results of operations are affected by economic conditions in India. In periods of slow economic growth, demand for telecommunications and other services tends to be adversely affected. During the financial year ended March 31, 2009, the business environment was extremely adverse. Since the second half of the year 2007, the global credit markets have experienced, and may continue to experience, significant dislocations and liquidity disruptions which have originated from the liquidity disruptions in the United States and the European Union credit and sub-prime residential mortgage markets. These and other related events, such as the recent collapse of a number of financial institutions, have had, and continue to have, a significant adverse impact on the availability of credit and the confidence of the financial markets, globally as well as in India. The deterioration in the financial markets has heralded a recession in many countries, which has led to significant declines in employment, household wealth, consumer demand and lending and, as a result, may adversely affect economic growth in India and elsewhere. In addition, changes in the global and Indian credit and financial markets have recently significantly diminished the availability of credit and led to an increase in the cost of financing for the Company’s short-term loans. As the Company’s business operations and growth prospects mainly depend on the demand from the telecommunication operators, including RCOM, their ability to raise financing and secure additional customers that may have been undermined due to recent economic conditions could have a negative effect on our result of operations.

### ***Revenue Generation***

The primary factors affecting the stability and growth of our revenue and cash flows are (i) our recurring revenue from our agreements with RCOM and RTL, (ii) greater co-location by RCOM and RTL on our telecommunication towers, (iii) greater system-wide average telecommunication tower occupancy rate as a result of existing tenants providing additional value-added services and an increase in the number of wireless service providers with operations in India, (iv) our operating lease revenue from our agreement with RCOM with respect to the optic fibre undertaking and (v) our operating lease revenue from the lease of our dark fibres and ducts to telecommunication service providers and other cable and data service providers other than RCOM.

Our Master Services Agreement with RCOM and RTL is for an initial term of 10 years, with renewal terms of 10 years thereafter. Our OFC MOU with RCOM, which we intend to replace with the master services agreement, contemplates the lease of 80% of our OFC capacity for an initial term of seven years, with renewal terms of three years thereafter. Accordingly, we believe that our revenue from our agreements with RCOM and RTL is recurring revenue that we should continue to receive at least for the term of the agreement. In addition, pursuant to the Master Services Agreement, RCOM and RTL pay us certain service charges in relation to each tower site commissioned under the agreement. We believe that our commercial agreements with RCOM and RTL in the Master Services Agreement and our commercial agreements with RCOM in the OFC MOU were

entered into on an arm's length basis following due consideration of industry factors.

As a result of the OFC Demerger Scheme, we owed RCOM an amount payable equal to Rs.67,189.37 million, which had a fixed interest rate of 8.85% per annum. On September 19, 2009, we repaid part of the outstanding loan of Rs.67,189.37 million through the issuance to RCOM of 15 million 8.00% non-convertible non-cumulative redeemable preference shares of Rs.10 each at a price of Rs.1,000 (including the premium of Rs.990) per preference share, aggregating to Rs.15,000 million (the "Preference Shares"). The Preference Shares are redeemable at the end of 20 years from the date of allotment, at a premium giving a yield of 8.85% on the face value plus premium paid at the time of application. The holders of the Preference Shares have an option to seek redemption at any time after the date of allotment by giving not less than three months' advance notice to the Company. See "Outstanding Litigation and Material Developments" on page 189 of this Draft Red Herring Prospectus. Under the terms of each of the outstanding loans and the Preference Shares, RCOM has the right to apply any amounts due to us, pursuant to any agreement including the OFC MOU, in satisfaction of any unpaid and outstanding amounts due and payable under the loan and the Preference Shares, as the case may be.

We also expect to generate revenue by building and acquiring new tower sites and offering expanded passive infrastructure sharing services. For example, pursuant to the Master Services Agreement, dated April 10, 2007 that we entered into with RCOM and RTL in connection with the PTI Demerger Scheme, we developed 33,245 new tower sites from the Effective Date to March 31, 2009. Combined with the 14,113 tower sites that were built by RCOM and RTL prior to the Effective Date, we had a total of 47,358 tower sites as at March 31, 2009. RCOM and/or RTL will be our anchor tenant on the towers developed by us pursuant to the Master Services Agreement. As used in the context of our business, the term "anchor tenant" refers to the first tenant on our telecommunication tower and currently does not mean that such tenant is offered any discounts if additional tenants are added to the telecommunication tower, i.e., currently we do not share the tenancy risk with our anchor tenants.

With respect to the OFC business, we have the capacity to lease dark fibres and ducts in excess of those leased to RCOM under the OFC MOU and are currently in discussions with certain telecommunication operators to sell such excess capacities. We expect our operating lease revenues from the OFC business to increase once we execute IRU or similar agreements with telecommunication service providers and cable and data service providers other than RCOM. Our product portfolio for the OFC business primarily comprises providing network access, backbone and ducts on an IRU or lease basis to telecommunication operators. Our revenues derived from an IRU would typically comprise an upfront payment with recurring operation and maintenance charges for the duration of the contract while our revenues derived from a lease would have a relatively constant accrual of revenues on a yearly basis for the duration of the contract.

If successfully completed, our proposed expansion plans will increase our asset base significantly. However, our expansion of the OFC business will depend primarily on the demand for optic fibre cables from the telecommunication providers, including RCOM. As a result of such expansion, we will need to meet additional operating expenses, including administration and employee expenses, and other costs, such as depreciation.

### ***Network Operating Expenses***

Our network operating expenses include expenses related to maintaining and operating our telecommunication towers and passive infrastructure assets and consist primarily of ground rent, rates and taxes, repairs and maintenance, power, fuel and utilities and security expenses. Under the terms of the Master Services Agreement and the OFC MOU, these expenses are reimbursable. Our reimbursable expenses can further be divided into variable and fixed expenses. Variable expenses are those that are apportioned equally among all tenants, such as fuel, and fixed expenses are those that are recovered from each tenant, such as lease rental amounts for the land on which passive infrastructure is built.

Certain expenses relating to our towers business are not reimbursable, including selling, general and administrative expenses to support our rental and management services, employee costs and maintenance charges. In general, we do not expect our selling, general and administrative expenses to significantly increase as a result of adding incremental customers to our sites. As of March 31, 2009, we have not incurred any expenses relating to the OFC business that were not reimbursable by RCOM.

### ***RCOM's and RTL's Business and Operations***

Despite our substantial dependence on RCOM and RTL as our only current customers, we believe this relationship offers us a number of key business advantages in addition to the expansion opportunities discussed above, including the following:

- we believe that we are well positioned to benefit from RCOM and RTL's expansion plans and have significant opportunities for growth as a result of having a long-term Master Services Agreement with RCOM and RTL relating to the towers business and an OFC MOU with RCOM. We have a right of first refusal to develop new tower sites that may be necessary with RCOM's recent entry into the GSM-based wireless business. In addition, we expect our service revenues from the towers business and our operating lease revenues from the OFC business to increase from the future growth potential in the 3G and WiMAX wireless segments in India; and
- under our Shared Services Agreement with RCOM and certain of its subsidiaries, our business has access to RCOM's extensive communications-related expertise in a number of areas that are critical to our business.

### ***Competition***

*The following information is extracted from publicly available press and other records and have not been independently verified.*

Certain wireless service providers such as BSNL have their own telecommunication tower portfolio. BSNL has invited expression of interest (EOI) in January 2009 for sharing of towers with other service providers. In addition, other wireless service providers have formed independent companies into which they have demerged their telecommunication tower portfolios. Some of the recent market changes are as follows:

- Indus Towers, which was formed in December 2007, by Bharti Infratel Limited, Vodafone Essar Limited and Idea Cellular Limited, announced that they have agreed to form an independent tower joint venture company, which provides passive infrastructure services in India to all operators on a non-discriminatory basis. At the end of the fiscal year 2009, Indus had a portfolio of approximately 95,000 towers;
- Bharti Infratel has approximately 28,078 towers (as of June 30, 2009) in 11 circles, excluding the 35,066 towers in 12 circles for which the right of use has been assigned to Indus Towers. In March 2009, Vodafone Essar, transferred all its towers and mobile infrastructure assets to Ortus Infratel and Holdings Private Limited which also holds Vodafone Essar's 42% stake in Indus Towers; and
- In January 2009, Wireless-TT Info-Services Limited (WTTIL)-the tower arm of Tata Teleservices- and Quippo Telecom announced a partnership agreement combining their tower portfolios. The combined entity is expected to have a portfolio of over 18,000 towers.

The outsourcing of telecommunications infrastructure is a relatively new concept in India. There is a limited number of companies offering passive telecommunications infrastructure services, apart from the telecommunications infrastructure companies created by the wireless service providers. Some of these existing telecommunications infrastructure companies include Quippo Telecom Infrastructure, Xcel Telecom, GTL Infrastructure and ITIL. In addition, several other domestic and international companies have expressed intentions of setting up similar businesses in India. Recent market developments include:

- American Tower Corporation ("ATC") announced on March 17, 2009 that its Mauritius subsidiary, American Tower Mauritius, has entered into a definitive agreement with Horse-Shoe Capital, Mauritius (an affiliate of Q Investments, USA) to acquire XCEL Telecom Private Limited ("XCEL"). XCEL owns and operates approximately 1,700 wireless communications tower sites in India, including a number of towers that are currently under construction;
- GTL Infrastructure, established in 2004, is part of the Global Group and offers ready-to-use passive infrastructure to wireless telecom operators. It had 9,951 towers as of June 30, 2009, to provide services in 20 circles across India; and
- ITIL provides infrastructure services in 18 circles across India with a portfolio of approximately 2,500

towers.

The Indian wireless infrastructure industry may also experience significant consolidation and investment by international communications companies, resulting in the emergence of stronger competitors.

### ***Interest Rate Fluctuations***

Our outstanding loans from RCIL and RCOM amounting to Rs.21,361.77 million and Rs.69,752.13 million, respectively, as of March 31, 2009, were incurred in connection with the PTI Demerger Scheme and did not bear any interest. However, we have entered into an Intra-Group Loan Agreement dated September 15, 2009 with RCOM and RCIL to fund our capital expenditure and refinance our existing unsecured loans availed from commercial banks and commercial paper. This loan facility shall bear an interest rate equivalent to the SBI PLR effective as of October 1, 2009. Our outstanding loans from RCOM, amounting to Rs.67,189.37 million as of March 31, 2009, were incurred in connection with the OFC Demerger Scheme at a fixed interest rate of 8.85% per annum. However, we partially funded our tower expansion plans pursuant to the PTI Demerger Scheme using floating rate term loans and credit facilities from Indian and international lenders and expect to continue to fund our tower and OFC expansion projects through the use of similar financing. As a result, changes in prevailing interest rates could materially affect our financial position. To the extent that market interest rates rise significantly over the period in which we are implementing our expansion plans, this will increase the capitalized interest component of our tangible asset base and adversely affect returns on capital employed, reduce the amount available for borrowing under our loan facilities and increase our ultimate debt service costs.

Our interest costs may rise in the future because we presently do not pay any interest on the inter-corporate loans provided to us by RCOM and RCIL under the PTI Demerger Scheme. However, as we obtain loans from other sources or if we are required to pay interest on inter-corporate loans that RCOM and RCIL provide, we expect our interest costs to rise. Further, as we are currently implementing our expansion plans, we are able to capitalize certain interest costs, which we will be unable to capitalize once our project implementation phase ends.

### ***Exchange Rate Fluctuations***

Our cash resources are subject to exchange rate risk in that we will receive the cash proceeds from the Issue in Rupees and substantially all of our revenues will be denominated in Rupees but our capital expenditure requirements are principally denominated in US Dollars, as we source our telecommunication tower components principally from international manufacturers.

We also have external commercial borrowings that are denominated in US Dollars. As a result, a material decline in the value of the Rupee relative to the US Dollar will materially and adversely affect the value of our cash resources relative to our cash requirements.

### ***Export Commitments***

We rely on certain RCOM group benefits that include fulfilling certain export obligations under the EPCG Scheme by using RCOM group companies' exports and availing a reduction in our basic import duties from 10% to 3% under the terms of the EPCG Scheme. We rely heavily on imports for the construction of our towers and currently are subject to the reduced import duties of 3% and further avail certain duty benefits in relation to RCOM's imports under the SFI Scheme by using the duty free credit obtained by RCOM to the extent of 10% of its foreign exchange earnings during the preceding year to debit duty amounts payable on our imports. RCOM has no obligation to continue allowing us to avail these benefits and could withdraw these benefits at any time that will increase our costs of operations.

### ***Critical Accounting Policies***

Critical accounting policies are those that require application of our management's most difficult, subjective or complex judgments often as a need to make estimates about the effects of matters that are inherently uncertain and may change in subsequent periods. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting the estimate may differ significantly from our management's current judgments. Our accounting policies are more fully described under Annexure V of our restated financial statements on page 151 of this Draft Red Herring Prospectus.

The prospective investors' attention is drawn to significant accounting policies and notes to restated summary statements of the examination report at page 151 of this Draft Red Herring Prospectus and the notes to the accounts referred to therein.

While we believe that all aspects of our financial statements should be studied and understood in assessing our current and expected financial condition and results, we have described below the critical accounting policies that our management believes are the most significant judgments and estimates used in the preparation of our financial statements.

### ***Basis of Preparation of Financial Statements***

The financial statements have been prepared to comply with the accounting standards notified by the Companies Accounting Standard Rules, 2006 and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis, except in cases where assets are acquired under the OFC Demerger Scheme where such assets are accounted at acquisition value.

### ***Depreciation***

Depreciation of fixed assets is provided on the written down value method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956 except for plant and machinery acquired under the PTI Demerger Scheme which is depreciated over the residual life of such plant and machinery of one to 18 years on a written down value basis.

### ***Revenue Recognition***

Service Revenue is recognized net of taxes in the books of accounts from the "ready for installation" date ("RFI Date"). The RFI Date is the date on which we inform a customer that it may install its active infrastructure (which comprises equipment, systems, cabling, antennae and other equipment required for providing cellular mobile telephony services) on the passive infrastructure at a tower site. Income related to the operating lease of optic fibre cables is recognized net of taxes on a straight line basis over the lease term.

### ***Provision for Income Tax***

Provision for income tax is made on the basis of estimated taxable income for the year at current rates. Tax expenses comprise current tax, deferred tax and fringe benefit tax at the applicable enacted or substantively enacted rates. Current tax represents the amount of income tax payable or recoverable in respect of the taxable income or loss for the relevant reporting period. Deferred tax represents the effect of timing differences between taxable income and accounting income for the reporting period that originates in one period and is capable of reversal in one or more subsequent periods. The deferred tax asset is recognized and carried forward only to the extent that there is a reasonable certainty that the asset will be realized in the future. However, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognized only if there is virtual certainty of the realisation of assets. Minimum Alternate Tax ("MAT") credit is recognized as an asset only if there is convincing evidence that our Company will pay normal income tax during the specified period.

### ***Operating Lease***

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. Operating lease payments are recognized as an expense in the profit and loss account on a straight line basis over the lease term.

Assets provided in relation to the operating lease are included in fixed assets. Income derived from the operating lease is recognized in the profit and loss account on a straight line basis over the lease term. Costs, including depreciation, are recognized as an expense in the profit and loss account.



## Financial Performance - Overview

We have been operating independently only since the Effective Date. As such we do not have any meaningful information with respect to income statement items prior to the Effective Date as of the date of this Draft Red Herring Prospectus. The summary financial information below for the financial years ended March 31, 2008 and 2009 has been extracted without material adjustment from our restated financial statements for such period:

	For the year ended March 31,	
	2008	2009
	(Rs. millions)	
<b>Income</b>		
Service Revenue	16,366.56	44,370.61
Less: Service Tax	(1,800.37)	(4,202.45)
Net Service Revenue	<b>14,566.19</b>	<b>40,168.16</b>
Operating Lease Revenue	-	9,040.30
Less: Service Tax	-	(10.30)
Net Operating Lease Revenue	-	<b>9,030.00</b>
Other Income	9.96	141.91
	<b>14,576.15</b>	<b>49,340.07</b>
<b>Expenditure</b>		
Network Operation Expenses	7,480.30	17,009.70
Less: Fuel expenses withdrawn from General Reserve	-	(1,910.68)
	<b>7,480.30</b>	<b>15,099.02</b>
Payments to and Provisions for Employees	208.23	236.05
General and Administration Expenses	131.98	203.14
	<b>7,820.51</b>	<b>15,538.21</b>
<b>Operating Profit before Finance Charges, Depreciation and Adjustment pursuant to the Scheme of Arrangement</b>	<b>6,755.64</b>	<b>33,801.86</b>
Finance Charges (Net)	(3.13)	1,293.59
<b>Operating Profit before Depreciation and Adjustment pursuant to the Scheme of Arrangement</b>	<b>6,758.77</b>	<b>32,508.27</b>
Depreciation	3,796.73	34,296.65
Less: Transferred from General Reserve	(1,250.52)	(17,642.64)
	2,546.21	16,654.01
<b>Profit before Adjustment pursuant to the Scheme of Arrangement and tax</b>	<b>4,212.56</b>	<b>15,854.26</b>
<b>Adjustment pursuant to the Scheme of Arrangement inter alia for transfer of Optic Fibre Undertaking from Reliance</b>		8,042.89

	For the year ended March 31,	
	2008	2009
	(Rs. millions)	
<b>Communications Limited</b>		
Exchange Loss on Loans and Liabilities		
Less: Equivalent amount withdrawn from General Reserve		(8,042.89)
(Refer Note 3(a) of Annexure V)		
<b>Profit/(Loss) before tax</b>	<b>4,212.56</b>	<b>15,854.26</b>
Provision for Tax	-	-
Current Tax	335.6	-
Less: MAT Credit Available	(335.6)	-
Fringe Benefit Tax	-	4.02
Deferred Tax	1,006.80	(1,006.80)
Profit after tax as per audited accounts	3,205.76	16,857.04
Adjustments on account of change in accounting policies		
(a) Depreciation due to change in method	6,452.85	(6,452.85)
Less: Transfer from general reserve	(6,452.85)	6,452.85
(b) Tax impact of above adjustments	1,006.80	(1,006.80)
Total of adjustments	1,006.80	(1,006.80)
<b>Net Profit, as restated</b>	<b>4,212.56</b>	<b>15,850.24</b>

## Results of Operations – Description of Line Items

### Income

Income comprises service revenue from telecommunication towers and related infrastructure and operating lease revenue from optic fibre cables. We also receive other income of nominal value from interest on bank and inter-corporate deposits, profits from the sale of current investments and miscellaneous sources.

RCOM and RTL pay us certain service charges (“Service Charges”) in relation to each site. The Service Charges are the aggregate of fees payable by RCOM or RTL to us for providing passive telecommunication infrastructure services (“Capital Charges”) and certain operating charges (“Operating Charges”), which comprise the aggregate of fixed operating charges (or charges associated with fuel handling, salaries and wages, annual maintenance charges, maintenance of the passive telecommunication infrastructure and other incidental charges) and variable operating charges (which comprise site rentals, charges payable for security arrangements to ensure the safety of customers’ equipment, electricity charges, fuel charges, insurance charges and any taxes, fees and charges payable to any government and/or regulatory authority). Service Charges in relation to currently existing passive infrastructure sites are payable only from the Effective Date.

Capital Charges are payable quarterly for each site in advance. Capital Charges payable on existing passive infrastructure for the fiscal year 2010 is Rs.220,667 for rooftop towers, Rs.413,751 for ground-based towers between 40 to 42 meters, Rs.496,501 for ground-based towers up to 62 meters and Rs.551,668 for ground-based towers of up to 70 meters. Capital Charges are subject to an increase of 3.0% on a year-on-year basis.

Fixed Operating Charges are valid for a period of one year from the date of the relevant site agreement and will be escalated at 5% on a year-on-year basis during the term of the Master Services Agreement. Variable Operating Charges are not fixed for any specific period of time and will be reimbursed by RCOM or RTL (on a pro-rata basis) at actual changes incurred. The Operating Charges for each site are payable in arrears on a quarterly basis during the term of the Master Services Agreement.

Operating lease revenue is recognized based on the contractual arrangement with RCOM pursuant to the OFC

MOU. The lease rental receivable from the lease of 80% of our optic fibre cables is credited to the profit and loss account on a straight line basis over the term of the lease.

### ***Expenditure***

Our primary expenditure category is network operation expenses. We incur power and fuel charges, repair and maintenance charges on plant and machinery, site rent expenses, charges for rates and taxes, insurance and security expenses. We also make salary payments to, and welfare and benefits provisions for our employees. Finally, we incur expenditure on selling, administrative and general expenses, including office rent and related expenses, travelling costs, professional fees and other miscellaneous items. We expect that expenditure on account of salary payments will increase as RCOM is in the process of deputing certain employees to us. Certain of these employees are being deputed to our Company on a full-time basis and we will therefore incur all costs in relation to such employees, while others are being deputed on a shared basis with RCOM and we will accordingly incur a portion of the costs in relation to such employees.

We entered into a Shared Facilities and Support Services Agreement dated April 10, 2007 with RCOM whereby RCOM has agreed to provide us with the expertise and services relating to the installation, commissioning and operations of the passive telecommunication infrastructure. We are required to reimburse RCOM for direct and associated costs and expenses which are incurred by RCOM while providing services under the Shared Facilities and Support Services Agreement.

Pursuant to the Shared Services Agreement, we are required to reimburse Reliance ADA Group Private Limited ("RADAGPL") for proportionate costs and expenses incurred by RADAGPL while providing services under the Shared Services Agreement that are allocated on an arm's length basis to the services being used by us.

Under the OFC MOU, all expenditures incurred by us in connection with the OFC business are reimbursed by RCOM.

### ***Finance Charges (Net)***

Finance charges comprise foreign currency exchange gains or loss and interest and other charges incurred on loans availed by us.

### ***Depreciation***

We incur depreciation on fixed asset acquisitions, primarily telecommunication towers and associated buildings and on construction and other equipment and vehicles.

During the fiscal year 2009, we changed the method of depreciation on our plant and machinery from a straight line method to written down value method to provide for earlier replacement of such plant and machinery on account of technological advance. In compliance with the Accounting Standards 6 (AS 6) on Depreciation Accounting notified by the Companies (Accounting Standards) Rules, 2006 (as amended), we have recomputed depreciation from the date of commissioning of the assets and with effect from the Effective Date in respect of the assets transferred pursuant to the PTI Demerger Scheme at the write down value rates applicable to the relevant years. In addition, we have provided for depreciation of Rs.10,959.68 million on our optic fibre cable assets acquired under the OFC Demerger Scheme.

### ***Tax***

We recover service tax from our customers in respect of our income from services. We had provided for minimum alternate tax of Rs.335.60 million for the year ended March 31, 2008. We have also provided for deferred taxes amounting to Rs.1,006.80 million for the year ended March 31, 2008, arising from the timing differences between taxable and accounting income mainly on account of our recording depreciation on a straight line method while the written down value method was used by the relevant tax authorities. During the fiscal year ended March 31, 2009, we changed the method of depreciation on our plant and machinery from the straight line method to the written down value method to provide for earlier replacement of such plant and machinery on account of technological advance. As a result, the timing difference between the methods of recording depreciation was eliminated resulting in the reversal of the deferred tax liability and minimum alternate tax in the year ended March 31, 2009. Such provision of deferred taxes and its reversal are reflected in the restated financial statements of the respective years.

## ***Results of Operations***

### ***Comparison of the year ended March 31, 2009 with the year ended March 31, 2008***

#### ***Income***

Our total income for the year ended March 31, 2009 increased to Rs.49,340.07 million, or an increase of 238.5%, compared to our total income of Rs.14,576.15 million for the year ended March 31, 2008. This increase was primarily due to an increase in the number of towers resulting from our expansion plans and also in part due to an increase in the volume of traffic from tenants on our existing towers. Further, we started recording operating lease revenue as part of our total income in the year ended March 31, 2009, pursuant to the OFC Demerger Scheme. Our total income for the year ended March 31, 2009 comprised net services revenue of Rs.40,168.16 million from our telecommunication tower and passive infrastructure business, net operating lease revenue of Rs.9,030.00 million from our OFC business and other income of Rs.141.91 million, which consisted mostly of miscellaneous income amounting to Rs.116.50 million, together with interest income and profits arising from sale of current investments. RCOM and RTL are our anchor customers and serve as our tenants on all of our telecommunication towers as at March 31, 2009 and accounted for substantially all of our service revenues and operating lease revenues for the year ended March 31, 2009.

#### ***Expenditure***

Our total expenditure for the year ended March 31, 2009 amounted to Rs.15,538.21 million, reflecting a 98.7% increase compared to our total expenditure of Rs.7,820.51 million for the year ended March 31, 2008. This increase was primarily due to an increase in the number of towers. Our network operation expenses for the year ended March 31, 2009 were Rs.15,099.02 million, reflecting a 101.9% increase compared to our network operation expenses of Rs.7,480.30 million for the year ended March 31, 2008. Our network operation expenses for the year ended March 31, 2009 consisted of power and utilities, which was the largest component, at Rs.11,271.22 million, followed by tower site rent and repairs and maintenance at Rs.2,802.52 million and Rs.2,098.20 million, respectively. The balance of network operation expenses was made up by stores and spares, rates and taxes, security expenses and insurance costs. Payments to and provisions for employees amounted to Rs.236.05 million for the year ended March 31, 2009. General and administrative expenses for the year ended March 31, 2009 amounted to Rs.203.14 million, with professional fees and rates and taxes being the main components of these expenses at Rs.82.12 million and Rs.61.97million, respectively. The balance of the general and administration expenses consisted of hire charges of vehicles, furniture and office equipment, electricity expenses, business centre expenses, rent, repairs and maintenance, traveling and conveyance, bank charges, auditors' remuneration and other administration and miscellaneous expenses.

#### ***Finance Charges (Net)***

Finance charges (net) amounted to Rs.1,293.59 million for the year ended March 31, 2009, compared to a gain of Rs.3.13 million for the year ended March 31, 2008. This change was primarily due to the increase in our interest payments resulting from our commercial borrowings and Rupees denominated term loans.

#### ***Depreciation***

Depreciation expenses amounted to Rs.27,843.80 million for the year ended March 31, 2009, reduced by Rs.111,189.79 million withdrawn from the general reserve, which resulted in the amount of Rs.16,654.01 million, a 554.1% increase compared to depreciation expenses of Rs.2,546.21 million for the year ended March 31, 2008. This increase was primarily due to the additional depreciation of Rs.10,959.68 million relating to optic fibre cable assets acquired under the OFC Demerger Scheme. The withdrawal of depreciation from the general reserve amounting to Rs.17,642.64 million for the year ended March 31, 2009 was on account of additional depreciation resulting from the change in our method of depreciation on plant and machinery from the straight line method to written down value method of Rs.16,364.0 million and Rs.1,278.6 million on account of fair valuation in respect of assets transferred pursuant to the PTI Demerger Scheme.

#### ***Tax***

Provision for fringe benefit tax was made in the amount of Rs.4.02 million on the basis of estimated taxable income for the year ended March 31, 2009.

Deferred tax surplus of Rs.1,006.80 million for the year ended March 31, 2009 represents the effect of the timing difference between taxable income and accounting income for the reporting period that originates in one period and is capable of reversal in one or more subsequent periods. The Company changed its accounting policy on depreciation of fixed assets from a straight line method to a written down value method during the fiscal year ended March 31, 2009 that resulted in the reversal of the deferred tax we recorded in the fiscal year ended March 31, 2008 amounting to Rs.1,006.80 million.

#### *Net Profit, As Restated*

We earned a net profit, as restated, of Rs.15,850.24 million for the year ended March 31, 2009, a 276.20% increase compared to our net profit of Rs.4,212.56 million for the year ended March 31, 2008. This increase was primarily due to the factors stated above.

#### **Segment Information**

We have identified two reportable segments as follows:

- Tower Segment – the Tower segment includes the maintenance and provision of telecommunication towers; and
- OFC Segment – the OFC segment includes the maintenance and provision of optical fibre cable connectivity.

The segments have been identified and reported taking into account the nature of services provided, the differing risks and returns and the internal business reporting systems.

The following table sets forth a breakdown of segment information (as restated) for the year ended March 31, 2009:

As at and for the year ended March 31, 2009	Tower Division	OFC Division	Total
	(Rs. millions)		
<b>Segment Revenue</b>			
External Revenue	40,168.16	9,030.00	49,198.16
Inter Segment Revenue	-	-	-
Net Revenue	40,168.16	9,030.00	49,198.16
<b>Segment Result before interest &amp; taxes</b>	18,935.63	(1,929.68)	17,005.95
Less: Finance Charges	1,293.59	-	1,293.59
Add: Interest and Investment Income	141.91	-	141.91
Segment Result before Tax	17,783.95	(1,929.68)	16,857.05
Less: Current Tax/Fringe Benefit Tax	4.02	-	4.02
Segment Result After Tax	17,779.93	(1,929.68)	15,850.25
<b>Other Information</b>			
Segment Assets	130,890.69	76,722.81	207,613.50
Segment Liabilities	10,758.01	4,874.83	15,632.84
Unsecured Loans	77,845.53	73,767.36	151,612.89
Capital Expenditure	27,977.69	78,642.19	106,619.88
Depreciation	16,884.12	10,959.68	27,843.80
Non cash expenses other than depreciation	-	-	-

For the year ended March 31, 2008 the Company had only one segment.

## ***Year ended March 31, 2008***

### ***Income***

Our total income for the year ended March 31, 2008 amounted to Rs.14,576.15 million. This comprised services revenue of Rs.14,566.19 million from our telecommunication tower and passive infrastructure business together with other income of Rs.9.96 million, which consisted mostly of interest income and profit on sale of current investments amounting to Rs.4.77 million and Rs.5.13 million, respectively, together with miscellaneous income of Rs.0.06 million. RCOM and RTL are our anchor customers and serve as our tenants on all of our telecommunication towers as at March 31, 2009 and accounted substantially all of our service revenues for the year ended March 31, 2008.

### ***Expenditure***

Our total expenditure for the year ended March 31, 2008 amounted to Rs.7,820.51 million. Network operation expenses were Rs.7,480.30 million, of which power and utilities was the largest component at Rs.4,462.54 million, followed by tower site rent and repairs and maintenance at Rs.1,204.72 million and Rs.1,156.96 million, respectively. The balance of network operation expenses was made up by stores and spares, rates and taxes, security expenses and insurance costs. Payments to and provisions for employees amounted to Rs.208.23 million. General and administrative expenses amounted to Rs.131.98 million, with travelling and conveyance expenses and professional fees being the primary components of these expenses at Rs.50.31 million and Rs.22.26 million, respectively. The balance of the general and administration expenses consisted of hire charges of vehicles, furniture and office equipment, electricity expenses, business centre expenses, rent, repairs and maintenance, rates and taxes, bank charges, auditors' remuneration and other administration and miscellaneous expenses.

### ***Finance Charges (Net)***

Our finance charges (net) resulted in a gain of Rs.3.10 million. This gain was primarily due to the gain on foreign currency exchange transaction (on buyers' credit availed by the Company).

### ***Depreciation***

Depreciation expenses amounted to Rs.10,249.58 million for the year ended March 31, 2008, reduced by Rs.7,703.37 million withdrawn from the general reserve, which resulted in the amount of Rs.2,546.21 million. This amount of Rs.2,546.21 million was on account of additional depreciation in respect of the revalued portion of fixed assets transferred pursuant to the PTI Demerger Scheme. Depreciation expenses were incurred primarily on account of our passive infrastructure assets during the period.

### ***Tax***

Provision for current tax was made for the year in the amount of Rs.335.60 million on the basis of estimated taxable income for the year ended March 31, 2008. However, in accordance with applicable tax laws, we created an asset towards availing MAT credit and therefore there was no charge for current tax in the form of MAT. Deferred tax provision of Rs.1,006.80 million represents the effect of the timing difference between taxable income and accounting income for the reporting period that originates in one period and is capable of reversal in one or more subsequent periods. The Company changed its accounting policy on depreciation of fixed assets from the straight line method to the written down value method during the year ended March 31, 2009 that resulted in the reversal of the deferred tax that was recorded in the year ended March 31, 2008 amounting to Rs.1,006.80 million. The effect of such reversal has been reflected on our Profit and Loss Account for the year ended March 31, 2009.

### ***Net Profit, As Restated***

We earned a net profit, as restated, of Rs.4,212.56 million due principally to the factors stated above.

## ***Fiscal Year 2007 Compared with Fiscal Year 2006***

### ***Income***

We generated interest income of Rs.0.56 million during the fiscal year 2007, compared to Rs.0.02 million during the fiscal year 2006. Interest income was attributable to interest on inter-corporate and bank deposits.

### ***Expenditure***

We incurred total expenditure of Rs.0.06 million in the fiscal year 2007, compared to Rs.0.03 million in the fiscal year 2006. General and administration expenses for the fiscal years 2007 and 2006 amounted to Rs.0.05 million and Rs.0.03 million, respectively, with the balance in the fiscal year 2007 principally attributable to employee remuneration.

### ***Tax***

We made provisions for current tax amounting to Rs.0.18 million in the fiscal year 2007, compared to no such provision in the fiscal year 2006.

### ***Net Profit/(Loss), As Restated***

Net profit, as restated, was Rs.0.3 million in the fiscal year 2007, compared to a profit of Rs.0.01 million in the fiscal year 2006.

## **Liquidity and Capital Resources**

We require capital to meet our capital expenditure plans. Pursuant to the Master Services Agreement dated April 10, 2007 that we entered with RCOM and RTL in connection with the PTI Demerger Scheme, we developed 33,245 new tower sites from the Effective Date to March 31, 2009. Combined with the 14,113 tower sites that were built by RCOM and RTL prior to the Effective Date, we had a total of 47,358 tower sites as at March 31, 2009.

Our principal sources of liquidity are internal accruals from the towers business, external borrowings, the ability to borrow pursuant to the Master Services Agreement with RCOM and RTL, and working capital facilities. As our liquidity and capital requirements are affected by many factors, some of which are beyond our control, including economic conditions, regulatory developments, demand from RCOM and other operators and availability of financing, our funding requirements may extend beyond the expansion needs under the Master Services Agreement. If we require additional funds to support our working capital or capital requirements, we may seek to raise such additional funds through public or private financing or other sources.

## **Cash Flows**

The following table sets forth our principal cash flows, as restated, for the years ended March 31, 2008 and 2009.

	For the year ended March 31, 2008		For the year ended March 31, 2009	
	(Rs. in Millions)			
CASH FLOW FROM OPERATING ACTIVITIES:				
Net Profit/(Loss) before tax as per Profit and Loss Account		4,212.56		15,854.26
Adjusted for:				
Depreciation	2,546.21		16,654.01	
Fuel Expenses	-		(1,910.68)	
Unrealized Exchange Loss/(Gain)	40.66		267.75	

	For the year ended March 31, 2008		For the year ended March 31, 2009	
	(Rs. in Millions)			
Profit on Sale of Investments	(5.13)		(24.94)	
Interest Expenses	25.40		1,315.67	
Interest Income	(4.77)		(0.46)	
		2,602.4		16,301.4
<b>Operating Profit before Working Capital Changes</b>		6,814.93		32,155.62
Adjusted for:				
Receivables and other Advances	(7,503.38)		(9,849.61)	
Inventories	(227.68)		(222.09)	
Trade Payables	3,051.98		(1,042.66)	
		(4,679.2)		(11,114.4)
<b>Cash Generated from Operations</b>		2,135.85		21,041.26
Tax Paid		(500.14)		(651.86)
<b>Net Cash from Operating Activities</b>		1,635.71		20,389.40
<b>CASH FLOW FROM INVESTING ACTIVITIES:</b>				
Additions to Fixed Assets and Capital work in progress		(55,797.79)		(34,835.29)
Purchase of Investments		(19,863.77)		(19,977.53)
Sale of Investments		6,613.86		33,261.71
Dividend Income		36.16		-
Interest Income		86.48		0.22
<b>Net Cash Used in Investing Activities</b>		(68,925.06)		(21,550.89)
<b>CASH FLOW FROM FINANCING ACTIVITIES:</b>				
Proceeds from Issue of Equity Share Capital		2,989.60		-
Proceeds from Unsecured Loans		81,032.4		131,820.83
Repayment of Unsecured Loans		(16,509.17)		(128,149.60)
Interest Paid		272.52		(1,473.16)
		67,785.33		2,198.07
<b>Net Increase in Cash and Cash Equivalents</b>		495.98		1,036.58
<b>Opening Balance of Cash and Cash Equivalents</b>		2.27		491.2
<b>Effect of Exchange (Loss)/Gain on Cash and Cash Equivalents</b>		(7.04)		10.47
<b>Closing Balance of Cash and Cash Equivalents</b>		491.21		1,538.26

**Note:**

- The unrealized exchange difference of Rs. 4,489.40 million has not been shown separately, since it was recouped from general reserve.
- Assets & liabilities of passive infrastructure and optical fibre undertaking acquired pursuant to the Reorganisation as in March 2008 and March 2009, respectively, have not been considered in the above statement.



We need cash primarily to fund our expansion plans and to meet our working capital needs. We intend to fund these capital requirements through a variety of sources, including the proceeds of the Issue, cash from operations and short- and long-term lines of credit and other borrowings. These sources of funding, and our ability to fund our capital expenditure needs, could be adversely affected by our inability to operate profitably, or an inability to obtain funds from external sources on acceptable terms or in a timely manner.

Net cash from operating activities amounted to Rs.20,389.40 million for the year ended March 31, 2009, arising from operating profits adjusted for trade and other receivables and trade payables. Net cash outflow from investing activities amounted to Rs.21,550.89 million for the year ended March 31, 2009 on account of the purchase of fixed assets, principally freehold land, plant and machinery and sale of investments. Net cash from financing activities amounted to Rs.2,198.07 million arising mainly from increases in unsecured loans for the year ended March 31, 2009.

Under the terms of each of the outstanding loans payable to RCOM relating to the OFC Demerger Scheme and the Preference Shares, RCOM has the right to apply any amounts due to us, whether pursuant to the OFC MOU or otherwise, in satisfaction of any unpaid and outstanding amounts due and payable under the loan and the Preference Shares, as the case may be.

### **Working Capital, Cash and Indebtedness**

We fund our short-term working capital requirements through cash flow from operations, inter-corporate deposits and through short- and medium-term borrowings from banks and commercial financial institutions.

As at March 31, 2009, we had cash and cash equivalents of Rs.1,538.26 million. We believe that cash generated from our operations will be sufficient to finance our working capital needs (other than for repayment to capital creditors, including buyers' credit) for the next 12 months.

As of March 31, 2009, our total unsecured loans amounted to Rs.151,612.89 million that comprised Rs.45,360.00 million long-term borrowings, Rs.15,139.00 million short-term borrowings and Rs.91,113.90 million borrowings from RCOM and RCIL. Our borrowings from RCOM and RCIL comprise long-term loans relating to the OFC assets transferred amounting to Rs.73,767.36 million and short-term loans amounting to Rs.17,346.54 million as of March 31, 2009.

Our long-term borrowings as of March 31, 2009 consisted of external commercial borrowings amounting to Rs.25,360.00 million that was denominated in US Dollars in the amount of US \$500 million and a loan from Punjab National Bank amounting to Rs.20,000.00 million. On November 1, 2007, we entered into a term loan facility under the external commercial borrowings route for US\$500 million (the "Term Loan Facility") with a consortium of international bank lenders for our capital expenditure needs. Under the facility, we are required to maintain a net worth of at least Rs.40,000 million. In addition, we are periodically required to satisfy certain financial tests, including relating to our net debt to EBITDA, EBITDA to interest expense and adjusted EBITDA to debt service ratios. The repayment of the Term Loan Facility is required to be made in three equal installments of USD166.67 million at the end of fourth, fifth and sixth years from the date of the draw down that occurred in January 2008. On August 21, 2009, we refinanced our outstanding loans from Punjab National Bank amounting to Rs.20,000.00 million with a loan from RCOM as we were able to secure lower interest rates from RCOM.

Our short-term borrowings as of March 31, 2009 consisted of commercial paper amounting to Rs.1,716.02 million and buyers' credit amounting to 13,422.98 million. On September 8, 2009, we repaid all of our outstanding short-term obligations by cash accumulated through internal accrual of service revenues.

Our borrowings from RCOM and RCIL amounted to Rs.69,752.13 million and Rs.21,361.77 million, respectively, as of March 31, 2009. Our borrowings from RCOM consist of long-term loans amounting to Rs.67,189.37 million attributable to the OFC business and short-term loans amounting to Rs.2,562.76 million attributable to the PTI Demerger Scheme. Our borrowings from RCIL consist of long-term loans amounting to Rs.6,577.99 million attributable to the OFC Demerger Scheme and short-term loans amounting to Rs.14,783.78 million attributable to the PTI Demerger Scheme. Our borrowings from RCOM and RCIL related to the PTI Demerger Scheme did not bear any interest and the Master Services Agreement did not specifically state the terms of repayment of the principal amount. However, we have entered into an Intra-Group Loan Agreement dated September 15, 2009 with RCOM and RCIL to fund our capital expenditure and refinance our existing unsecured loans availed from commercial banks and commercial paper. This loan facility shall bear an interest

rate equivalent to the SBI PLR effective as of October 1, 2009. On the other hand, our borrowings from RCOM and RCIL under the OFC Demerger Scheme amounting to Rs.67,189.37 million and Rs.6,577.99 million, respectively, as of March 31, 2009 bear a fixed interest rate of 8.85% per annum pursuant to the OFC MOU. However, the OFC MOU further stipulates that interest payments become due only upon completion of the OFC Demerger Scheme. Therefore, we have not paid any interest on our borrowings from RCOM under the OFC Demerger Scheme as of March 31, 2009. On September 19, 2009 we issued the Preference Shares to RCOM and have repaid Rs. 15,000 million to RCOM from the outstanding loan of Rs. 67,189.37 million that we owed RCOM pursuant to the OFC Demerger Scheme.

Our ratio of total long-term borrowings (non-current borrowings and current portion of long-term borrowings) to shareholders' equity was 2.95 as of March 31, 2009.

Our ability to incur additional debt in the future is subject to a variety of uncertainties, including, among other things, the amount of capital that other Indian entities may seek to raise in the domestic and foreign capital markets, economic and other conditions in India that may affect investor demand for our securities and those of other Indian entities, the liquidity of Indian capital markets and our financial condition and results of operations. We intend to continue to utilize long-term debt.

The following table sets forth our statement of assets and liabilities, as restated at the dates indicated:

	<b>As at March 31,</b>	
	<b>2008</b>	<b>2009</b>
	<i>(Rs. millions)</i>	
<b>FIXED ASSETS</b>		
Gross Block	88,886.57	185,606.71
Less: Accumulated Depreciation	10,249.57	38,093.38
<b>Net Fixed Assets</b>	<b>78,637.00</b>	<b>147,513.33</b>
Capital Work in Progress (including capital advance payments)	28,165.45	38,065.19
	<b>106,802.45</b>	<b>185,578.52</b>
<b>INVESTMENTS</b>	13,516.77	0.13
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>		
<b>Current Assets</b>		
Inventories	227.69	449.77
Sundry Debtors	6,345.17	6,198.85
Cash and Bank Balances	491.22	1,538.26
Other Current Assets	0.19	8,930.57
	<b>7,064.27</b>	<b>17,117.45</b>
<b>Loans and Advances</b>	3,204.39	4,917.39
	<b>10,268.66</b>	<b>22,034.84</b>
<b>LIABILITIES AND PROVISIONS</b>		
Unsecured Loans	65,091.29	151,612.90
Current Liabilities	19,835.71	15,632.61
Provisions for Income Tax	-	0.22
	<b>84,927.00</b>	<b>167,245.73</b>

	As at March 31,	
	2008	2009
	<i>(Rs. millions)</i>	
<b>Net Worth</b> (Fixed Assets + Investments + Current Assets, Loans and Advances – Liabilities and Provisions)	<b>45,660.88</b>	<b>40,367.76</b>
<b>Represented by:</b>		
Share Capital	3,990.20	3,990.20
Reserves and Surplus	41,670.68	36,377.56
<b>Net Worth</b>	<b>45,660.88</b>	<b>40,367.76</b>

Fixed Assets consists of freehold land, building, plant and machinery and vehicles. Fixed Assets, including capital work in progress, increased to Rs.185,578.52 million as at March 31, 2009 compared to Rs.106,802.45 million as at March 31, 2008 primarily due to an increase in plant and machinery resulting from the OFC Demerger Scheme as plant and property includes the optic fibre cables we provide on operating lease terms.

Investments decreased to Rs.0.13 million as at March 31, 2009 compared to Rs.13,516.77 million as at March 31, 2008 primarily due to the sale of the mutual fund units during the fiscal year 2009.

Current assets, loans and advances increased to Rs.22,034.84 million as at March 31, 2009 from Rs.10,268.66 million as at March 31, 2008, primarily due to additional proceeds from the lease rent equalisation account resulting from the OFC Demerger Scheme that enabled us to lease optic fibre cables.

Liabilities and Provisions increased to Rs.167,245.73 million as at March 31, 2009 from Rs.84,927.00 million as at March 31, 2008 primarily due to an increase in unsecured loans we incurred to finance the OFC Demerger Scheme.

Share capital remained unchanged as at March 31, 2009 compared to share capital as at March 31, 2008 at Rs.3,990.20 million. Reserves and surplus decreased to Rs.36,377.56 million as at March 31, 2009, compared to Rs.41,670.68 million as at March 31, 2008, due to additional depreciation expenses resulting from the change in our method of depreciation on plant and machinery from the straight line method to written down value method in respect of assets transferred pursuant to the PTI Demerger Scheme.

#### Contractual Commitments and Capital Expenditures

In addition to the payment obligations under our borrowings set forth above, we also have continuing obligations to make payments in respect of contracts for capital expenditure.

We have made, and expect to continue to make, substantial capital expenditures in connection with our proposed expansion. We propose to finance this capital expenditure in relation to 12,000 towers to be rolled out in the next three fiscal years from the net proceeds of this Issue and may seek to obtain additional funding through additional issuances of equity and/or debt securities or by securing new loans.

The following table sets forth our contingent liabilities as at March 31, 2009:

	<i>(Rs. in Million)</i>
Disputed liabilities relating to Tower Construction	6.55
Bank Guarantee	4.52
<b>Total</b>	<b>11.07</b>

#### Off-Balance Sheet Arrangements

Certain of our equipment has been imported under a license pursuant to the EPCG Scheme, which we obtained in May 2007. Under the terms of the license, we are required to export goods or services amounting to Rs.29,730.0 million by March 31, 2013, Rs.5,930.0 million by March 31, 2014 (i.e. within the first six and seven years from the date of issue of EPCG license), Rs.29,730.0 million by March 31, 2015 and Rs.5,930.0 million by March 31, 2016 (i.e. within the eighth and ninth years from the date of issue of the license).

## **Quantitative and Qualitative Disclosures about Market Risk**

Market risk is the risk of loss related to adverse changes in market prices, including interest rates and foreign exchange rates, of financial instruments. We are exposed to various types of market risk, including changes in interest rates and foreign exchange rates, in the ordinary course of business. We have not currently entered into any arrangements to hedge against interest rate and foreign exchange rate risks.

We maintain our accounting records and prepare our financial statements in Indian Rupees. As of the date of this Draft Red Herring Prospectus, a significant portion of our borrowing is denominated in foreign currencies.

### **Interest Rate Risk**

We are subject to market risks due to fluctuations in interest rates and the refinancing of short-term and long-term debt. As at March 31, 2009, 25.6% of our outstanding debt (comprising buyers' credit and the loans from commercial banks in an amount of Rs.13,422.98 million and Rs. 25,360.00 million, respectively), bore interest at floating rates.

### **Exchange Rate Risk**

The primary foreign currency to which we is exposed are the US Dollar. Our buyers' credit facilities were denominated in Japanese Yen but we entered into a forward exchange rate contract to hedge our Japanese Yen obligations by selling Japanese Yen and buying US Dollars amounting to U.S.\$141 million. We have not entered into any other hedges to minimize the impact of foreign currency fluctuations on the results of operations.

### **Related Party Transactions**

We have, from time to time, entered into transactions of a material nature with our promoters, key management personnel and Directors and entities controlled by such persons that may have a potential conflict of interest with our interests. We believe that all our related party transactions were in the normal course of business and conducted on an arm's length commercial basis, in compliance with the requisite laws in force at such time.

Our related party transactions include the following:

**Master Services Agreement and Shared Services Agreement.** On April 10, 2007, we entered into the Master Services Agreement with RCOM and RTL and the Shared Services Agreement with RTL. Pursuant to the Master Services Agreement, each of RCOM and RTL has appointed us to make certain passive telecommunication infrastructure available to it and to provide each of them with all associated services with respect to the management, operation and maintenance of such passive telecommunication infrastructure. Pursuant to the Shared Services Agreement, RCOM has agreed to provide us with certain expertise and services in relation to the installation, commissioning and operation of passive infrastructure. For further details of the Master Services Agreement and the Shared Services Agreement, see "History and Certain Corporate Matters" on page 93 of this Draft Red Herring Prospectus.

**Expansion Plans.** On April 10, 2007, we entered into the Master Services Agreement with RCOM and RTL in connection with the PTI Demerger Scheme pursuant to which we developed 29,526 new tower sites from the Effective Date to June 30, 2009. In addition, RCOM and RTL have also provided us with a roll-out plan for which we expect will result in the development of an additional 5,000 tower sites per fiscal year during the fiscal years 2010, 2011 and 2012.

**OFC MOU.** On March 15, 2009, we entered into the OFC MOU with RCOM pursuant to the OFC Demerger Scheme whereby RCOM transferred its optic fibre cable assets to us at a fair value determined by an independent party effective as of April 1, 2008. Pursuant to the OFC MOU, RCOM has a non exclusive right to use up to 80% of our total OFC network capacity in exchange for paying pre-determined annual lease payments and a share of maintenance costs based on actual usage of the OFC network. We do not incur any operating costs that are not reimbursable by RCOM in relation to the services provided by us to RCOM pursuant to the OFC MOU.

To finance our acquisition of the optic fibre cable assets, we borrowed Rs.67,189.0 million from RCOM under

the OFC Demerger Scheme at a fixed interest rate of 8.85% per annum pursuant to the OFC MOU.

**Loans from RCOM and RCIL.** Our borrowings from RCOM and RCIL amounted to Rs.69,752.13 million and Rs.21,361.77 million, respectively, as of March 31, 2009. We also acquired assets from RCOM worth Rs.33,274.63 million and from RTL worth Rs.11,883.61 million, pursuant to the PTI Demerger Scheme. We also received interest income of Rs.1.8 million and Rs.2.7 million from Reliance Info Investments Limited, a company that has now merged with RCIL and RTL, respectively. In addition, we acquired assets from RCOM worth Rs.72,064.20 million pursuant to the OFC Demerger Scheme.

Since March 31, 2009, we have borrowed Rs.27,954.0 million and Rs.3,471.1 million from RCIL and RCOM, respectively. On September 19, 2009, we repaid Rs.15,000 million to RCOM by issuing non-convertible non-cumulative redeemable preference shares to RCOM. Such borrowings were used to refinance the Rupees denominated loans from commercial banks and repay our outstanding commercial paper obligations.

**Intellectual Property.** In July 2007, we entered into a brand licensing agreement with ADAV. The agreement allows us to use the trademark and the “Reliance Infratel” trademark, name and logo (for which ADAV’s registration is pending with the Registrar of Trademarks in India) for our services and products on a non-exclusive basis, for a period of 10 years. We are required to incur expenditure of up to Rs.800.0 million for these rights and the timing and amount of the payment (subject to this limit) will be determined at ADAV’s sole discretion.

See Annexure X of our Company’s restated financial statements on page 163 of this Draft Red Herring Prospectus.

**Information required as per Clause IX(E)(2) and IX(E)(5) of Schedule VIII of SEBI (ICDR) Regulation, 2009**

*Unusual or infrequent events or transactions including unusual trends on account of business activity, unusual items of income, change of accounting policies and discretionary reduction of expenses etc.* There have been no events or transactions including unusual trends on account of business activity, unusual items of income, change of accounting policies and discretionary reduction of expenses etc., to our knowledge, other than as described in this Draft Red Herring Prospectus, which may be called “unusual” or “infrequent.”

*Significant economic changes that materially affected or are likely to affect income from continuing operations.* Other than as mentioned under “Factors Affecting Our Financial Condition and Results of Operations” on page 166 of this section, to our knowledge, there are no other significant economic changes that materially affect or are likely to affect income from continuing operations.

*Known trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income from continuing operations.* Other than as described elsewhere in this Draft Red Herring Prospectus, particularly in “Risk Factors” and this section on pages xiv and 165, respectively, of this Draft Red Herring Prospectus, to our knowledge, there are no trends or uncertainties that have or are expected to have a material adverse impact on revenues or income of our Company from continuing operations.

*Future changes in the relationship between costs and revenues, in case of events such as future increases in labor or material costs or prices that will cause a material change are known.* Other than as described elsewhere in this Draft Red Herring Prospectus, particularly as mentioned under “Factors Affecting Our Financial Condition and Results of Operations” on page 166 of this section, to our knowledge, there are no known factors that might affect the future relationship between costs and revenues.

*The extent to which material increases in net sales or revenue are due to increased sales volume, introduction of new products or services or increased sales prices.* Changes in revenues on a non-consolidated basis during the last three years are as explained under “Results of Operations” on page 175 of this section.

## FINANCIAL INDEBTEDNESS

There are no secured borrowings in our Company. The following table describes the unsecured borrowings of our Company:

S. No.	Agreement with Lender	Nature of borrowing/ Debt	Amount Sanctioned	Repayment and Interest
1.	Foreign Currency Term Loan Agreement dated November 1, 2007 by our Company and arranged by ABN Amro Bank NV, Hong Kong Branch, Barclays Capital, DBS Bank Limited, Singapore, Dexia Credit Local Asia Pacific Pty Limited, ING Bank NV, Singapore Branch, Intesa Sanpaolo SPA, Hong Kong Branch, Mizuho Corporate Bank Limited, Standard Chartered Bank, Sumitomo Mitsui Banking Corporation, The Hong Kong and Shanghai Banking Corporation Limited, The Royal Bank of Scotland PLC, Singapore. The Mandated Lead Arranger is Westlb AG, Hong Kong Branch	Foreign Currency Term Loan	US \$ 500,000,000  (As of date, we have drawn down this entire amount)	<p>Repayment dates means the dates which fall 48 months, 60 months and 72 months after:</p> <p>(a) In the case of a single advance, the advance date; or</p> <p>(b) In the case of more than one advance, the weighted average advance date;</p> <p>where the repayment date is any of them.</p> <p>The Company shall repay the advances in three equal installments on each repayment date, each installment being equal to one-third of the outstanding aggregate advances on the last day of the availability period (360 days from the signing date)</p> <p>The rate of interest applicable to each advance from time to time during all or any part of an interest period shall be the rate per annum which is the sum of LIBOR on the quotation date for that interest period and the applicable margin, which is 0.65% per annum.</p>

### Certain key restrictive covenants

1. Our Company shall not, without prior written consent from the lenders:
  - (a) Create or permit to subsist any security interest over all or any of its present or future property or assets other than as permitted under this agreement;
  - (b) Sell, lease, transfer or otherwise dispose of by one or more transactions or series of transactions any part of its revenues or assets in excess of US\$25,000,000 in any period of 365 days, unless in the

ordinary course of business;

- (c) Consolidate or merge or agree to do the same with any company or legal entity, where it ceases to be an independent legal entity, unless the entity it is merging into assumes all its financial obligations and liabilities, or if by such merger or consolidation, none of the finance parties would be in breach of any law or regulation of any central bank or fiscal/monetary authority;
- (d) Invest in any other entity, unless such investment is related to its business or is lesser than US\$100,000,000; and
- (e) Incur any long-term debt obligation, the terms and conditions of which might be more favourable than the present loan.

Details of the Loans availed from the Promoters:

S. No.	Lender	Nature of borrowing/ Debt	Amount Outstanding	Repayment and Interest
1.	Reliance Communications Limited  Loan availed for implementation of the OFC Demerger Scheme	Long term unsecured loan dated August 7, 2009	Amount outstanding as on March 31, 2009 – Rs. 67,189.37 million  Amount repaid during the period up to September 15, 2009 – Rs. 15,000 million  Amount outstanding as on September 15, 2009 – Rs. 42,189.37 million	The terms of the outstanding loan:  1. The loan is repayable by the Company by March 31, 2018.  2. Rate of interest is 8.85% per annum payable after the OFC Demerger Scheme implementation is completed.  3. RCOM has the right to subscribe to non-cumulative non-convertible redeemable preference shares by appropriating equivalent amount from outstanding amount of loan. The terms and conditions of the preference shares will be mutually agreed subject to minimum yield of 8.5% and maximum tenure of 20 year for each preference share.
2.	Reliance Communications Limited  Loan availed for funding capital expenditure towards	Short term unsecured loan dated September 15, 2009	Amount outstanding as on March 31, 2009 – Rs. 2,562.73 million  Amount availed	1. RCOM has the right to charge interest from October 1, 2009 or from the date the company

S. No.	Lender	Nature of borrowing/ Debt	Amount Outstanding	Repayment and Interest
	roll-out of towers and passive infrastructure.		during the period up to September 15, 2009 – Rs. 3,471.12 million  Amount outstanding as on September 15, 2009 – Rs. 6,033.85 million	gets listed on a recognized stock exchange, which ever is earlier, at SBI – PLR  2. The loan is repayable by March 31, 2010.
3.	Reliance Communications Infrastructure Limited  Loan availed for funding capital expenditure towards transfer of Optic Fibre Cables.	Long term unsecured loan dated September 15, 2009	Amount outstanding as on March 31, 2009 – Rs. 6,577.99 million  Amount availed during the period up to September 15, 2009 – Nil  Amount outstanding as on September 15, 2009 – Rs. 6,577.99 million	1. RCIL has the right to charge interest from October 1, 2009 or from the date the company gets listed on a recognized stock exchange, which ever is earlier, at SBI – PLR  2. The loan is repayable by March 31, 2012.
4.	Reliance Communications Infrastructure Limited  Loan availed for funding capital expenditure towards rollout of towers and passive infrastructure.	Short term unsecured loan dated September 15, 2009	Amount outstanding as on March 31, 2009 – Rs. 6,033.85 million  Amount availed during the period up to September 15, 2009 – Nil  Amount outstanding as on September 15, 2009 – Rs. 6,033.85 million	1. RCIL has the right to charge interest from October 1, 2009 or from the date the company gets listed on a recognized stock exchange, which ever is earlier, at SBI – PLR  2. The loan is repayable by March 31, 2010.
5.	Reliance Communications Infrastructure Limited	Short term unsecured loan dated September 15, 2009	Amount outstanding as on March 31, 2009 – Rs. 8,749.96 million  Amount availed during the period up to September 15, 2009 – Rs. 27,954.03 million  Amount outstanding as on September 15, 2009 – Rs. 36,703.99 million	1. Out of the outstanding loan of Rs. 36,703.99 million the Company had availed (i) Rs. 14,057.13 million for funding capital expenditure towards setting up of passive infrastructure and (ii) Rs. 22,646.86 million for refinancing of debt from commercial banks, buyers credit



S. No.	Lender	Nature of borrowing/ Debt	Amount Outstanding	Repayment and Interest
				<p>and commercial papers.</p> <p>2. RCIL has the right to charge interest from October 1, 2009 or from the date the company gets listed on a recognized stock exchange, which ever is earlier, at SBI – PLR.</p> <p>3. The loan is repayable by March 31, 2012.</p>

## SECTION VI: LEGAL AND OTHER INFORMATION

### OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

*Except as stated below there are no outstanding litigation, suits, criminal or civil prosecutions, proceedings or tax liabilities against our Company, our Promoter and our Group Companies and there are no defaults, non-payment of statutory dues, over-dues to banks/financial institutions, defaults against banks/financial institutions, defaults in dues payable to holders of any debenture, bonds and fixed deposits and arrears of preference shares issue by our Company, defaults in creation of full security as per terms of issue/other liabilities, proceedings initiated for economic/civil/any other offences (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (I) of Part 1 of Schedule XIII of the Companies Act) other than unclaimed liabilities of our Company and no disciplinary action has been taken by SEBI or any stock exchanges against the Company, its Promoters, Group Companies, Directors.*

#### *Cases against our Company*

1. One Mr. Bant Singh filed a civil suit No. 491 of 2004 against our Company, its employees and agents before the Civil Judge (Junior Division) Samana District, Patiala for a permanent injunction restraining our Company from installing the BTS tower or any such type of equipment on his leased property. He has also sought mandatory injunction for removal of the tower and other equipment already installed, and challenged the lease agreement entered into between him and our Company. The grounds of challenge include (1) the tower is harmful to the residents of the locality and can fall at any time and the radiations of the tower are harmful to the persons of the locality residing nearby and cause nuisance to the locality; (2) no commercial unit like tower or other such equipment can be installed in a residential area as it will also cause nuisance; (3) during the pendency of the suit the defendants erected the tower on the suit property; (4) the lease agreement is not valid until the same is properly stamped and registered; and (5) the plaintiff never consented to the installation of the tower and he had been led to believe that a room will be constructed on the leased property. Our Company filed an application referring the dispute to arbitration, which was rejected by an order dated November 10, 2006 on the ground that the lease agreement containing the arbitration clause was not registered and thus not admissible in evidence. Our Company has filed a revision petition CR No. 982/2007 under Article 227 of the Constitution of India before the High Court of Punjab and Haryana dated January 10, 2007 challenging the said order and seeking for it to be set aside as well as interim stay of the order during the pendency of the revision petition. The High Court through its order dated February 23, 2007 granted interim relief and stayed the order and the proceedings of the trial court. The matter is pending.
2. Writ Petition No.680/2007 was filed by one Mr. Bal Krishan Bhat, Mr. KK Gupta, Mr. Parshottam Lal Mahajan and Mr. Bal Krishan Sharma against the State of Jammu & Kashmir, the Jammu Municipal Corporation, RCOM and Mr. Mohan Lal c/o M/s. RK Studio before the High Court of Jammu & Kashmir in which the Petitioners challenged that the installation of the telecommunications tower in the residential area would be considered commercial activity and since the disputed site was allotted only for residential purposes, the petitioners were inconvenienced by the presence of the tower. The grounds alleged included possible harm to their lives and property of the residents and that the erection of telecommunication towers was illegal and a nuisance. The matter is pending.
3. Writ Petition No. 664/2007 was filed by certain residents of Green Belt Park Area, Jammu against the State of Jammu & Kashmir, Jammu & Kashmir Housing Board Dept., Jammu Municipal Corporation, Joint Commissioner of Jammu Municipal Corporation, RCOM and Mrs. Indu Vohra, where the petitioners challenged that the installation of the telecommunications tower in the residential area would be considered commercial activity and since the disputed site was allotted only for residential purposes, the petitioners would be inconvenienced by the presence of the tower. The grounds alleged included possible harm to their lives and property of the residents and that the erection of telecommunication towers was illegal and a nuisance. By way of its order dated August 14, 2007, the High Court of Jammu & Kashmir has admitted the said writ petition and the operation of the license for installation of the tower has been stayed. The matter is pending.
4. There have been 132 suits filed against our Company before various trial courts involving disputes with regard to ownership of the leased land, in which our Company has been made a necessary party. The capacity of the lessor to execute the respective lease agreements is in question and these suits typically involve disputes between joint family parties, co-owners, housing societies/trustees and owners of the

land. These matters are currently pending.

5. There have been 157 cases filed against our Company before various civil and criminal courts involving suits for permanent injunction against installing the towers on the grounds of noise and air pollution, health hazard from the rays of the tower and the potential danger of the tower collapsing on surrounding structures and inhabitants. Some criminal complaints under Section 133 of the Criminal Procedure Code have also been filed alleging that the tower is situated in residential areas and the generator attached to the same is a health hazard and causes pollution. The matters are pending.
6. There have been 155 cases filed against our Company by the Uttar Pradesh Government before the Court of Additional Divisional Commissioner, Additional District Magistrate or the Collector. The main question to be decided in each of the cases is whether the agreement entered into by the parties with regard to the land is a lease or a license for the purpose of collection of stamp duty. Eight similar cases of disputes relating to stamp duty have been filed against our Company before the Court of Additional District Magistrate (Revenue) in Ghaziabad. The amount involved in these cases is not ascertainable.
7. There have been 37 suits filed against our Company before various trial courts alleging that the construction of towers in residential areas would be a cause for nuisance for the inhabitants and neighbours and thus seeking the removal of the towers, stop construction orders or an order preventing the installation of the towers. In one of the suits, a claim for damages for Rs. 0.32 million has been made for damages to the building of the owner/plaintiff at the time the tower was dismantled on grounds of nuisance to the owner. The matters are pending.
8. There have been 19 cases filed against our Company before various trial courts by lessors of the leased premises challenging the termination of the lease agreement executed between the lessor and our Company, claiming that the agreement is irrevocable and thus, the termination of the same is illegal. These relief sought also include permanent injunction for restraining our Company from erecting the tower on the land of third party through subsequent leases. The amount involved in these cases is not ascertainable. The matters are pending.
9. There have been 32 cases filed against our Company for unpaid rent coupled with continued possession of the leased property without payment of dues. Our Company's contention is that the lease has already terminated and there are no dues remaining. Another related case has been filed against our Company for unpaid rent and allegations of sub-leasing the leased premises in contravention of the terms of the deed. The amount involved in these cases is not ascertainable. The matters are pending.
10. There have been five cases filed against our Company in trial courts by neighbours relating to the weakening of the structure of their premises due to the installation of the towers in the adjacent plot or roof tops. The matters are pending.
11. There have been 14 cases filed against our Company before various trial courts by plaintiffs on the grounds of encroachment upon their premises, which is not part of the leased premises. The matters are pending.
12. There have been nine public interest litigations filed against our Company in the High Court of Rajasthan against erection of telecommunication towers. Our Company has claimed that its site is already operational and the main dispute is regarding the erection of towers by another service provider in the adjoining plot. The matters are pending.
13. There have been eight cases filed against our Company before the civil court in the West Bengal circle claiming that the optic fibre cables were laid through or on their premises without their permission. Four such other cases have been filed against our Company before trial courts for the removal of network cables laid on the land of the plaintiff. The matters are pending.
14. There have been 46 cases filed against our Company on various causes of action ranging from suits for permanent injunction filed for restraining our Company from using common passages of the premises, restraining our Company from installing towers in a temple and school complex, non-consummation of lease agreement with lessor and reduction in market price of flat of plaintiff due to installation of the tower in the adjacent premises. The matters are pending. The cases involve an aggregate sum of Rs. 0.5

million.

15. There are 25 tower related cases are pending against the Company in various courts with respect to disputes pertaining to construction of base transmission stations, rent issues, landlord's family disputes, neighbour's problems, radiation issues, various municipal taxes and deficiency of stamp duty. These were filed against RTL, which have been transferred to the Company pursuant to the PTI Demerger Scheme. These cases are at various stages of adjudication and involve an amount of Rs. 3.24 million.

*Cases by our Company*

1. Our Company has filed a Writ Petition No. 2535/2006 against the State of Maharashtra and the Municipal Corporation of Nagpur before the High Court of Bombay, Nagpur Bench, challenging the Government of Maharashtra Notification No. TPS 3003/1723/CR/394/UD-30 dated July 4, 2005 issued under Section 154 of the Maharashtra Regional Town Planning Act 1966, to all Municipal Corporations (except the Municipal Corporation of Greater Mumbai) and the action initiated by the respective municipal corporations pursuant thereto. The said notification seeks to charge and recover premium on base stations and on tower height along with a deposit of Rs. 50,000. The notification further seeks the deposit of the same with retrospective effect from October 9, 1996. The writ petition has been admitted and the court has granted interim relief reinstating status quo subject to our Company paying the disputed amount. Our Company has paid Rs. 5.867 million under protest. Further the court has directed that the said petition shall be disposed of in accordance with the decision in Writ Petition No. 7824/2005 heard before the High Court of Bombay. Under the said writ petition, the judgment dated March 8, 2007 has quashed and set aside the said notification. This dispute involves an aggregate amount of Rs. 5.87 million. There are four other similar writ petitions filed by the Company before the High Court of Bombay.
2. Our Company has filed Writ Petition No. 18242/2006 against the Chemanchery Panchayat before the High Court of Kerala challenging the decision of the Chemanchery Panchayat dated June 14, 2006 cancelling the building permit issued to the petitioner for erecting a mobile phone base station/telecommunication tower. The order was based on the apprehension expression by local residents that transmission from the tower could pose health hazards. The cancellation was held to be improper in the absence of any scientific data or relevant materials to the effect.
3. There has been a case filed by our Company against the notice of the BMC rejecting the proposal of our Company to erect and install telecommunication towers at the terrace of the building belonging to the defendant housing society. The BMC had rejected the proposal on the ground that conveyance of land and building has not been executed in favour of the society. The BMC threatened demolition of the tower under Section 488 of the BMC Act. Our Company has instituted this suit for declaratory relief stating that the order rejecting the proposal of our Company was illegal and liable to be revoked. The matter is pending.
4. There have been 13 appeals filed by our Company under the provisions of the Kerala Municipalities Act 1994 and the Kerala Panchayat Raj Act 1994 before the Tribunal for Local Self Government in various districts of Kerala alleging that their application for building permits has been rejected by the Panchayat Committee on incorrect grounds. The matters are pending.
5. Our Company has filed 230 appeals against the Government of Uttar Pradesh before the Appellate Authority and various High Courts. The issue in each of the cases is whether the agreement entered into by the parties with regard to the land is a lease or a license for the purpose of collection of stamp duty.
6. Our Company has filed 14 cases before various civil and criminal courts involving suits for permanent injunction against dismantling the towers on the grounds of noise and air pollution, health hazard from the rays of the tower and the potential danger of the tower collapsing on surrounding structures and inhabitants. The matters are currently pending.
7. Our Company has filed six cases challenging the charges of premium per meter depending upon the height of the BTS. These are cases are pending.
8. Our Company has filed 24 miscellaneous cases against various persons for various relief such as allowing ingress to the leased property etc.

## **Cases against our Directors**

### **Mr. Anil Dhirubhai Ambani**

#### *Criminal cases*

##### Cases before 2005

1. Two criminal cases have been filed against Mr. Anil Dhirubhai Ambani and others before the Special Court for Economic Offences, Jaipur by two holders of the optionally fully convertible debentures under Section 63 of the Companies Act. The complainants have alleged that false statements were made by the erstwhile Reliance Polypropylene Limited (not an affiliate of the Reliance ADA group) in the prospectus pertaining to a public issue of optionally fully convertible debentures. The Court took cognizance of the allegations levied by the complainant and issued summons to Anil Dhirubhai Ambani and others. They have filed a Revision Petition before the Sessions Court, Jaipur, which is pending disposal.
2. Two criminal cases have been filed against Mr. Anil Dhirubhai Ambani and others in the court of the Chief Judicial Magistrate, Patna. The complainants have alleged non-transfer of shares in the erstwhile Reliance Petroleum Limited (not an affiliate of the Reliance ADA group). In one case, the court has taken cognizance of the offences alleged and issued summons.

##### Cases after 2005

3. There are eight cases filed against Mr. Anil Dhirubhai Ambani and others in various criminal courts alleging forgery of documents and cheating. The complaints are in relation to deficiency in telecommunication services by RCOM. The matters are pending. (In two of these cases, RCOM has also been made a party to the dispute).
4. A shareholder of Reliance Capital Limited has filed a criminal complaint against Anil Dhirubhai Ambani and some other directors of Reliance Capital Limited in connection with certain shares of Reliance Infrastructure Limited sold by Reliance Capital Limited. He has been informed that no notice of filing of such case or any court taking cognizance of such case has been received by Mr. Anil Dhirubhai Ambani.
5. There are three criminal complaints filed against Mr. Anil Dhirubhai Ambani and certain other entities and individuals pertaining to disputes with regard to the slump sale of the wind energy division of NEPC to Southern Wind Farms Limited (a company in which one of the Reliance ADA group companies holds shares). These complainants have alleged that SWFL has not paid the required consideration for the sale and that the accused threatened the NEPC directors when the consideration was demanded. Two of these complaints relate to a plot of land belonging to the wind energy unit where it has been alleged that the accused threatened the complainant for entering the land and that the accused trespassed on the land and illegally removed machinery from the factory situated on the plot of land. The complainants have moved the High Court of Madras, to get FIR registered against the accused. In one of the petitions, the High Court has directed the police to register the FIR.
6. An ex-employee of RCOM has filed a criminal complaint before the First Class Judicial Magistrate, Vasi against Mr. Anil Dhirubhai Ambani and others alleging cheating and misappropriation of his salary. The Magistrate has taken cognizance under certain sections of the Indian Penal Code. The High Court of Bombay has by its order stayed the proceedings and service of summons. The matter is currently pending.

#### *Consumer cases*

There are 16 cases and one appeal filed against Mr. Anil Dhirubhai Ambani in various district consumer dispute resolution fora and the Punjab State Consumer Dispute Resolution Forum respectively. The cases relate to deficiency of service by RCOM. The aggregate amount involved in these cases is approximately Rs. 3.60 million. (In some of these cases, RCOM has also been made a party to the dispute).

### *Labour cases*

There are two cases filed against Mr. Anil Dhirubhai Ambani and eight others in the Labour Court, Patna. In these cases, the applicants have alleged that they were deployed through a contractor and after about seven months of services, their services were discontinued without giving any notice or paying one month's notice pay or compensation. They have filed these applications challenging their termination and amongst others have also sought reinstatement of their services.

### *Civil Cases*

Mr. Mohaideen Kadar has filed a case before the Civil Judge, Ilyangudi against Mr. Anil Dhirubhai Ambani and RCOM seeking permanent injunction against the construction of a tower for a base transmitter station on his land. The matter is currently pending.

### *Election Cases*

There are four election petitions filed in the High Court of Allahabad where Mr. Anil Dhirubhai Ambani has also been made a party. In June 2004, Mr. Anil Dhirubhai Ambani was elected to the Rajya Sabha unopposed. The election petitions were filed against this election. Subsequently, in March 2006, Mr. Anil Dhirubhai Ambani resigned from his membership of Rajya Sabha. He has since then filed applications in all election petitions for deletion of his name from the respondents since the relief claimed by the applicants for setting aside his election has become infructuous. The applications are pending disposal in the High Court.

### **Mr. E.B. Desai**

1. Proceedings under section 138 of the Negotiable Instrument Act are pending against Baroda Rayon Corporation Limited and its Directors, including Mr. E. B. Desai. Mr. Desai is no longer serving on the Board of Baroda Rayon Corporation Limited, he having resigned therefrom in the year 1999.
2. Ferro Alloys Corporation Limited, in which Mr. E.B. Desai was a director, went into BIFR. Owing to the dues of this company, all its directors including Mr. E.B. Desai were shown as defaulters on RBI Defaulters List. Mr Desai had resigned from this Company in the year 2001. Ferro Alloys Corporation Limited was subsequently split into three companies, namely Facor Alloys Limited, Facor Steels Limited and Ferro Alloys Corporation Limited (Facor), whose financial position improved considerably. These companies have now come out from the purview of BIFR. After coming out of BIFR, Facor took up the matter with the State Bank of India, who have now confirmed that the name of Facor is not appearing in the RBI Defaulters List as on March 31, 2009. Once the name of the company is deleted, then the names of its directors also stand deleted automatically from the RBI Defaulters List.
3. In October 2007, one Midi Extrusions Limited filed criminal proceedings in the Tis Hazari Court, New Delhi against Mangla Hoists Private Limited and also Hercules Hoists Limited and its directors including Mr. E.B. Desai. The said Mangla Hoists Private Limited was engaged in the business of supplying material handling equipments as franchisee of the said Hercules Hoists Limited. Owing to the problem between the said Midi Extrusions Limited and Mangla Hoists Private Limited, a criminal complaint was filed against Mangla Hoists Private Limited implicating Hercules Hoists Limited as well as its directors. The said proceedings are still pending in the Tis Hazari Court at New Delhi.
4. In October 1999, the Food Inspector at Valsad purchased some samples of iodized Salt (Century brand) manufactured by Century Textiles and Industries Limited of which Mr. E.B. Desai is a Director and sent the same for analysis. On the basis of the report of the Public Analyst at Rajkot, it was found that the required actual quantum of iodine was less than the prescribed level under law. Therefore, the Food Inspector declared the same to be adulterated and launched prosecution against Century Chemicals – a Unit of Century Textiles and Industries Limited and its directors, including Mr. E.B. Desai. Pursuant to a discharge application filed on behalf of Century Textiles and Industries Limited and its Directors, the Chief Judicial Magistrate, Valsad by his Order dated February 28, 2008 discharged all the accused including Mr. E. B. Desai. The State of Gujarat however has filed criminal appeal before the High Court of Gujarat against the said order of the Chief Judicial Magistrate, Valsad. The matter before the High Court has been adjourned to September 16, 2009 and is currently pending.
5. The Deputy/Assistant Registrar of Companies, Maharashtra, Mumbai filed proceedings at Esplanade

Court, Bombay against the Directors of Century Textiles & Industries Limited (Century) including Mr. E. B. Desai, under Section 209(5) of the Companies Act, 1956 for alleged contravention of Section 209(3)(b) of the Companies Act, 1956 on the ground that whilst dealing with the encashment of leave of the employees, Century had not adhered to the requirement of keeping the accounts on accrual basis for the financial years prior to 2000-2001 and also alleging that this company had not replied to the Registrar's show cause notice dated January 18, 2002. In fact the said show cause notice had been replied in detail as per letter dated 14th February 2002 by M/s. Mulla & Mulla & Craigie Blunt & Caroe, Solicitors to Century and its directors, including Mr. E. B. Desai. The said complaint was filed by the Registrar on November 20, 2003 beyond the period of the limitation as provided at law and copies thereof were served on the directors only in the month of August 2007 involving a delay of nearly seven years from the date of the alleged offence. The said Registrar has also filed an application dated November 20, 2003 under section 473 of the Criminal Procedure Code for condonation of delay and extension of time /period of limitation. The said directors are contesting this application and the proceedings in respect thereof are still pending in the Court.

### **Cases involving Promoters**

#### **Reliance Communications Limited**

##### *Cases filed against Reliance Communications Limited*

##### *Investor Related Disputes*

1. There are 11 cases filed against RCOM where the legal heirs of shareholders have filed these cases claiming succession certificates. 4,994 shares of RCOM are involved. All these cases are in the initial stages of filing.
2. There are 28 cases filed against RCOM where the plaintiffs have claimed ownership of 11,688 shares of RCOM along with subsequent demerged company shares. RCOM has received plaint copies in all these cases and is in the process of replying to the same.

##### *Civil Cases*

There are 68 civil cases filed against RCOM (in some of the cases, the Manager, Managing Director, Chief Managing Director and Chairman of RCOM have been made parties) in the different civil courts relating to money recovery and civil disputes. The cases are currently pending before the court and are at various stages of adjudication. The aggregate amount involved in these cases is Rs. 50.35 million.

##### *Consumer Cases*

1. There are 438 cases filed against RCOM (in some of the cases, the Manager, Managing Director, Chief Managing Director and Chairman of RCOM have been made parties) in various district consumer dispute resolution fora. The cases relate to deficiency of service by RCOM. The aggregate amount involved in these cases is Rs. 44.13 million. (In some of these cases, Mr. Anil Dhirubhai Ambani has also been made a party to the dispute).
2. There are 29 appeal cases filed against RCOM in various state consumer dispute resolution fora. The aggregate amount involved in these cases is Rs. 1.22 million and are at various stages of adjudication.

##### *High Court Cases*

1. Mr. S. Anantharaman and Webdunia.com (India) Private Limited ("Webdunia") have filed separate appeals before the High Court of Bombay challenging the order dated July 18, 2009 passed by the High Court of Bombay sanctioning the scheme of arrangement between RCOM and the Company for the transfer and vesting of the Optic Fibre Undertaking of RCOM into the Company ("OFC Demerger Scheme"). Webdunia is a creditor of RCOM and has alleged that the High Court of Bombay erred in dispensing with the requirement of holding the meeting of creditors to approve the Scheme. Mr. Anantharaman, a shareholder of RCOM, has claimed that the valuation report was inadequate and the High Court ought to have directed the furnishing of the complete valuation report and also that the independent findings on various aspects of valuation in the impugned order are incorrect in law and in

fact. The said appeals are yet to be admitted by the High Court. The High Court has, by its order dated September 23, 2009 disposed the appeals. A copy of the order has not yet been received.

2. There are 24 civil cases filed against RCOM in various High Courts (in some of the cases, the Manager, Managing Director, Chief Managing Director and Chairman of RCOM have been made parties) for money recovery and civil disputes. The cases are currently pending before the court and are at various stages of adjudication. The aggregate amount involved in these cases is Rs. 286.27 million.

#### *Tax cases*

There are three cases filed against RCOM in various High Courts with respect to tax assessment and payment. These cases are at various stages of adjudication and the aggregate amount involved in these cases is approximately Rs. 42.64 million.

#### *Tower Cases*

There are 485 tower related cases pending against RTL in various courts with respect to various issues including, disputes pertaining to construction of base transmission stations, rent, landlord's family disputes, neighbour's problems, radiation issue, various municipal taxes and deficiency of stamp duty, etc. These cases are at various stages of adjudication and the aggregate amount involved in these cases is approximately Rs. 36.42 million. In most of these cases, Reliance Infocomm Limited, Reliance Communications Limited, Reliance Industries Limited and Reliance Infratel Limited have also been made parties to the dispute.

#### *Company Cases*

Mrs. Anjali Aney, sole proprietress of Maheash Aney Productions ("Petitioner") has filed a company petition before the High Court of Bombay against RCOM. Petitioner has claimed an amount of Rs. 2.91 million as due and payable by RCOM. The Petitioner has also sought winding up of RCOM in accordance with the provision of the Companies Act. The petition is posted on October 9, 2009. Since the claimed is disputed RCOM has already filed recovery suit against the Petitioner before the High Court of Bombay for the amount claimed by Petitioner in the Company Petition. The matter is currently pending.

#### *Labour cases*

There are 16 cases filed against RCOM in various labour tribunals with respect to various labour issues pending at various stages of adjudication. The aggregate amount involved in these cases is approximately Rs. 2.63 million.

#### *Regulatory Cases before TDSAT*

1. BSNL (Bharat Sanchar Nigam Limited) has filed an appeal against the Telecom Regulatory Authority of India ("TRAI"), Association of Unified Telecom Service Providers of India (AUSPI) and Cellular Operators Association of India (COAI) challenging regulation dated February 2, 2007 notified by TRAI being the Telecommunication Inter Connection (Port Charges) Amendment Regulation, 2007, on the ground that it is without jurisdiction and without any basis.
2. An appeal has been filed by BSNL against TRAI in TDSAT inter-alia challenging Explanatory Memorandum 84 to the IUC Regulation dated October 29, 2003, issued by TRAI imposing a uniform carriage charge of 20 paise on calls terminating from mobile network on Level II TAX and doing away with the distance based carriage charge. AUSPI is a respondent in the case. The amount involved in this case is Rs. 15 million per month.
3. COAI has filed a case against RCOM, BSNL, DoT (Department of Telecommunications) and TRAI before TDSAT on the issue of access deficit charge on fixed wireless services of RCOM under the brand name 'Unlimited Cordless'. COAI is seeking a refund of the access deficit charge till January 30, 2005. The amount involved in this case is Rs. 20 million.
4. BSNL has filed an appeal against TRAI before TDSAT inter alia challenging that part of the IUC Regulations, whereby the quantum of ADC receivable by BSNL has been reduced. AUSPI has been



impleaded as a respondent.

#### *Cases before the Supreme Court of India*

1. BSNL filed an appeal before TDSAT challenging TRAI's directive, by which it held that terminating network operator is entitled only to termination charges and not to additional revenue sharing for roaming call charges. TDSAT dismissed the appeal, against which an appeal was filed by BSNL.
2. MTNL has filed an appeal before the Supreme Court of India against a TDSAT judgment. RCOM had filed a petition against MTNL, inter alia, challenging the unilateral and exorbitant determination and revision of charges towards infrastructure sharing and also unilateral deduction of RCOM's IUC payments. The appeal was allowed by TDSAT, against which MTNL approached the Supreme Court. The order of TDSAT has been stayed. The impugned order has been stayed till such time as both parties file their respective replies. The amount involved in this case is approximately Rs. 20 million to Rs. 30 million during the validity of the licence.
3. DoT filed an appeal against the TDSAT judgment on the validity of the definition of Adjusted Gross Revenue (AGR) in licenses issued by DoT. A petition was filed by AUSPI against the Union of India and TRAI before TDSAT, challenging the same. TDSAT had referred the matter back to TRAI for its recommendations. Against this order, DoT filed an appeal before the Supreme Court, which dismissed the appeal and granted liberty to DoT to raise their contentions before TDSAT, which decided the petition against them. An appeal is filed against this order.
4. BSNL has filed a transfer petition before the Supreme Court seeking transfer of a petition filed by RCOM against BSNL pending before the TDSAT to the Supreme Court. This petition is filed on the issue of HCD limitation.
5. MTNL has filed a transfer petition before the Supreme Court seeking transfer of a petition filed by RCOM against MTNL pending before the TDSAT to the Supreme Court. This petition is filed on the issue of HCD limitation.

#### *Criminal Cases*

There are 29 criminal cases filed against RCOM in various criminal courts against various other parties on grounds of fraud and cheating. There is no financial implication in any of these cases.

#### *MRTP Cases*

There are six MRTP cases filed against RCOM before MRTP Commission alleging that the company has indulged in certain unfair trade practices. The financial implications in these cases are Rs. 12.17 million.

#### *Cases filed by Reliance Communications Limited*

##### *Cases filed under Section 138, Negotiable Instruments Act, 1881*

There are 9,231 cases filed by RCOM under Section 138, Negotiable Instruments Act, 1881 against various defendants which relate to the dishonouring of cheques received by RCOM towards payment of bill amounts. The aggregate amount involved in these cases is approximately Rs. 56.12 million. These cases are at various stages of adjudication.

#### *Consumer Cases*

There are 40 cases where appeals have been filed by RCOM in various state consumer dispute resolution commissions against the orders of the various consumer dispute resolution fora. The aggregate amount involved in these cases is approximately Rs. 0.95 million. All these cases are currently pending.

#### *Civil Cases*

There are 127 civil cases filed by RCOM in various civil courts relating to recovery of dues and the aggregate amount involved in these cases is approximately of Rs. 9.03 million. The cases are at various stages of

adjudication.

#### *Criminal Cases*

There are 36 criminal cases filed by RCOM in various criminal courts against various other parties on grounds of fraud and cheating. The aggregate amount involved in these cases is approximately Rs. 12.68 million and are at various stages of adjudication.

#### *Lok Adalat Cases*

There are 38 cases filed by RCOM before the District Legal Services Authority for recovery of dues. In all these cases, a notice has been sent to the respondent. The cases involve claims worth Rs. 0.08 million.

#### *High Court Cases*

There are 45 civil cases filed by RCOM in various High Courts against various parties relating to money recovery and civil disputes. The cases are currently pending before the courts and are at various stages of adjudication. The aggregate amount involved in these cases is approximately Rs. 375.79 million.

#### *Tax cases*

There are eight cases filed by RCOM in various High Courts with respect to tax assessment and payment. These cases are at various stages of adjudication and the aggregate amount involved in these cases is approximately Rs. 73.64 million.

#### *Regulatory Cases*

##### *Cases before the Supreme Court of India*

1. RCOM has filed an appeal before the Supreme Court of India against the Department of Telecommunications which had imposed a penalty of Rs. 1,500 million on RCOM for alleged violation of license conditions in relation to Home Country Direct services. TDSAT upheld the imposition of penalty by DoT. The aforesaid amount has been paid by way of deposit to DoT. The case is listed for hearing and the amount involved in this case is Rs. 1,500 million.
2. RCOM has filed an appeal before the Supreme Court of India against TRAI against a TDSAT judgement and order. RCOM had filed a petition before the TDSAT challenging the levy of transit charge of Rs. 0.19 by BSNL on RCOM for accessing CellOne subscribers. The Cellular Operators have already obtained a relief with respect to transit charges from TDSAT by an order earlier. The matter is pending in the Supreme Court of India. The only issue pending relates to refund for the period from the order to the date of implementation of agreement for direct connectivity.

##### *Cases before TDSAT*

1. RCOM has filed a reconciliation petition against BSNL in TDSAT for compliance with the provisions of the Interconnect Agreement regarding reconciliation of bills. The matter is pending.
2. RCOM has filed a reconciliation petition against BSNL in TDSAT challenging the circular issued by BSNL inter alia amending and modifying Clauses 7.6.0 to 7.6.3 of the Interconnect Agreement entered into between the parties.
3. RCOM has filed a petition against BSNL in TDSAT against the judgement, inter alia seeking implementation of the judgement and order given by TDSAT on the issue of charges for passive links passed in favour of RCOM. The amount involved in this case is Rs. 20 million.
4. There are two limitation petitions filed by RCOM against BSNL and MTNL in TDSAT in relation to cases pending before TDSAT on Home Country Direct services. The cases have been adjourned to a later date and the amounts involved in these cases are Rs. 3,190 million and Rs. 3,400 million respectively. Both BSNL and MTNL have filed transfer petitions before the Supreme Court.

5. RCOM has filed a petition against BSNL seeking interim relief against disconnection notices issued by BSNL's Kerala Unit. The amount involved in this case is Rs. 9.65 million.
6. RCOM has filed a petition against allocation of spectrum in excess of the license mandated quantum to the existing private GSM Operators and seeking to reclaim the excess already allocated and further to stop issuing any additional spectrum to the existing private GSM Operator.
7. RCOM has filed a petition against the Government of India seeking a direction inter alia to direct the respondent i.e., DOT to amend the UAS licenses in pursuance of in-principle approval dated October 18, 2007, issued to RCOM in respect of six service areas.
8. A petition has been filed against BSNL on the issue of quantification of payable amount by each party in accordance with Supreme Court Judgment in FWP case.
9. RCOM has filed a petition against the Government of India and the DOT in relation to license fee and spectrum charges charged by DOT. RCOM has sought to set aside the letter dated November 5, 2008 issued by the DOT and a direction requiring DOT to recalculate the license fee and spectrum charges in consonance with the definition of AGR determined by TDSAT in its order dated August 30, 2007.
10. RTL has filed a petition before the TDSAT against the Government of India seeking a direction against DOT to recalculate the license fee and spectrum charges in consonance with the definition of AGR determined by the TDSAT in its order dated August 30, 2007.

#### *Tower Cases*

There are 245 cases filed by RTL against different defendants with respect to disputes pertaining to tower construction for base transmitter station, various municipal taxes and deficiency of stamp duty. The aggregate amount involved in these cases is approximately Rs. 22.25 million and are at various stages of adjudication. In most of these cases, Reliance Infocomm Limited, Reliance Communications Limited, Reliance Industries Limited and Reliance Infratel Limited have also filed the case with RTL.

### **Reliance Communications Infrastructure Limited**

#### *Cases filed against Reliance Communications Infrastructure Limited*

##### *Civil Cases*

1. There are 56 civil cases filed against RCIL (in some of the cases, the Manager, Managing Director, Chief Managing Director, Chairman of RCIL have been made parties) in the different civil courts relating to money recovery and civil disputes. The cases are currently pending before the court and are at various stages of adjudication. These cases involve an amount of Rs. 14.76 million.

##### *Consumer Cases*

1. There are 340 cases filed against RCIL (in some of the cases, the Manager, Managing Director, Chief Managing Director, Chairman of RCIL have been made parties) in various District Consumer Dispute Resolution Fora. The cases relate to deficiency of service by RCIL and involve an amount of Rs. 28.34 million. (In some of these cases, Mr. Anil Dhirubhai Ambani has also been made a party to the dispute).
2. There is 27 appeal cases filed against RCIL in State Consumer Dispute Resolution Commission. The aggregate amount involved in these cases is Rs. 1.8 million and the matters are at the stage of adjudication.

##### *Tax Cases*

Ten cases have been filed against RCIL in various High Courts with respect to tax assessment and payment.

This case is at the stage of hearing and involves an amount involved in the case is variable depending upon the decision of the court.

#### *Criminal Cases*

There are 28 criminal cases are filed against RCIL in criminal court against various other parties on grounds of fraud and cheating. There is no financial implication in any of these cases.

#### *Tower Cases*

There are 114 tower related cases pending against RCIL in various courts with respect to disputes pertaining to construction of base transmission stations, rent issues, landlord's family disputes, neighbour's problems, radiation issue, various municipal taxes and deficiency of stamp duty. These cases are at various stages of adjudication and financial implications are Rs. 9.87 million.

#### *Company Cases*

M/s. Gangadhar Developers Private Limited has filed a company petition before the High Court of Bombay against RCIL for alleged non-payment of rents. Petitioner has claimed an amount of Rs. 3.09 million as outstanding from RCIL. The Petitioner has also sought the winding up of RCIL in accordance with the provisions of the Companies Act. The matter is currently pending and is posted on October 8, 2009.

#### *Labour cases*

There are 12 cases filed against RCIL in various labour tribunals with respect to various labour issues pending at various stages of adjudication. These cases involve an amount of Rs. 3.86 million.

#### *High Court Cases*

There are 18 civil cases filed against RCIL in various High Courts in relation to recovery of money and other civil disputes. The cases are currently pending before the court and are at various stages of adjudication. The aggregate amount involved in these cases is Rs. 2.11 million.

#### ***Cases filed by Reliance Communications Infrastructure Limited***

##### *Cases filed under Section 138, Negotiable Instruments Act, 1881*

There are 9,970 cases filed by RCIL under Section 138, Negotiable Instruments Act, 1881 against various defendants which relate to dishonour of cheques received by RCIL towards payment of bill amounts. These cases involve an amount of Rs. 57.13 million. These cases are at various stages of adjudication.

#### *Consumer Cases*

There are 67 cases where appeals have been filed by RCIL in State Consumer Dispute Resolution Commissions against the orders of the Consumer Dispute Resolution Fora. The aggregate amount involved in these cases is Rs. 1.70 million. These cases are currently pending before the State Commission.

#### *Civil Cases*

There are 65 civil cases filed by RCIL in various civil courts relating to recovery of dues and involve an amount of Rs. 3.39 million. The cases are at various stages of adjudication.

#### *Criminal Cases*

There are 784 criminal cases filed by RCIL in various criminal courts against various other parties on grounds of fraud and cheating. The cases involve an amount of Rs. 22.32 million and are at various stages of adjudication.

#### *Tax Cases*

There are 10 cases filed by RCIL in various High Courts with respect to tax assessment and payment. These cases are at various stages of adjudication and involve an amount of Rs. 1,425.33 million.

#### *Cases before the Supreme Court and High Courts*

RCIL has filed two cases in the Supreme Court and 17 civil cases in various High Courts against various parties relating to money recovery and civil disputes. The cases are currently pending before the courts and are at various stages of adjudication. The aggregate amount involved in these cases is Rs. 15.96 million.

#### **Cases involving Group Companies**

##### **Reliance Globalcom Limited**

Five class action complaints have been filed against FLAG Telecom Holdings Limited ("FTHL") and some of its past and present officers, by FTHL's shareholders on behalf of a class of those who purchased FTHL's stock in the United States District Court for the Southern District of New York. A sixth action was filed in the same court against certain past and present officers and directors of FTHL, Salomon Smith Barney Inc. and Verizon Communications Inc. All these actions have now been consolidated by order of the Court. FLAG Telecom Holdings Limited has been merged with Reliance Globalcom Limited. The matters are currently pending.

##### **Reliance Globalcom (UK) Limited**

Cityhook Limited and Cityhook (Cornwall) Limited ("Cityhook") commenced a private action in the Chancery Division of the High Court against number of defendants (from UKCPC and otherwise), including the Reliance Global (UK) Limited and FLAG Atlantic UK Limited alleging an infringement of Article 81(1) EC Treaty and/or the Chapter I prohibition of the Competition Act 1998. This action was stayed by the High Court, pending the outcome of the proceedings before the Competition Appeals Tribunal ("CAT"), initiated by Cityhook against Office of Fair Trading ("OFT") for closing the investigation on a complaint filed by Cityhook against Reliance Globalcom (UK) Limited alleging infringements of the Competition Act by members of the UK Cable Protection Committee ("UKCPC") and others. The CAT upheld the decision of OFT to close the investigation on administrative reasons, against which the Cityhook filed an appeal before the Administrative Court. The Administrative Court also upheld OFT's decision to close the investigation. The action before the High Court is currently pending.

##### **FLAG Atlantic (USA) Limited**

Licolen Creese and Dahlia Creese in the year 2001, brought an action in the New York Supreme Court against KeySpan Generation and FLAG Atlantic (USA) Limited ("FLAG-AUL") asserting construction related personal injury claims against KeySpan Generation, alleging damages in the amount of US\$5,500,000. On December 12, 2005, KeySpan Generation brought a third-party action against FLAG-AUL, alleging that FLAG-AUL owes KeySpan Generation full indemnification obligations pursuant to a ground lease which FLAG-AUL and KeySpan Generation LLC had entered into in 2000 (the "Island Park Ground Lease"). On February 1, 2006, FLAG-AUL brought a cross-claim against KeySpan Energy, alleging that KeySpan Energy owes FLAG-AUL full indemnification obligations pursuant to a design and build agreement that FLAG-AUL and KeySpan Energy entered into in 2000 (the "Island Park D&B Agreement"). In 2007, KeySpan acknowledged its indemnification obligation to FLAG-AUL and accordingly has substituted FLAG-AUL's counsel with KeySpan's counsel for defending the action brought by Lincoln Creese and Dahlia Creese. This action is currently pending.

##### **Reliance FLAG Telecom Ireland Limited**

SAIF Holding Limited ("SAIF") filed a petition in the Islamabad Court against Reliance FLAG Telecom Ireland Limited ("FTIL") claiming payments from FTIL under a one year letter agreement between FTIL and SAIF which was extended after the term by an unauthorised employee of FTIL. FTIL has withheld payment of the commission to SAIF on the basis that the agreement was extended by an unauthorised employee of FTIL. FTIL challenged the jurisdiction of the Pakistani Court in the matter, which was dismissed by the court. FTIL has filed an appeal against the decision of the Islamabad Court on the jurisdiction and has also filed a motion to obtain a stay order with regards to the main case until the appeal for challenging the jurisdiction is reviewed and ruled upon. The matter is currently pending.

### **FLAG Telecom Network USA Limited**

FLAG Telecom Network USA Limited (“FTNUSA”) has initiated a lawsuit in the New York Supreme Court for Nassau County against the City of Long Beach, New York (“CLB”). The lawsuit arises from an incident in which the CLB employees and contractors, tasked with removing excess sand from under the Long Beach boardwalk, hit the FLAG Atlantic-1 Cable with a front loader, thereby damaging the cable and causing much of the network equipment at its Island Park, New York landing station to cease to function properly. FTNUSA has asserted a claim of negligence and has claimed the cost of the repairs resulting therefrom, of between US\$150,000 and US\$167,000. The matter is currently pending.

### **Vanco GMBH**

Martin Maurer has filed a case before Hessisches Landesarbeitsgericht, against Vanco GMBH claiming 100% of the contractual compensation. Martin Maurer is an employee of Vanco and has made the claim stating that he was not provided a plan and hence was not aware of his targets. The amount involved in the matter is €53,333. The matter is currently pending.

### **Vanco SAS**

Nicolas Darmayan has filed a case before Conseil des Prud'hommes, against Vanco SAS claiming damages for termination of service. Mr. Darmayan was an employee of Vanco SAS between 2004 and 2007, whose services was terminated in 2007 due to general dissatisfaction. The amount involved in the matter is €25,000. The matter is currently pending.

### **Vanco US LLC**

1. Beall has filed a case before the United States District Court of Illinois alleging breach of contract, violation of the Illinois Unfair and Deceptive Trade Practices Act and fraud and has sought damages and declaratory relief from the court. The case is in relation to a packaged network solutions agreement (the “Agreement”), wherein Vanco UK Limited had agreed to provide Beall with a managed data network, centralized Internet access and managed firewall services and related equipment. Beall has filed the case stating that Vanco US LLC failed to install the network and perform its obligation pursuant to the Agreement. The amount involved in the case is \$2,141,486.23. The matter is currently pending.
2. Vanco US LLC has filed a case before the Illinois State Court against Brinks seeking breach of contracts damages. The amount involved in the case is \$1.5 million. The matter is currently pending.

### **Vanco UK Limited**

An engagement letter was signed between Vanco UK Limited (on behalf of Vanco plc) and KPMG for research and development services. KPMG has raised a claim of £114,333.38 in relation to the services rendered. Vanco UK Limited has taken a stand that Vanco plc is liable for the payment of fees to KPMG, however, KPMG alleges liability on the part of Vanco UK Limited for the payment of the same. This matter is a potential claim/litigation against Vanco UK Limited.

Except as stated above, there are no outstanding litigations involving any of the Group Companies.

### **Material Developments since the last balance sheet date**

1. The certified copy of the order of the High Court of Bombay, sanctioning the scheme of arrangement between RCOM and our Company for the demerger of the Optic Fibre Undertaking of RCOM into our Company was received on September 14, 2009. The said order was filed with the Registrar of Companies, Maharashtra on September 15, 2009, whereupon the OFC Demerger Scheme has become effective.
2. The Company has issued 15 million 8.00% non-convertible non-cumulative redeemable preference shares of Rs. 10 each at a price of Rs. 1000 (including the premium of Rs. 990) per preference share, aggregating to Rs. 15,000 million. The preference shares are redeemable at the end of 20 years from the date of allotment, at a premium giving an yield of 8.85% on the face value plus premium paid at the

time of application. The preference shareholders have an option to seek redemption anytime after the date of allotment by giving not less than 3 months' advance notice to the Company.

3. Pursuant to the resolution passed by our shareholders at the EGM held on September 15, 2009, our Equity Share capital was altered by consolidating two equity shares of the face value of Rs. 5 each to one equity shares of the face value of Rs. 10 per share.
4. Pursuant to the resolution passed by our shareholders at the EGM held on September 15, 2009, the Company has on September 19, 2009, issued and allotted 997,550,667 Equity Shares in the ratio of five Equity Shares for every two Equity Shares held, as bonus shares by capitalisation of the sum standing to the credit of securities premium account/reserves/profit and loss account.

## GOVERNMENT APPROVALS

On the basis of the list of approvals below, we are permitted to carry on our business activities. We have also applied to the concerned governmental authorities for approvals as required to be obtained to continue our activities.

### *Incorporation Details*

- Certificate of Incorporation as Reliance Communications Rajasthan Private Limited dated April 16, 2001 under the Companies Act.
- Fresh Certificate of Incorporation issued by Deputy Registrar of Companies, Mumbai for change of name from Reliance Communications Rajasthan Private Limited to Reliance Communications Rajasthan Limited dated June 18, 2004.
- Fresh Certificate of Incorporation issued by Deputy Registrar of Companies, Mumbai for change of name from Reliance Communications Rajasthan Limited to Reliance Telecom Infrastructure Limited dated October 11, 2006.
- Fresh Certificate of Incorporation issued by Deputy Registrar of Companies, Mumbai for change of name from Reliance Telecom Infrastructure Limited to Reliance Infratel Limited dated January 4, 2008.

### *Business Related Approvals*

- Our Company is registered with the Government of India, Ministry of Communication and IT, Department of Telecommunications, as Infrastructure Provider Category I (IP-1) No. 144/2007 to establish and maintain the assets, i.e., dark fibres, right of way, duct space, co-location space and power (AC/DC) and tower, to grant on lease/rent/sale basis to the licensees of the telecommunication services under Section 4 of the Indian Telegraph Act, 1885 on mutually agreed terms and conditions.
- The key licenses and approvals required for the setting up and operation of the passive infrastructure facility – tower business, required to be obtained by us are set out below.
  - (a) Site clearance from SACFA/WPC;
  - (b) Additional antenna clearance from SACFA;
  - (c) Airport Authority Clearance (if applicable);
  - (d) Structural stability certification of RTT from authorised architects/ civil engineers;
  - (e) Municipal Corporation, Gram Panchayat or Industrial Development Corporation (or the relevant local body as applicable) for site erection;
  - (f) Clearance from the relevant housing society for erection of RTT;
  - (g) Pollution control approval for deployment of diesel generator;
  - (h) Diesel generator running clearance from respective State Electricity Authorities; and
  - (i) No Objection Certificate for electrical load for site

Most of the required approvals for the existing sites as of the April 10, 2007 are still in the name of RCOM or RTL and we are in the process of transferring these approvals in the name of our Company. See “Risk Factors - We face certain risks associated with the Demerger Schemes” on page xx of this Draft Red Herring Prospectus.

- We require approval for Right of Way for the purpose of setting up the passive infrastructure facility – optic fibre business.

Most of the required approvals for the OFC Business as of the September 15, 2009 are still in the name of certain subsidiaries of RCOM and we are in the process of transferring these approvals in the name of our Company. See “Risk Factors - We face certain risks associated with the Demerger Schemes” on page xx of this Draft Red Herring Prospectus.



### ***Tax Related Approvals***

- Service Tax Code Number AACCR0181QST001 and Location Code SC0500 issued to RTIL by the Office of the Assistant Deputy Commissioner of Service Tax Division, Mumbai on July 27, 2007;
- Certificate of Importer Exporter Code (IEC) bearing IEC Number 0306085470 issued by the Office of Joint Director General of Foreign Trade, Ministry of Commerce, Government of India on March 3, 2007;
- Taxpayers Identification Number (TIN) under the Maharashtra Value Added Tax Act 2002/ Central Sales Tax Act 1956 is 27280598478 with effect from March 29, 2007;
- EPCG Authorisation Number 0334018741 dated January 9, 2008 to avail the benefits under the 5% EPCG Scheme; and
- Permanent Account Number AACCR0181Q.

### ***Approvals for the Issue***

- In-principle approval from the National Stock Exchange of India Limited dated [●]; and
- In-principle approval from the Bombay Stock Exchange Limited dated [●].

## OTHER REGULATORY AND STATUTORY DISCLOSURES

### Authority for the Issue

The Issue has been authorised by circular resolution of our Board dated September 10, 2009, subject to the approval by the shareholders of our Company under Section 81 (1A) of the Companies Act.

The shareholders have authorised the Issue by a special resolution passed pursuant to Section 81(1A) of the Companies Act at the EGM of our Company held on September 15, 2009.

### Prohibition by SEBI and RBI

Our Company, Promoters, Promoter Group, Directors, Group Entities, natural persons in control of our corporate promoters, have not been prohibited from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI or any other authorities.

Our Directors are not in any manner associated with the securities market and there has been no action taken by the SEBI against any of our Directors or any entity our Directors are involved in as promoters or directors.

Neither our Company, our Promoters or their relatives (as defined in the Companies Act), Group Entities, nor our Directors, have been detained as willful defaulters by the RBI or any other government authorities. There are no violations of securities laws committed by any of them in the past or pending against them.

### Eligibility for the Issue

Our Company is eligible for the Issue in accordance with Clause 26(2) of the SEBI Regulations, which states as follows:

*“2. An issuer not satisfying any of the conditions stipulated in sub-regulation (1) may make an initial public offer if:*

- (a) (i) the issue is made through the book building process and the issuer undertakes to allot at least fifty per cent. of the net offer to public to qualified institutional buyers and to refund full subscription monies if it fails to make allotment to the qualified institutional buyers; or*
  - (ii) at least fifteen per cent. of the cost of the project is contributed by scheduled commercial banks or public financial institutions, of which not less than ten per cent. shall come from the appraisers and the issuer undertakes to allot at least ten per cent. of the net offer to public to qualified institutional buyers and to refund full subscription monies if it fails to make the allotment to the qualified institutional buyers;*
- (b) (i) the minimum post-issue face value capital of the issuer is ten crore rupees; or*
  - (ii) the issuer undertakes to provide market-making for at least two years from the date of listing of the specified securities, subject to the following:*
    - (A) the market makers offer buy and sell quotes for a minimum depth of three hundred specified securities and ensure that the bid-ask spread for their quotes does not, at any time, exceed ten per cent.;*
    - (B) the inventory of the market makers, as on the date of allotment of the specified securities, shall be at least five per cent. of the proposed issue.*

We are an unlisted company not complying with the conditions specified in Clause 26(1) of the SEBI Regulations and are therefore required to meet both the conditions detailed in Clause 26(2)(a) and Clause 26(2)(a) of the SEBI Regulations.

- We are complying with Clause 26(2)(a) of the SEBI Regulations and at least 60% of the Issue are proposed to be allotted to QIBs (in order to comply with the requirements of Rule 19(2)(b) of the SCRR) and in the event we fail to do so, the full subscription monies shall be refunded to the Bidders.
- We are also complying with Clause 26(2)(b)(i) of the SEBI Regulations and the post-issue face value capital of our Company shall be Rs. 15,252.7 million which is more than the minimum requirement of Rs.

10 crore (Rs. 100 million).

Hence, we are eligible for the Issue under Clause 26(2) of the SEBI Regulations.

Further, we shall ensure that the number of prospective allottees to whom the Equity Shares will be allotted shall not be less than 1,000; otherwise the entire application money will be refunded forthwith. In case of delay, if any, in refund our Company shall pay interest on the application money at the rate of 15% per annum for the period of delay.

Further, the Issue is subject to the fulfillment of the following conditions as required by Rule 19(2)(b) SCRR:

- A minimum 2,000,000 Equity Shares (excluding reservations, firm Allotments and promoters contribution) are offered to the public;
- The Net Issue size, which is the Issue Price multiplied by the number of Equity Shares offered to the public, is a minimum of Rs. 1,000 million; and
- The Issue is made through the Book Building method with 60% of the Net Issue size allocated to QIBs as specified by SEBI

#### **Disclaimer Clause**

**AS REQUIRED, A COPY OF THE DRAFT RED HERRING PROSPECTUS HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE DRAFT RED HERRING PROSPECTUS TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGERS HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED ISSUE.**

**IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT RED HERRING PROSPECTUS, THE BOOK RUNNING LEAD MANAGERS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGERS, HAVE FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED SEPTEMBER 24, 2009 WHICH READS AS FOLLOWS:**

**WE, THE LEAD MERCHANT BANKER(S) TO THE ABOVE MENTIONED FORTHCOMING ISSUE, STATE AND CONFIRM AS FOLLOWS:**

- 1. WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIAL IN CONNECTION WITH THE FINALISATION OF THE DRAFT RED HERRING PROSPECTUS (IN CASE OF A BOOK BUILT ISSUE) / DRAFT PROSPECTUS (IN CASE OF A FIXED PRICE ISSUE) / LETTER OF OFFER (IN CASE OF A RIGHTS ISSUE) PERTAINING TO THE SAID ISSUE;**
- 2. ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE ISSUER, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE ISSUER, WE CONFIRM THAT:**

- (A) THE DRAFT RED HERRING PROSPECTUS FILED WITH THE BOARD IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;
- (B) ALL THE LEGAL REQUIREMENTS RELATING TO THE ISSUE AS ALSO THE REGULATIONS GUIDELINES, INSTRUCTIONS, ETC. FRAMED/ISSUED BY THE BOARD, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND
- (C) THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1956, THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 AND OTHER APPLICABLE LEGAL REQUIREMENTS.
3. WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH THE BOARD AND THAT TILL DATE SUCH REGISTRATION IS VALID.
4. WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS.
5. WE CERTIFY THAT WRITTEN CONSENT FROM PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SPECIFIED SECURITIES AS PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE SPECIFIED SECURITIES PROPOSED TO FORM PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED / SOLD / TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT RED HERRING PROSPECTUS WITH THE BOARD TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS.
6. WE CERTIFY THAT REGULATION 33 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, WHICH RELATES TO SPECIFIED SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS/DRAFT PROSPECTUS.
7. WE UNDERTAKE THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE. WE UNDERTAKE THAT AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO THE BOARD. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE ISSUER ALONG WITH THE PROCEEDS OF THE PUBLIC ISSUE. NOTED FOR COMPLIANCE.
8. WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE ISSUER FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE ISSUER AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION.

9. WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB-SECTION (3) OF SECTION 73 OF THE COMPANIES ACT, 1956 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE PROSPECTUS. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE ISSUER SPECIFICALLY CONTAINS THIS CONDITION. NOTED FOR COMPLIANCE.
10. WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE. NOT APPLICABLE.
- AS THE OFFER SIZE IS MORE THAN 10 CRORES, HENCE UNDER SECTION 68B OF THE COMPANIES ACT, 1956, THE EQUITY SHARES ARE TO BE ISSUED IN DEMAT ONLY.
11. WE CERTIFY THAT ALL THE APPLICABLE DISCLOSURES MANDATED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE IN ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION.
12. WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS:
- (A) AN UNDERTAKING FROM THE ISSUER THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE ISSUER AND
- (B) AN UNDERTAKING FROM THE ISSUER THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY THE BOARD FROM TIME TO TIME.
13. WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WHILE MAKING THE ISSUE.
14. WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OR THE ISSUER, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTERS EXPERIENCE, ETC.
15. WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE DRAFT RED HERRING PROSPECTUS WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY.

The filing of the Draft Red Herring Prospectus does not, however, absolve the Company from any liabilities under Section 63 or Section 68 of the Companies Act or from the requirement of obtaining such statutory and/or other clearances as may be required for the purpose of the proposed issue. SEBI further reserves the right to take up at any point of time, with the Book Running Lead Managers, any irregularities or lapses in the Draft Red Herring Prospectus.

**Caution - Disclaimer from the Company, the BRLMs**

Our Company, our Directors, the BRLMs accept no responsibility for statements made otherwise than in this Draft Red Herring Prospectus or in the advertisements or any other material issued by or at our instance and anyone placing reliance on any other source of information, including our web site [www.ritl.co.in](http://www.ritl.co.in), would be doing so at his or her own risk.

The BRLMs accept no responsibility, save to the limited extent as provided in the MOU entered into between the BRLMs and us and the Underwriting Agreement to be entered into between the Underwriters and our Company.

All information shall be made available by us, the BRLMs to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports, at bidding centres or elsewhere.

Neither us nor the Syndicate is liable for any failure in downloading the Bids due to faults in any software/hardware system or otherwise.

Investors that bid in the Issue will be required to confirm and will be deemed to have represented to the Company, the Underwriters and their respective directors, officers, agents, affiliates, and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of the Company and will not Issue, sell, pledge, or transfer the Equity Shares of the Company to any person who is not eligible under any applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of the Company. The Company, the Underwriters and their respective directors, officers, agents, affiliates, and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares of the Company.

The BRLMs and their respective associates and affiliates may engage in transactions with, and perform services for, the Company and their respective group companies, affiliates or associates or third parties in the ordinary course of business and have engaged, or may in future engage, in commercial banking and investment banking transactions with the Company and their respective group companies, affiliates or associates or third parties, for which they have received, and may in future receive, compensation.

**Disclaimer in respect of Jurisdiction**

This Issue is being made in India to persons resident in India (including Indian nationals resident in India who are not minors, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in shares, Indian Mutual Funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), or trusts under applicable trust law and who are authorised under their constitution to hold and invest in shares, permitted insurance companies and pension funds) and to FIIs, eligible NRIs and other eligible foreign investors (viz. FVCIs, multilateral and bilateral development financial institutions). This Draft Red Herring Prospectus does not, however, constitute an invitation to purchase shares offered hereby in any jurisdiction other than India to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Draft Red Herring Prospectus comes is required to inform himself or herself about, and to observe, any such restrictions. Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in Mumbai, India only.

No action has been, or will be, taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that this Draft Red Herring Prospectus has been filed with SEBI for its observations and SEBI shall give its observations in due course. Accordingly, the Equity Shares represented thereby may not be offered or sold, directly or indirectly, and this Draft Red Herring Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Draft Red Herring Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of our Company since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

**The Equity Shares have not been and will not be registered under the US Securities Act of 1933, as amended, (the “Securities Act”) or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, “U.S. persons” (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares are only being offered and sold (i) in the United States to “qualified institutional buyers”, as defined in Rule 144A of the Securities Act in reliance on Rule 144A under the Securities Act, and (ii) outside the United States to certain persons in offshore transactions in compliance with Regulation S under the Securities Act.**

**The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.**

#### **Disclaimer Clause of BSE**

As required, a copy of the Draft Red Herring Prospectus had been submitted to BSE. BSE has given vide its letter dated [●], permission to the Company to use BSE’s name in the Draft Red Herring Prospectus as one of the stock exchanges on which the Company’s further securities are proposed to be listed. BSE has scrutinized the Draft Red Herring Prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to the Company. BSE does not in any manner:

- Warrant, certify or endorse the correctness or completeness of any of the contents of the Draft Red Herring Prospectus; or
- Warrant that the Company’s securities will be listed or will continue to be listed on BSE; or
- Take any responsibility for the financial or other soundness of the Company, its promoters, its management or any scheme or project of the Company;

and it should not for any reason be deemed or construed to mean that the Draft Red Herring Prospectus has been cleared or approved by BSE. Every person who desires to apply for or otherwise acquires any securities of the Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against BSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

#### **Disclaimer Clause of the NSE**

As required, a copy of the Draft Red Herring Prospectus had been submitted to NSE. NSE has given vide its letter dated [●] permission to the Company to use the Exchange’s name in this Draft Red Herring Prospectus as one of the stock exchanges on which the Company’s securities are proposed to be listed. The Exchange has scrutinised the Draft Red Herring Prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the Draft Red Herring Prospectus has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of the Draft Red Herring Prospectus, nor does it warrant that the Company’s securities will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of the Company, its promoters, its management or any scheme or project of this Company.

Every person who desires to apply for or otherwise acquires any of the Company’s securities may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against NSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

## **Filing**

A copy of the Draft Red Herring Prospectus has been filed with SEBI at Corporation Finance Department, Plot No.C4-A,'G' Block, Bandra Kurla Complex, Bandra (East), Mumbai 400 051.

A copy of this Draft Red Herring Prospectus, along with the documents required to be filed under Section 60B of the Companies Act, would be delivered for registration to the RoC and a copy of the Prospectus to be filed under Section 60 of the Companies Act would be delivered for registration with RoC at the Office of the Registrar of Companies, Maharashtra, Mumbai.

## **Listing**

Applications have been made to the BSE and NSE for permission to deal in and for an official quotation of our Equity Shares. [●] will be the Designated Stock Exchange with which the Basis of Allotment will be finalized.

If the permissions to deal in and for an official quotation of our Equity Shares are not granted by any of the Stock Exchanges mentioned above, our Company will forthwith repay, without interest, all moneys received from the applicants in pursuance of this Draft Red Herring Prospectus. If such money is not repaid within eight days after our Company becomes liable to repay it, i.e. from the date of refusal or within 70 days from the Bid/Issue Closing Date, whichever is earlier, then the Company and every Director of the Company who is an officer in default shall, on and from such expiry of 8 days, be liable to repay the money, with interest at the rate of 15% per annum on application money, as prescribed under Section 73 of the Companies Act.

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges mentioned above are taken within 7 working days of finalisation of the Basis of Allotment for the Issue.

## **Impersonation**

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68 A of the Companies Act, which is reproduced below:

*“Any person who:*

- (a) makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or*
- (b) otherwise induces a company to allot, or register any transfer of shares, therein to him, or any other person in a fictitious name,*

*shall be punishable with imprisonment for a term which may extend to five years.”*

## **Consents**

Consents in writing of: (a) the Directors, the Company Secretary and Compliance Officer, the Auditors, the legal advisors, Bankers to the Company and Bankers to the Issue; and (b) Book Running Lead Managers and Syndicate Members, Escrow Collection Bankers, Registrar to the Issue, the Monitoring Agent, Legal Counsel to Issuer and Domestic and International Legal Counsels to the Underwriters and IMI Soft Engineering Private Limited, to act in their respective capacities, will be obtained and will be filed along with a copy of the Red Herring Prospectus with the RoC, as required under Sections 60 and 60B of the Companies Act and such consents shall not be withdrawn up to the time of delivery of the Red Herring Prospectus for registration with the RoC.

M/s Chaturvedi & Shah, Chartered Accountants, and S.R. Batliboi & Co., Chartered Accountants, our statutory auditors, have given their written consent to statement of the tax benefits available to our Company and its members in the form and context in which it appears in this Draft Red Herring Prospectus and such consent has not be withdrawn up to the time of submission of the Draft Red Herring Prospectus with SEBI.



Chaturvedi & Shah, Chartered Accountants, and M/s S.R. Batliboi & Co., our statutory auditors, have given their written consent to the inclusion of their report in the form and context in which it appears in this Draft Red Herring prospectus and such consent and report has not been withdrawn up to the time of submission of the Draft Red Herring Prospectus with SEBI.

[•], the IPO grading agencies engaged by us for the purpose of obtaining IPO grading in respect of this Issue, have given their written consent as experts to the inclusion of their report in the form and context in which they will appear in the Red Herring Prospectus and such consents and reports will not be withdrawn up to the time of delivery of the Red Herring Prospectus and the Prospectus to the Designated Stock Exchange.

### Expert to the Issue

Except the report of [•] in respect of the IPO grading of this Issue annexed herewith and except as stated elsewhere in this Draft Red Herring Prospectus, the Company has not obtained any expert opinions.

M/s. R. B. Shah & Associates, independent chartered engineer and, M/s M. Malpani & Company, independent chartered accountants, have given their written consent to the inclusion of their report in the form and context in which it appears in this Draft Red Herring prospectus and such consent and report shall has not been withdrawn up to the time of submission of the Red Herring Prospectus with SEBI.

### Expenses of the Issue

The total expenses of the Issue are estimated to be approximately Rs. [•] million. The expenses of this Issue include, among others, underwriting and management fees, selling commission, printing and distribution expenses, legal fees, statutory advertisement expenses and listing fees. All expenses with respect to the Issue would be paid by our Company.

The estimated Issue expenses are as under:

Activity	Expense* (Rs. in Million)	Expense* (% of total expenses)	Expense* (% of Issue Size)
Lead merchant bankers	[•]	[•]	[•]
Co-lead merchant bankers, if any	[•]	[•]	[•]
Co-managers, if any	[•]	[•]	[•]
Other merchant bankers	[•]	[•]	[•]
Registrars to the issue	[•]	[•]	[•]
Advisors	[•]	[•]	[•]
Bankers to issues	[•]	[•]	[•]
Trustees for the debt instrument holders	[•]	[•]	[•]
Underwriting commission, brokerage and selling commission	[•]	[•]	[•]
Others, if any (specify)	[•]	[•]	[•]
Total estimated Issue expenses	[•]	[•]	[•]

\* Will be completed after finalisation of the Issue Price.

### Fees Payable to the Syndicate

The total fees payable to the Syndicate will be as per the Memorandum of Understanding with the BRLMs, a copy of which is available for inspection at our registered office.

### Fees Payable to the Registrar to the Issue

The fees payable by our Company to the Registrar to the Issue for processing of application, data entry, printing of CAN/refund order, preparation of refund data on magnetic tape, printing of bulk mailing register will be as the per the MOU between our Company and the Registrar to the Issue dated January 28, 2008.

The Registrar to the Issue will be reimbursed for all out of pocket expenses including cost of stationery, postage, stamp duty, and communication expenses. Adequate funds will be provided to the Registrar to the Issue to

enable them to send refund orders or Allotment advice by registered post/speed post/under certificate of posting.

#### **Underwriting commission, brokerage and selling commission on Previous Issues**

Since this is the initial public offer of the Company, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of our Equity Shares since our inception.

#### **Previous capital issue during the previous three years by listed group companies, subsidiaries and associates of the Company**

None of the group companies, associates and subsidiaries of the Company are listed on any stock exchange.

#### **Promise vis-à-vis objects – Public/ Rights Issue of the Company and/ or listed group companies, subsidiaries and associates of the Company**

The Company has not undertaken any previous public or rights issue.

#### **Previous issues of shares otherwise than for cash**

Except as stated in the section titled “Capital Structure” on page 28 of the Draft Red Herring Prospectus, we have not made any previous issues of shares for consideration otherwise than for cash.

#### **Outstanding Debentures, Bond Issues, or Preference Shares**

We have not issued any redeemable preference shares. For more details in relation to the same, see the section “Capital Structure” on page 28 of this Draft Red Herring Prospectus.

We have no debentures or bonds outstanding.

#### **Stock Market Data for our Equity Shares**

This being an initial public offering of our Company, the Equity Shares of our Company are not listed on any stock exchange.

#### **Mechanism for Redressal of Investor Grievances**

The agreement between the Registrar to the Issue and our Company will provide for retention of records with the Registrar to the Issue for a period of at least one year from the last date of despatch of the letters of allotment, demat credit and refund orders to enable the investors to approach the Registrar to the Issue for redressal of their grievances.

All grievances relating to the Issue may be addressed to the Registrar to the Issue, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and the bank branch or collection centre where the application was submitted.

#### **Disposal of Investor Grievances**

The Company estimates that the average time required by the Company, or the Registrar to the Issue for the redressal of routine investor grievances shall be 10 working days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, the Company will seek to redress these complaints as expeditiously as possible.

The Company has appointed an Investors’ Grievance Committee comprising Mr. S. P. Talwar, Chairman, Mr. Anil D. Ambani and Mr. E.B. Desai as members.

We have also appointed Mr. Anil C Shah, Company Secretary of our Company as the Compliance Officer for this Issue and he may be contacted in case of any pre-Issue or post-Issue related problems, at the following address:

**Mr. Anil C. Shah**  
H Block, 1st Floor  
Dhirubhai Ambani Knowledge City  
Navi Mumbai 400 710  
Maharashtra  
Tel: (91 22) 3038 6286  
Fax: (91 22) 3037 6622  
Email: ritl.investors@relianceada.com

#### **Changes in Auditors in the last three years**

<b>Statutory Auditors</b>	<b>From</b>	<b>To</b>
M/s. Pathak H. D. & Associates	since incorporation	February 02, 2007
M/s. Chaturvedi & Shah	February 02, 2007	Till date
M/s. S. R. Batliboi & Co.*	October 30, 2007	Till date

\* Joint Statutory Auditors along with M/s. Chaturvedi & Shah

#### **Mechanism for Redressal of Investor Grievances by Companies under the same management**

See “Our Promoters and Group Companies” on page 113 of this Draft Red Herring Prospectus.

#### **Capitalisation of Reserves or Profits**

Our Company has not capitalised our reserves or profits during the last five years, except as stated in the section titled “Capital Structure” on page 28 of this Draft Red Herring Prospectus.

#### **Revaluation of Assets**

The Company has not revalued our assets in the last five years.

#### **Servicing Behaviour**

There has been no default in payment of statutory dues or of interest or principal in respect of our borrowings or deposits.

#### **Payment or benefit to officers of our Company**

Except statutory benefits upon termination of their employment in our Company or superannuation, no officer of our Company is entitled to any benefit upon termination of his employment in our Company or superannuation.

None of the beneficiaries of loans and advances and sundry debtors are related to the Directors of the Company.

#### **Interest of Promoters and Directors**

For details, see “Our Promoters and Group Companies” and “Our Management” on pages 113 and 102 of this Draft Red Herring Prospectus, respectively.

## **SECTION VII: ISSUE INFORMATION**

### **TERMS OF THE ISSUE**

The Equity Shares being issued are subject to the provisions of the Companies Act, our Memorandum and Articles of Association, the terms of the Draft Red Herring Prospectus, this Draft Red Herring Prospectus and the Prospectus, Bid cum Application Form, the Revision Form, the CAN and other terms and conditions as may be incorporated in the Allotment advices and other documents/certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to laws as applicable, guidelines, notifications and regulations relating to the issue of capital and listing of securities issued from time to time by SEBI, the Government of India, Stock Exchanges, RoC, RBI and/or other authorities, as in force on the date of the Issue and to the extent applicable.

#### **Authority for the Issue**

The Issue has been authorised by a circular resolution of our Board dated September 10, 2009 and by special resolution adopted pursuant to Section 81(1A) of the Companies Act, at an extraordinary general meeting of the shareholders of our Company held on September 15, 2009.

#### **Ranking of Equity Shares**

The Equity Shares being issued shall be subject to the provisions of our Memorandum and Articles of Association and shall rank *pari-passu* in all respects with the existing Equity Shares of our Company including rights in respect of dividend. The Allottees in receipt of Allotment of Equity Shares under this Issue will be entitled to dividends and other corporate benefits, if any, declared by the Company after the date of Allotment. For further details, see the section “Main Provisions of the Articles of Association of the Company” on page 251 of this Draft Red Herring Prospectus.

#### **Mode of Payment of Dividend**

We shall pay dividends to our shareholders in accordance with the provisions of the Companies Act.

#### **Face Value and Issue Price**

The face value of the Equity Shares is Rs. 10 each and the Issue Price is Rs. [●] per Equity Share. The Anchor Investor Issue Price is Rs. [●] per Equity Share.

At any given point of time there shall be only one denomination for the Equity Shares.

#### **Compliance with SEBI Regulations**

We shall comply with all disclosure and accounting norms as specified by SEBI from time to time.

#### **Rights of the Equity Shareholder**

Subject to applicable laws, regulations, rules and guidelines and the Memorandum and Articles of Association, the equity shareholders shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a show of hands in person or a poll either in person or by proxy;
- Right to receive annual reports and notices to members;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation;

- Right of free transferability; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act, the terms of the listing agreement executed with the Stock Exchanges, and our Company's Memorandum and Articles of Association.

For a detailed description of the main provisions of our Articles of Association relating to voting rights, dividend, forfeiture and lien, rescission, transfer and transmission and/or consolidation/splitting, see the section titled "Main Provisions of the Articles of Association of the Company" on page 251 of this Draft Red Herring Prospectus.

### **Market Lot and Trading Lot**

In terms of Section 68B of the Companies Act, the Equity Shares shall be allotted only in dematerialised form. As per the SEBI Regulations, the trading of our Equity Shares shall only be in dematerialised form. Since trading of our Equity Shares is in dematerialised form, the tradable lot is one Equity Share. Allotment in this Issue will be only in electronic form in multiples of one (1) Equity Share subject to a minimum Allotment of [•] Equity Shares.

The Price Band and the minimum Bid Lot size for the Issue will be decided by the Company in consultation with the BRLM and advertised in the English language, in the Hindi language and in the Marathi language at least two working days prior to the Bid/Issue Opening Date.

### **Nomination Facility to Investor**

In accordance with Section 109A of the Companies Act, the sole or first Bidder, along with other joint Bidders, may nominate any one person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with Section 109A of the Companies Act, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale/transfer/alienation of Equity Share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at the Registered Office of our Company or to the Registrar and Transfer Agents of our Company.

In accordance with Section 109B of the Companies Act, any Person who becomes a nominee by virtue of provisions of Section 109A of the Companies Act, shall upon the production of such evidence as may be required by the Board, elect either:

- To register himself or herself as the holder of the Equity Shares; or
- To make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with, within a period of 90 days, our Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the allotment of Equity Shares in the Issue will be made only in dematerialised form, there is no need to make a separate nomination with our Company. Nominations registered with respective depository participant of the applicant would prevail. If the investors require to change their nomination, they are requested to inform their respective depository participant.

### **Minimum Subscription**

If the Company does not receive the minimum subscription of 90% of the Issue, including devolvement of underwriters within 60 days from the Bid/Issue Closing Date, the Company shall forthwith refund the entire

subscription amount received. If there is a delay beyond eight (8) days after the Company becomes liable to pay the amount, the Company shall pay interest prescribed under Section 73 of the Companies Act.

If at least 60% of the Issue cannot be allocated to QIBs, then the entire application money will be refunded forthwith.

Further, we shall ensure that the number of prospective allottees to whom Equity Shares will be allotted shall not be less than 1,000.

#### **Jurisdiction**

Exclusive jurisdiction for the purpose of this Issue is with the competent courts/authorities in Mumbai, Maharashtra, India.

**The Equity Shares have not been and will not be registered under the US Securities Act of 1933, as amended, (the “Securities Act”) or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, “U.S. persons” (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares are only being offered and sold (i) in the United States to “qualified institutional buyers”, as defined in Rule 144A of the Securities Act in reliance on Rule 144A under the Securities Act, and (ii) outside the United States to certain persons in offshore transactions in compliance with Regulation S under the Securities Act.**

**The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.**

#### **Application in Issue**

Equity Shares being issued through this Draft Red Herring Prospectus can be applied for in the dematerialised form only.

#### **Withdrawal of the Issue**

The Company, in consultation with the BRLMs, reserves the right not to proceed with the Issue anytime after the Bid/Issue Opening Date. In such an event the Company would issue a public notice in the newspapers, in which the pre-Issue advertisements were published, within two days of the Bid/ Issue Closing, providing reasons for not proceeding with the Issue. The Company shall also inform the Stock Exchanges on which the Equity Shares are proposed to be listed.

## ISSUE STRUCTURE

Issue of 156,000,000 Equity Shares for cash at a price of Rs. [●] per Equity Share (including share premium of Rs. [●] per Equity Share) aggregating to Rs. [●] million. The Issue will constitute 10.05% of the post Issue paid up capital of the Company.

	<b>QIBs<sup>a</sup></b>	<b>Non-Institutional Bidders</b>	<b>Retail Individual Bidders</b>
Number of Equity Shares*	At least [●] Equity Shares must be allocated to QIBs.	Not less than [●] Equity Shares shall be available for allocation.	Not less than [●] Equity Shares shall be available for allocation.
Percentage of Issue Size available for Allotment/allocation	At least 60% of the Net Issue Size being allocated. However, up to 5% of the QIB Portion (excluding the Anchor Investor Portion) shall be available for allocation proportionately to Mutual Funds only.	Not less than 10% of the Issue. The unsubscribed portion in this category will be available for allocation to QIBs and Retail Individual Bidders.*	Not less than 30% of the Issue. The unsubscribed portion in this category will be available for allocation to QIBs and Non Institutional Investors.
Basis of Allotment/Allocation if respective category is oversubscribed	Proportionate (a) [●] Equity Shares shall be available for allocated on a proportionate basis to Mutual Funds; and (b) [●] Equity Shares shall be allotted on a proportionate basis to all QIBs including Mutual Funds receiving allocation as per (a) above.	Proportionate	Proportionate
Minimum Bid	Such number of Equity Shares that the Bid Amount exceeds Rs. 100,000 and in multiples of [●] Equity Shares thereafter.	Such number of Equity Shares that the Bid Amount exceeds Rs. 100,000, net of retail discount as applicable to be adjusted and in multiples of [●] Equity Shares thereafter.	[●] Equity Shares and in multiples of [●] Equity Shares thereafter.
Maximum Bid	Not exceeding the size of the Issue subject to regulations as applicable to the Bidder.	Not exceeding the size of the Issue subject to regulations as applicable to the Bidder.	Such number of Equity Shares per Retail Individual Bidder so as to ensure that the Bid Amount does not exceed Rs. 100,000.
Mode of Allotment	Compulsorily in dematerialised form.	Compulsorily in dematerialised form.	Compulsorily in dematerialised form. ##
Bid/Allotment Lot	[●] Equity Shares in multiples of [●] Equity Shares	[●] Equity Shares in multiples of [●] Equity Shares	[●] Equity Shares in multiples of [●] Equity Shares
Trading Lot	One Equity Share	One Equity Share	One Equity Share
Who can Apply **	Public financial institutions as specified in Section 4A of the	Resident Indian individuals, Eligible NRIs, HUF (in the name	Individuals (including HUFs in the name of <i>karta</i> ) applying for

	<b>QIBs<sup>@</sup></b>	<b>Non-Institutional Bidders</b>	<b>Retail Individual Bidders</b>
	Companies Act, scheduled commercial banks, mutual funds registered with SEBI, FIIs and sub-accounts registered with SEBI other than a sub-account which is a foreign corporate or a foreign individual, venture capital funds registered with SEBI, multilateral and bilateral development financial institutions, foreign venture capital investors registered with SEBI, State Industrial Development Corporations, permitted insurance companies registered with Insurance Regulatory and Development Authority, provident funds with minimum corpus of Rs. 250,000,000 and pension funds with minimum corpus of Rs. 250,000,000 in accordance with applicable law, National Investment Fund set up by Government of India and national investment fund set up by the Government of India	of karta), companies, corporate bodies, scientific institutions, societies, trusts, sub-accounts of FIIs registered with SEBI, which are foreign corporates or foreign individuals.	Equity Shares such that the Bid Amount per retail Individual Bidder does not exceed Rs. 100,000 in value.
Terms of Payment	Margin Amount applicable to QIB Bidders shall be payable at the time of submission of Bid cum Application Form to the Syndicate Members.	Margin Amount applicable to Non-Institutional Bidder shall be payable at the time of submission of Bid cum Application Form to the Syndicate Members.	Margin Amount applicable at the time of submission of the Bid cum Application form depending upon the Payment Method.
Margin Amount	10% of the Bid Amount in respect of Bids placed by QIB Bidder on Bidding.	In case of Bidders opting for Payment Method-1 – Rs. [●] per Equity Share and in case of Bidders opting for Payment Method-2 – Full Bid Amount on Bidding.	In case of Bidders opting for Payment Method-1 – Rs. [●] per Equity Share and in case of Bidders opting for Payment Method-2 – Full Bid Amount on Bidding.

<sup>@</sup> The Company may allocate up to 30% of the QIB Portion to Anchor Investors on a discretionary basis. One-third of the Anchor Investor Portion shall be reserved for domestic mutual funds, subject to valid Bids being received from domestic mutual funds at or above the price at which allocation is being done to Anchor Investors. For further details, please see "Issue Procedure" on page 222 of this Draft Red Herring Prospectus.



Amount Payable per Equity Share	Payment Method-1			Payment Method-2		
	Retail Individual Bidders and Non-Institutional Bidders			Any Category		
	Face Value	Premium	Total	Face Value	Premium	Total
	(per share)					
On Application	2.5	[●]	[●]	10.0	[●] <sup>#</sup>	[●] <sup>#</sup>
By Due Date for Balance Amount Payable	7.5	[●] <sup>#</sup>	[●] <sup>#</sup>	-	-	-
<b>Total</b>	10.0	[●] <sup>#</sup>	[●] <sup>#</sup>	10.0	[●] <sup>#</sup>	[●] <sup>#</sup>

# net of Retail discount, as applicable, to be adjusted.

## At the Cut-Off Price, the maximum number of Equity Shares that can be bid for Retail Individual Bidders is [●].

\* Subject to valid Bids being received at or above the Issue Price. In accordance with Rule 19(2)(b) of the SCRR, this being an Issue for less than 25% of the post-Issue capital, the Issue is being made through the 100% Book Building Process wherein at least 60% of the Issue will be allocated on a proportionate basis to QIBs, out of the QIB Portion (excluding the Anchor Investor Portion) 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allocation on a proportionate basis to QIBs and Mutual Funds, subject to valid Bids being received from them at or above the Issue Price. If at least 60% of the Issue cannot be allocated to QIBs, then the entire application money will be refunded forthwith. However, if the aggregate demand from Mutual Funds is less than [●] Equity Shares, the balance Equity Shares available for Allotment in the Mutual Fund Portion will be added to the QIB Portion and allocated proportionately to the QIB Bidders in proportion to their Bids. Further, not less than 10% of the Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 30% of the Issue will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.

Under-subscription, if any, in the categories except the QIB Portion, would be allowed to be met with spill-over from any other category or combination of categories at the discretion of our Company in consultation with the BRLMs and the Designated Stock Exchange. If at least 60% of the Issue is not allocated to QIBs, the entire application monies shall be refunded.

\*\* In case the Bid cum Application Form is submitted in joint names, the investors should ensure that the demat account is also held in the same joint names and are in the same sequence in which they appear in the Bid cum Application Form.

## Withdrawal of the Issue

The Company, in consultation with the BRLMs, reserves the right not to proceed with the Issue anytime after the Bid/Issue Opening Date but before the Allotment of Equity Shares. In such an event the Company would issue a public notice in the newspapers, in which the pre-Issue advertisements were published, within two days of the Bid/ Issue Closing, providing reasons for not proceeding with the Issue. The Company shall also inform the Stock Exchanges on which the Equity Shares are proposed to be listed.

## Bid/Issue Programme

<b>BID/ISSUE OPENS ON</b>	<b>[●], 2009*</b>
<b>BID/ISSUE CLOSES ON</b>	<b>[●], 2009</b>

\* The Anchor Investor Bid/ Issue Period shall be one day prior to the Bid/ Issue Opening Date.

Bids and any revision in Bids shall be accepted **only between 10.00 a.m. and 5.00 p.m.** (Indian Standard Time) during the Bidding Period as mentioned above at the bidding centres mentioned on the Bid cum Application Form **except that on the Bid/Issue Closing Date, Bids and any revision in Bids shall be accepted only between 10.00 a.m. and 3.00 p.m. (Indian Standard Time)** and uploaded till (i) 4.00 p.m. in case of Bids by QIB Bidders and Non-Institutional Bidders and (ii) till until 5.00 p.m. in case of Bids by Retail Individual Bidders. Due to limitation of the time available for uploading the Bids on the Bid/Issue Closing Date, the Bidders are advised to submit their Bids one day prior to the Bid/Issue Closing Date and, in any case, no later than 3.00 p.m. (Indian Standard Time) on the Bid/Issue Closing Date. Bidders are advised that due to clustering of last day applications, as is typically experienced in public offerings, some Bids may not get uploaded on the last date. Such Bids that cannot be uploaded will not be considered for allocation under the Issue. If such Bids are not uploaded, the Issuer, BRLMs and Syndicate members will not be responsible. Bids will be accepted only on Business Days.

On the Bid/Issue Closing Date, extension of time may be granted by the Stock Exchanges only for uploading the Bids received by Retail Individual Bidders after taking into account the total number of Bids received up to the closure of timings for acceptance of Bid cum Application Forms as stated herein and reported by the BRLMs to the Stock Exchange within half an hour of such closure.

In case of discrepancy in the data entered in the electronic book vis-à-vis the data contained in the physical Bid form, for a particular bidder, the details as per physical application form of that Bidder may be taken as the final data for the purpose of allotment.

The Company in consultation with the BRLMs reserves the right to revise the Price Band during the Bidding/ Issue Period, provided that the Cap Price shall be less than or equal to 120% of the Floor Price and the Floor Price shall not be less than the face value of the Equity Shares. The revision in Price Band shall not exceed 20% on the either side i.e. the floor price can move up or down to the extent of 20% of the floor price disclosed at least two (2) days prior to the Bid/ Issue Opening Date and the Cap Price will be revised accordingly.

**In case of revision in the Price Band, the Issue Period will be extended for such number of days after revision of Price Band subject to the Bid Period/Issue Period not exceeding 10 working days. Any revision in the Price Band and the revised Bid Period/Issue Period, if applicable, will be widely disseminated by notification to the BSE and the NSE, by issuing a press release, and also by indicating the change on the web sites of the BRLMs at the terminals of the Syndicate.**

## ISSUE PROCEDURE

### Book Building Procedure

In terms of Rule 19(2)(b) of the SCRR, this is an Issue for less than 25% of the post-Issue capital of the Company, therefore, the Issue is being made through the 100% Book Building Process wherein at least 60% of the Net Issue shall be allocated to Qualified Institutional Buyers on a proportionate basis out of which, (excluding Anchor Investor Portion) 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allocation on a proportionate basis to QIBs and Mutual Funds, subject to valid bids being received from them at or above the Issue Price. If at least 60% of the Net Issue cannot be allocated to QIBs, then the entire application money will be refunded forthwith. Further, not less than 10% of the Net Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 30% of the Net Issue will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Issue Price. Allocation to Anchor Investors shall be on a discretionary basis and not on a proportionate basis.

Bidders are required to submit their Bids through the Syndicate. Further, QIB Bids can be procured and submitted only through the BRLMs or their affiliate syndicate members. In case of QIB Bidders, the Company, in consultation with the BRLMs, may reject Bids at the time of acceptance of Bid cum Application Form provided that the reasons for such rejection shall be provided to such QIB Bidder in writing. In case of Non-Institutional Bidders and Retail Individual Bidders our Company would have a right to reject the Bids only on technical grounds.

Investors should note that the Equity Shares will be allotted to all successful Bidders only in dematerialised form. The Bid cum Application Forms which do not have the details of the Bidders' depository account shall be treated as incomplete and rejected. Bidders will not have the option of being Allotted Equity Shares in physical form. The Equity Shares on Allotment shall be traded only in the dematerialised segment of the Stock Exchanges.

### Bid cum Application Form

Bidders shall only use the specified Bid cum Application Form bearing the stamp of a member of the Syndicate for the purpose of making a Bid in terms of this Draft Red Herring Prospectus. The Bidder shall have the option to make a maximum of three Bids in the Bid cum Application Form and such options shall not be considered as multiple Bids. Upon the allocation of Equity Shares, dispatch of the CAN, and filing of the Prospectus with the RoC, the Bid cum Application Form shall be considered as the Application Form. Upon completing and submitting the Bid cum Application Form to a member of the Syndicate, the Bidder is deemed to have authorised our Company to make the necessary changes in the Draft Red Herring Prospectus and the Bid cum Application Form as would be required for filing the Prospectus with the RoC and as would be required by RoC after such filing, without prior or subsequent notice of such changes to the Bidder.

The prescribed colour of the Bid cum Application Form for various categories is as follows:

Category	Colour of Bid cum Application Form
Resident Indians and Eligible NRIs applying on a non-repatriation basis	White
Non-residents, Eligible NRIs, FIIs or Foreign Venture Capital Funds, registered Multilateral and Bilateral Development Financial Institutions applying on a repatriation basis	Blue
Anchor Investors	[●]

Only QIBs can participate in the Anchor Investor Portion.

### Who can Bid?

- Persons eligible to invest under all applicable laws, rules, regulations and guidelines;
- Indian nationals resident in India who are majors, in single or joint names (not more than three);

- Hindu Undivided Families or HUFs, in the individual name of the *Karta*. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form as follows: “Name of Sole or First bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the *Karta*”. Bids by HUFs would be considered at par with those from individuals;
- Companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in equity shares;
- Indian Mutual Funds registered with SEBI;
- Eligible NRIs on a repatriation basis or on a non-repatriation basis subject to compliance with applicable laws, rules, regulations, guidelines and approvals in the Issue. Non Residents can Bid for partly paid Equity Shares only if they have obtained the approval of the RBI to subscribe to partly paid Equity Shares and the said approval is submitted along with Bid cum Application Form. NRIs other than eligible NRIs are not eligible to participate in this issue;
- Indian Financial Institutions, scheduled commercial banks (excluding foreign banks), regional rural banks, co-operative banks (subject to RBI regulations and the SEBI Regulations and regulations, as applicable);
- FIIs and sub-account registered with SEBI, other than a sub-account which is a foreign corporate or foreign individual;
- Venture Capital Funds registered with SEBI;
- State Industrial Development Corporations;
- Trusts/societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to trusts/societies and who are authorised under their constitution to hold and invest in equity shares;
- Scientific and/or industrial research organisations authorised to invest in equity shares;
- Insurance Companies registered with Insurance Regulatory and Development Authority, India;
- Provident Funds with minimum corpus of Rs. 250 million and who are authorised under their constitution to hold and invest in equity shares;
- Pension Funds with minimum corpus of Rs. 250 million and who are authorised under their constitution to hold and invest in equity shares; and
- Sub-accounts of FIIs registered with SEBI, which are foreign corporates or foreign individuals;
- Foreign Venture Capital Investors registered with SEBI, subject to compliance with applicable laws, rules, regulations, guidelines and approvals in the Issue;
- National Investment Fund set up by Government of India;
- Multilateral and bilateral development financial institutions; and
- Any other QIBs permitted to invest in the Issue under applicable laws or regulations.

As per the existing regulations, OCBs cannot participate in this Issue.

#### **Participation by Associates of BRLMs and Syndicate Members**

The BRLMs and Syndicate Members shall not be allowed to subscribe to this Issue in any manner except towards fulfilling their underwriting obligations. However, associates and affiliates of the BRLM and Syndicate Members may subscribe to or purchase Equity Shares in the Issue, either in the QIB Portion or in Non-Institutional Portion as may be applicable to such investors, where the allocation is on a proportionate basis.

The BRLMs and any persons related to the BRLMs, the Promoters and the Promoter Group cannot apply in the Issue under the Anchor Investor Portion.

### **Bids by Mutual Funds**

An eligible Bid by a Mutual Fund shall first be considered for allocation proportionately in the Mutual Fund Portion. In the event that the demand is greater than [●] Equity Shares, allocation shall be made to Mutual Funds proportionately, to the extent of the Mutual Fund Portion. The remaining demand by the Mutual Funds shall, as part of the aggregate demand by QIBs, be available for allocation proportionately out of the remainder of the QIB Portion, after excluding the allocation in the Mutual Fund Portion.

One-third of the Anchor Investor Portion shall be reserved for domestic mutual funds, subject to valid Bids being received from domestic mutual funds at or above the price at which allocation is being done to Anchor Investors.

In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

*As per the current regulations, the following restrictions are applicable for investments by mutual funds:*

No mutual fund scheme shall invest more than 10% of its net asset value in the Equity Shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No mutual fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights.

5% of the QIB Portion shall be available for allocation to Mutual Funds. Mutual Funds participating in the 5% share of the QIB Portion will also be eligible for allocation in the remaining QIB Portion.

### **Bids by Eligible NRIs**

1. Bid cum Application Forms have been made available for Eligible NRIs at our Registered Office and with members of the Syndicate.
2. Eligible NRI applicants may please note that only such applications as are accompanied by payment in free foreign exchange shall be considered for Allotment. The Eligible NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the form meant for Resident Indians.

**Non-Resident Indians require the approval of the RBI for subscribing to partly paid up Equity Shares and copy of such approval should be submitted along with the Bid cum Application Form in case an application is made under Payment Method-1.**

### **Bids by FIIs**

*In accordance with the current regulations, the following restrictions are applicable for investments by FIIs:*

The issue of Equity Shares to a single FII should not exceed 10.00% of post-Issue issued paid up capital (i.e. 10.00% of 1,552,570,934 Equity Shares) of the Company. In respect of an FII investing in our Equity Shares on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of our total paid up capital of the Company or 5% of our total paid up capital of the Company, in case such sub-account is a foreign corporate or an individual. With the approval of the Board of Directors and Shareholders by way of a special resolution, the aggregate FII holding limit has been increased to 74% of the post-Issue paid-up capital of the Company.

Subject to compliance with all applicable Indian laws, rules, regulations guidelines and approvals in terms of regulation 15A(1) of the Securities Exchange Board of India (Foreign Institutional Investors) Regulations 1995, as amended (the "SEBI FII Regulations"), an FII, as defined in the SEBI FII Regulations, or its sub-account may issue, deal or hold, off shore derivative instruments (defined under the SEBI FII Regulations as any instrument, by whatever name called, which is issued overseas by a foreign institutional investor against securities held by it that are listed or proposed to be listed on any recognised stock exchange in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only to persons who are regulated

by an appropriate regulatory authority; and (ii) such offshore derivative instruments are issued after compliance with 'know your client' norms. The FII or sub-account is also required to ensure that no further issue or transfer of any Offshore Derivative Instrument issued by it is made to any persons that are not regulated by an appropriate foreign regulatory authority as defined under the SEBI Regulations. Associates and affiliates of the underwriters including the BRLMs and the Syndicate Member that are FIIs may issue offshore derivative instruments against Equity Shares Allotted to them in the Issue.

### **Bids by SEBI registered Venture Capital Funds and Foreign Venture Capital Investors**

*As per the current regulations, the following restrictions are applicable for SEBI registered Venture Capital Funds and Foreign Venture Capital Investors:*

The SEBI (Venture Capital) Regulations, 1996 and the SEBI (Foreign Venture Capital Investor) Regulations, 2000 prescribe investment restrictions on venture capital funds and foreign venture capital investors registered with SEBI.

Accordingly, whilst the holding by any individual venture capital fund registered with SEBI in one company should not exceed 25% of the corpus of the venture capital fund, a Foreign Venture Capital Investor can invest its entire funds committed for investments into India in one company. Further, Venture Capital Funds and Foreign Venture Capital Investors can invest only up to 33.33% of the investible funds by way of subscription to an initial public offer.

**The above information is given for the benefit of the Bidders. Bidders are advised to make their own enquiries about the limits applicable to them. The Company, the BRLMs do not accept any responsibility for the completeness and accuracy of the information stated hereinabove. The Company and the BRLMs are not liable to inform the investors of any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus.**

### **Maximum and Minimum Bid Size**

- (a) **For Retail Individual Bidders:** The Bid must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Share thereafter, so as to ensure that the Total Bid Amount (including revisions of Bids) payable by the Bidder does not exceed Rs. 100,000, net of Retail Discount as applicable to be adjusted. At the Cut-Off Price, the maximum number of Equity Shares that can be Bid for by Retail Individual Bidders is [●]. *(Investors may note that the Total Bid Amount is not just the amount payable at application but the entire amount payable for the Bid including the amount payable by Due Date for Balance Amount Payable).* In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid Price does not exceed Rs. 100,000. In case the Bid Price is over Rs. 100,000 due to revision of the Bid or revision of the Price Band or on exercise of Cut-Off option, the Bid would be considered for allocation under the Non-Institutional Bidders portion. The Cut-Off option is an option given only to the Retail Individual Bidders indicating their agreement to Bid and subscribe to Equity Shares at the final Issue Price as determined at the end of the Book Building Process.
- (b) **For Other Bidders (Non-Institutional Bidders and QIBs):** The Bid must be for a minimum of such number of Equity Shares such that the Bid Amount exceeds Rs. 100,000 and in multiples of [●] Equity Shares thereafter. A Bid cannot be submitted for more than the Issue Size. However, the maximum Bid by a QIB investor should not exceed the investment limits prescribed for them by regulatory and statutory authorities governing them. **Under existing SEBI Regulations, a QIB Bidder cannot withdraw its Bid after the Bid/Issue Closing Date and is required to pay QIB Margin upon submission of Bid.**

In case of revision in Bids, the Non-Institutional Bidders, who are individuals, have to ensure that the Bid Amount is greater than Rs. 100,000 for being considered for allocation in the Non-Institutional Portion. In case the Bid Amount reduces to Rs. 100,000 or less due to a revision in Bids or revision of the Price Band, Bids by Non-Institutional Bidders who are eligible for allocation in the Retail Portion would be considered for allocation under the Retail Portion. Non-Institutional Bidders and QIBs are not allowed to Bid at 'Cut-Off' Price.

- (c) **For Bidders in the Anchor Investor Portion:** The Bid must be for a minimum of such number of Equity Shares such that the Bid Amount exceeds Rs. 100 million and in multiples of [●] Equity Shares

thereafter. Bids by Anchor Investors under the Anchor Investor Portion and the QIB Portion shall not be considered as multiple Bids. A Bid cannot be submitted for more than 30% of the QIB Portion. **Anchor Investors cannot withdraw their Bids after the Anchor Investor/Bid Issue Period.**

**Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Draft Red Herring Prospectus.**

**Bidding Process:**

- (a) Our Company will file the Red Herring Prospectus with the RoC at least three days before the Bid/Issue Opening Date.
- (b) The members of the Syndicate will circulate copies of the Red Herring Prospectus along with the Bid cum Application Form to potential investors.
- (c) Our Company and the BRLMs shall declare the Bid Opening Date and Bid Closing Date at the time of filing of the Red Herring Prospectus with the RoC and the same shall also be published in two newspapers (one in English and one in Hindi, which is also the regional newspaper).
- (d) The Members of the Syndicate shall accept Bids from the Bidder during the Bidding Period in accordance with the terms of the Syndicate Agreement. Provided that the BRLMs shall accept the Bids from the Anchor Investors only on the Anchor Investor Bidding Date.
- (e) Any investor (who is eligible to invest in our Equity Shares) who would like to obtain the Red Herring Prospectus and/ or the Bid cum Application Form can obtain the same from our registered office or from any of the members of the Syndicate.
- (f) Eligible investors who are interested in subscribing for the Equity Shares should approach any of the BRLMs or Syndicate Members or their authorised agent(s) to register their Bids.
- (g) The Bids should be submitted on the prescribed Bid cum Application Form only. Bid cum Application Forms should bear the stamp of the members of the Syndicate. Bid cum Application Forms, which do not bear the stamp of the members of the Syndicate will be rejected.

**Bidders should refer to the section “Key Features of the Payment Methods” on page 16 of this Draft Red Herring Prospectus.**

**Method and Process of Bidding**

- (a) The Company and the BRLMs shall declare the Bid/Issue Opening Date, Bid/Issue Closing Date in the Red Herring Prospectus to be registered with the RoC and also publish the same in two national newspapers (one each in English and Hindi) and in one Marathi newspaper with wide circulation. This advertisement shall be in the prescribed format. The Price Band and the minimum Bid Lot size for the Issue will be decided by the Company in consultation with the BRLMs and advertised in the English language, in the Hindi language and in the Marathi language at least two working days prior to the Bid/Issue Opening Date. The Members of the Syndicate shall accept Bids from the Bidders during the Issue Period in accordance with the terms of the Syndicate Agreement.
- (b) The Bid/Issue Period shall be for a minimum of three working days and shall not exceed 10 working days. The Bid/Issue Period maybe extended, in case of revision of the Price Band, if required, by an additional three working days, subject to the total Bid/Issue Period not exceeding 10 working days. Any revision in the Price Band and the revised Bid/Issue Period, if applicable, will be published in two national newspapers (one each in English and Hindi) and one regional newspaper with wide circulation and also by indicating the change on the websites of the BRLMs and at the terminals of the members of the Syndicate.
- (c) During the Bid/Issue Period, eligible investors who are interested in subscribing for the Equity Shares should approach the members of the Syndicate or their authorised agents to register their Bid.

- (d) Each Bid cum Application Form will give the Bidder the choice to bid for up to three optional prices (for details refer to the paragraph titled “Bids at Different Price Levels” below) within the Price Band and specify the demand (i.e., the number of Equity Shares Bid for) in each option. The price and demand options submitted by the Bidder in the Bid cum Application Form will be treated as optional demands from the Bidder and will not be cumulated. After determination of the Issue Price, the maximum number of Equity Shares Bid for by a Bidder at or above the Issue Price will be considered for allocation/Allotment and the rest of the Bid(s), irrespective of the Bid Price, will become automatically invalid.
- (e) The Bidder cannot bid on another Bid cum Application Form after Bids on one Bid cum Application Form have been submitted to any member of the Syndicate. Submission of a second Bid cum Application Form to either the same or to another member of the Syndicate will be treated as multiple Bids and is liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the allocation or Allotment of Equity Shares in this Issue. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed under the paragraph titled “Build up of the Book and Revision of Bids”.
- (f) The members of the Syndicate will enter each Bid option into the electronic bidding system as a separate Bid and generate a Transaction Registration Slip, (“TRS”), for each price and demand option and give the same to the Bidder. Therefore, a Bidder can receive up to three TRSs for each Bid cum Application Form.
- (g) During the Bid/Issue Period, Bidders may approach the members of the Syndicate to submit their Bid. Every member of the Syndicate shall accept Bids from all clients/investors who place orders through them and shall have the right to vet the Bids, subject to the terms of the Syndicate Agreement and the Red Herring Prospectus.
- (h) The BRLMs shall accept Bids from the Anchor Investors during the Anchor Investor Bid/ Issue Period i.e. one day prior to the Bid/ Issue Opening Date. Bids by Anchor Investors under the Anchor Investor Portion and the QIB Portion shall not be considered as multiple Bids.
- (i) Along with the Bid cum Application Form, all Bidders will make payment in the manner described under the paragraph titled “Terms of Payment and Payment into the Escrow Accounts” on page 229 of this Draft Red Herring Prospectus.

#### **Bids at Different Price Levels and Revision of Bids**

- (a) The Bidders can bid at any price within the Price Band, in multiples of Re. 1 (One). The Price Band and the minimum bid lot will be decided by the Company in consultation with the Book Running Lead Manager and advertised in the English language, in the Hindi language and in the Marathi language at least two working days prior to the Bid/Issue Opening Date.
- (b) The Company in consultation with the BRLMs reserves the right to revise the Price Band during the Bidding/Issue Period, provided that the Cap Price shall be less than or equal to 120% of the Floor Price and the Floor Price shall not be less than the face value of the Equity Shares. The revision in Price Band shall not exceed 20% on either side i.e. the floor price can move up or down to the extent of 20% of the floor price disclosed at least two (2) days prior to the Bid/ Issue Opening Date and the Cap Price will be revised accordingly.
- (c) In case of revision in the Price Band, the Bid/Issue Period will be extended for three additional days after revision of Price Band subject to a maximum of 10 working days. Any revision in the Price Band and the revised Bid/Issue Period, if applicable, will be widely disseminated by notification to BSE and NSE, by issuing a public notice in two national newspapers (one each in English and Hindi) and in a regional newspaper, and also by indicating the change on the website of the BRLMs and at the terminals of the members of the Syndicate.
- (d) Our Company, in consultation with the BRLMs can finalise the Issue Price within the Price Band in accordance with this clause, without the prior approval of, or intimation, to the Bidders.



- (e) Our Company, in consultation with the BRLMs can finalise the Anchor Investor Issue Price within the Price Band in accordance with this clause, without the prior approval of, or intimation, to the Anchor Investors.
- (f) The Bidder can bid at any price within the Price Band. The Bidder has to bid for the desired number of Equity Shares at a specific price. Retail Individual Bidders may bid at the Cut-Off Price. However, bidding at Cut-Off Price is prohibited for QIB and Non-Institutional Bidders and such Bids from QIB and Non-Institutional Bidders shall be rejected.
- (g) Retail Individual Bidders who bid at the Cut-Off Price agree that they shall purchase or subscribe the Equity Shares at any price within the Price Band. Retail Individual Bidders bidding at Cut-Off Price shall deposit the Bid Amount depending on the Payment Method chosen, based on the cap of the Price Band in the Escrow Account. In the event that the Bid Amount is higher than the subscription amount payable by the Retail Individual Bidders, who Bid at the Cut-Off Price The Retail Individual Bidders, who bid at Cut-Off Price, shall receive the refund of the excess amounts from the Escrow Account.
- (h) In case of an upward revision in the Price Band announced as above, Retail Individual Bidders, who had bid at Cut-Off Price could either (i) revise their Bid or (ii) only those Bidders who opted for Payment Method-2 shall make additional payment based on the higher end of the Revised Price Band (such that the total amount i.e., original Bid Price plus additional payment does not exceed Rs. 1,00,000 for Retail Individual Bidders, if such Bidder wants to continue to bid at Cut-Off Price), with the Syndicate Members to whom the original Bid was submitted. In case the total amount (i.e., original Bid Price plus additional payment) exceeds Rs. 100,000 for Retail Individual Bidders the Bid will be considered for allocation under the Non-Institutional Portion in terms of this Draft Red Herring Prospectus. If, however, the Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the higher end of the Price Band prior to revision, the number of Equity Shares bid for shall be adjusted downwards for the purpose of Allotment, such that the no additional payment would be required from such Bidder and such Bidder is deemed to have approved such revised Bid at Cut-Off Price.
- (i) In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders, who have bid at Cut-Off Price could either revise their Bid or the excess amount paid at the time of bidding would be refunded from the respective Refund Account. In the event the Company, in consultation with the BRLMs shall decide the minimum number of Equity Shares for each Bid to ensure that the minimum application is not in the range of Rs. 5,000 to Rs. 7,000.

### **Escrow Mechanism**

Our Company and the Members of the Syndicate shall open Escrow Accounts with one or more Escrow Collection Bank(s) in whose favour the Bidders shall make out the cheque or demand draft in respect of his or her Bid and/or revision of the Bid. Cheques or demand drafts received for the full Bid Amount from Bidders in a certain category would be deposited in the Escrow Account.

The Escrow Collection Banks will act in terms of the Red Herring Prospectus and the Escrow Agreement. The monies in the Escrow Account shall be maintained by the Escrow Collection Bank (s) for and on behalf of the Bidders shall maintain the monies in the Escrow Account. The Escrow Collection Bank(s) shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds equivalent to the size of the Issue from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account with the Banker(s) to the Issue. The balance amount after transfer to the Public Issue Account shall be transferred to the Refund Account. Payments of refund to the Bidders shall also be made from the Refund Account as per the terms of the Escrow Agreement and the Draft Red Herring Prospectus.

The Bidders should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between the Company, the Members of the Syndicate, the Escrow Collection Bank(s) and the Registrar to the Issue to facilitate collections from the Bidders.

## **Terms of Payment and Payment into the Escrow Accounts**

Each Bidder shall provide the applicable Margin Amount, and shall, with the submission of the Bid cum Application Form draw a cheque or demand draft for the maximum amount of his/her Bid in favour of the Escrow Account of the Escrow Collection Bank(s) (See “Payment Instructions” on page 237) and submit the same to the member of the Syndicate to whom the Bid is being submitted. Each QIB shall provide their QIB Margin Amount only to a BRLM and/ or their affiliates. Bid cum Application Forms accompanied by cash/Stockinvest/money order shall not be accepted. The Margin Amount based on the Bid Amount has to be paid at the time of submission of the Bid cum Application Form. An illustrative table of the Payment Method is provided herein. The members of the Syndicate shall deposit the cheque or demand draft with the Escrow Collection Bank(s), which will hold the monies for the benefit of the Bidders until the Designated Date. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds equivalent to the size of the Issue from the Escrow Accounts, as per the terms of the Escrow Agreement, into the Public Issue Account. The balance amount after transfer to the Public Issue Account of the Company shall be transferred to the Refund Account. On the Designated Date and no later than 15 days from the Bid/Issue Closing Date, the Escrow Collection Bank shall also refund all amounts payable to unsuccessful Bidders and also the excess amount paid on bidding, if any, after adjustment for allotment, to the Bidders.

Each category of Bidders i.e., QIB Bidders, Non-Institutional Bidders, and Retail Individual Bidders would be required to pay their applicable Margin Amount at the time of submission of the Bid cum Application Form in accordance with the Payment Method chosen.

Anchor Investors would be required to pay the Anchor Investor Margin Amount at the time of submission of the application form by the Anchor Investors and the balance shall be payable within two (2) days of the Bid/ Issue Closing Date. In the event of Issue Price being higher than the price at which allocation is made to Anchor Investors, the Anchor Investors shall be required to pay such additional amount to the extent of shortfall between the price at which allocation is made to them and the Issue Price. If the Issue Price is lower than the price at which allocation is made to Anchor Investors, the amount in excess of the Issue Price paid by Anchor Investors shall not be refunded to them.

The Margin Amount payable by each category of Bidders is mentioned under the heading “Issue Structure” on page 218. Subject to the Payment Method Chosen, where the Margin Amount applicable to the Bidder is less than 100% of the Bid Amount, any difference between the amount payable by the Bidder for Equity Shares allocated at the Issue Price and the Margin Amount paid at the time of Bidding, shall be payable by the Bidder no later than the Pay-in Date. If the payment is not made favouring the Escrow Account within the time stipulated above, the Bid of the Bidder is liable to be rejected. However, if the applicable Margin Amount for Bidders is 100%, the full amount of payment has to be made at the time of submission of the Bid cum Application Form. QIB Bidders will be required to deposit a margin of 10% at the time of submitting of their Bids.

### **Different Payment Methods:**

**For Illustration of the Payment Methods available to the investors for applying in this Issue see “The Issue” on page 17 of this Draft Red Herring Prospectus.**

### **Electronic Registration of Bids**

- (a) The members of the Syndicate will register the Bids received using the on-line facilities of BSE and NSE. There will be at least one on-line connectivity in each city, where a stock exchange is located in India and where Bids are being accepted.
- (b) The BSE and NSE will offer a screen-based facility for registering Bids for the Issue. This facility will be available on the terminals of the Members of the Syndicate and their authorised agents during the Bidding Period. Syndicate Members can also set up facilities for off-line electronic registration of Bids subject to the condition that they will subsequently upload the off-line data file into the on-line facilities for book building on a regular basis. On the Bid Closing Date, the Members of the Syndicate shall upload the Bids till such time as may be permitted by the Stock Exchanges. This information will be available with the BRLMs on a regular basis.
- (c) The aggregate demand and price for Bids registered on the electronic facilities of BSE and NSE will be uploaded on a regular basis, consolidated and displayed on-line at all bidding centres and the website of BSE and NSE. A graphical representation of consolidated demand and price would be made available

at the bidding centres during the Bidding Period.

- (d) At the time of registering each Bid, the members of the Syndicate shall enter the following details of the investor in the on-line system:
- Name of the investor (Investors should ensure that the name given in the Bid cum Application form is exactly the same as the Name in which the Depository Account is held. In case the Bid cum Application Form is submitted in joint names, investors should ensure that the Depository Account is also held in the same joint names and are in the same sequence in which they appear in the Bid cum Application Form)
  - Investor Category – Individual, Corporate, FII, NRI, Mutual Fund, etc.
  - Numbers of Equity Shares bid for.
  - Bid price.
  - Bid cum Application Form number.
  - Whether Margin Amount has been paid upon submission of Bid cum Application Form.
  - Depository Participant Identification Number and Client Identification Number of the beneficiary account of the Bidder.
- (e) A system generated TRS will be given to the Bidder as a proof of the registration of each of the bidding options. It is the Bidder's responsibility to obtain the TRS from the members of the Syndicate. The registration of the Bid by the member of the Syndicate does not guarantee that the Equity Shares shall be allocated/Allotment either by the members of the Syndicate or our Company.
- (f) Such TRS will be non-negotiable and by itself will not create any obligation of any kind.
- (g) In case of QIB Bidders, Members of the Syndicate also have the right to accept the bid or reject it. However, such rejection should be made at the time of receiving the bid and only after assigning a reason for such rejection in writing. In case of Non-Institutional Bidders and Retail Individual Bidders, Bids would not be rejected except on the technical grounds listed on page 240 of this Draft Red Herring Prospectus.
- (h) The permission given by BSE and NSE to use their network and software of the Online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company and/or the BRLMs are cleared or approved by BSE and NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company, our Promoters, our management or any scheme or project of our Company.
- (i) It is also to be distinctly understood that the approval given by BSE and NSE should not in any way be deemed or construed that this Draft Red Herring Prospectus has been cleared or approved by the BSE and NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Draft Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the BSE and NSE.

#### **Build Up of the Book and Revision of Bids**

- (a) Bids registered by various Bidders through the members of the Syndicate shall be electronically transmitted to the BSE or NSE mainframe on a regular basis.
- (b) The book gets built up at various price levels. This information will be available with the BRLMs on a regular basis.
- (c) During the Bid/Issue Period, any Bidder who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the Price Band using the printed Revision Form, which is a part of the Bid cum Application Form.
- (d) Revisions can be made in both the desired number of Equity Shares and the Bid Amount by using the Revision Form. Apart from mentioning the revised options in the revision form, the Bidder must also mention the details of all the options in his or her Bid cum Application Form or earlier Revision Form.

For example, if a Bidder has Bid for three options in the Bid cum Application Form and he is changing only one of the options in the Revision Form, he must still fill the details of the other two options that are not being revised, in the Revision Form. The members of the Syndicate will not accept incomplete or inaccurate Revision Forms.

- (e) The Bidder can make this revision any number of times during the Bidding Period. However, for any revision(s) in the Bid, the Bidders will have to use the services of the same member of the Syndicate through whom he or she had placed the original Bid. Bidders are advised to retain copies of the blank Revision Form and the revised Bid must be made only in such Revision Form or copies thereof.
- (f) Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. The excess amount, if any, resulting from downward revision of the Bid would be returned to the Bidder at the time of refund in accordance with the terms of this Draft Red Herring Prospectus. In case of QIB Bidders, the members of the Syndicate shall collect the payment in the form of cheque or demand draft for the incremental amount in the QIB Margin Amount, if any, to be paid on account of the upward revision of the Bid at the time of one or more revisions by the QIB Bidders.
- (g) When a Bidder revises his or her Bid, he or she shall surrender the earlier TRS and get a revised TRS from the members of the Syndicate. It is the responsibility of the Bidder to request for and obtain the revised TRS, which will act as proof of his or her having revised the previous Bid.
- (h) Only Bids that are uploaded on the online IPO system of the NSE and BSE shall be considered for allocation/allotment. In case of discrepancy of data between the online IPO system and the physical Bid cum Application Form, the decision of the Company in consultation with the BRLMs based on the physical records of Bid Application Forms shall be final and binding on all concerned.
- (i) While revising the Bid, the Bidder shall not change the Payment Method indicated originally.

#### **Price Discovery and Allocation**

- (a) After the Bid/Issue Closing Date, the BRLMs will analyse the demand generated at various price levels and discuss the pricing strategy with the Company.
- (b) The Company in consultation with the BRLMs shall finalise the Issue Price.
- (c) The allocation to QIBs will be at least 60% of the Net Issue and 10% and 30% of the Net Issue will be available for allocation to Non-Institutional and Retail Individual Bidders respectively, on a proportionate basis, in a manner specified in the SEBI Regulations and this Draft Red Herring Prospectus, in consultation with the Designated Stock Exchange, subject to valid bids being received at or above the Issue Price.
- (d) Under-subscription, if any, categories except the QIB Portion would be met with spill-over from other categories at our sole discretion, in consultation with the BRLMs. If a minimum allocation of 60% of the Issue is not made to the QIBs, the entire subscription monies shall be refunded.
- (e) Allocation to Non-Residents, including Eligible NRIs, FIIs and FVCIs registered with SEBI, applying on repatriation basis will be subject to applicable law, rules, regulations, guidelines and approvals.
- (f) The BRLMs, in consultation with the Company shall notify the members of the Syndicate of the Issue Price and allocations to their respective Bidders, where the full Bid Amount has not been collected from the Bidders.
- (g) The BRLMs, in consultation with us, shall notify the members of the Syndicate of the Issue Price and allocations to their respective Bidders, where the full Bid Amount has not been collected from the Bidders.

QIB Bidders shall not be allowed to withdraw their Bid after the Bid/Issue Closing Date.

- (h) Our Company in consultation with the BRLMs, reserves the right to reject any Bid procured from QIB

Bidders, by any or all members of the Syndicate. Rejection of Bids made by QIBs, if any, will be made at the time of submission of Bids provided that the reasons for rejecting the same shall be provided to such Bidder in writing.

- (i) The allotment details shall be put on the website of the Registrar to the Issue.

#### ***Signing of Underwriting Agreement and RoC Filing***

- (a) Our Company, the BRLMs and the Syndicate Members shall enter into an Underwriting Agreement on finalisation of the Issue Price.
- (b) After signing the Underwriting Agreement, we would update and file the updated Red Herring Prospectus with RoC in terms of Section 56, Section 60 and Section 60B of the Companies Act, which then would be termed 'Prospectus'.

#### **Pre-Issue Advertisement**

Subject to Section 66 of the Companies Act, the Company shall, after registering the Red Herring Prospectus with the ROC, publish a pre-Issue advertisement, in the form prescribed by the SEBI Regulations, in one widely circulated English language national daily newspaper, one widely circulated Hindi language national daily newspaper and one Marathi newspaper with wide circulation.

#### **Advertisement regarding Issue Price and Prospectus**

We will issue a statutory advertisement after the filing of the Prospectus with the RoC. This advertisement, in addition to the information that has to be set out in the statutory advertisement, shall indicate the Issue Price and the Anchor Investor Issue Price. Any material updates between the date of the Red Herring Prospectus and the date of Prospectus will be included in such statutory advertisement.

#### **Issuance of Confirmation of Allocation Note ("CAN")**

- (a) Upon approval of the basis of Allotment by the Designated Stock Exchange, the BRLMs or the Registrar to the Issue shall send to the members of the Syndicate a list of their Bidders who have been allocated/allotted Equity Shares in the Issue. The approval of the basis of Allotment by the Designated Stock Exchange for QIB Bidders may be done simultaneously with or prior to the approval of the basis of allocation for the Retail and Non-Institutional Bidders. However, investors should note that the Company shall ensure that the date of Allotment of the Equity Shares to all investors in this Issue shall be done on the same date.
- (b) The BRLMs or members of the Syndicate will then dispatch a CAN to their Bidders who have been allocated Equity Shares in the Issue. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for all the Equity Shares allocated to such Bidder. Those Bidders who have not paid the entire Bid Amount into the Escrow Account at the time of bidding shall pay in full the amount payable into the Escrow Account by the Pay-in Date specified in the CAN.
- (c) Bidders who have been allocated/allotted Equity Shares and who have already paid the Bid Amount into the Escrow Account at the time of bidding shall directly receive the CAN from the Registrar to the Issue subject, however, to realisation of his or her cheque or demand draft paid into the Escrow Account. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for the Allotment to such Bidder.
- (d) The Issuance of CAN is subject to "Notice to Anchor Investors: Allotment Reconciliation and Revised CANs" and "Notice to QIBs - Allotment Reconciliation and Revised CANs" as set forth below.

#### **Notice to Anchor Investors: Allotment Reconciliation and Revised CANs**

A physical book will be prepared by the Registrar on the basis of Bids uploaded on the BSE/NSE system. Based on the physical book and at the discretion of the BRLMs, select Anchor Investors may be sent a CAN, within two working days of the Anchor Investor Bid/ Issue Period, indicating the number of Equity Shares that may be allocated to them. The provisional CAN shall constitute the valid, binding and irrevocable contract (subject only

to the issue of a revised CAN) for the Anchor Investors to pay the entire Anchor Investor Issue Price for all the Equity Shares allocated to such Anchor Investor. This provisional CAN and the final allocation is subject to the Issue Price being finalised at a price not higher than the Anchor Investor Issue Price and allotment by the Board of Directors. In the event that the Issue Price is higher than the Anchor Investor Issue Price, a revised CAN may be sent to Anchor Investors. The price of Equity Shares in such revised CAN may be different from that specified in the earlier CAN. Anchor Investors should note that they may be required to pay additional amounts, if any, by the Pay-in Date specified in the revised CAN, for any increased allocation of Equity Shares or increased price of Equity Shares. The Pay-in Date in the revised CAN shall not be later than two days after the Bid/ Issue Closing Date. Any revised CAN, if issued, will supersede in entirety the earlier CAN.

#### **Notice to QIBs: Allotment Reconciliation and Revised CANs**

After the Bid/Issue Closing Date, an electronic book will be prepared by the Registrar on the basis of Bids uploaded on the BSE/NSE system. This shall be followed by a physical book prepared by the Registrar on the basis of Bid cum Application Forms received. Based on the electronic book or the physical book, as the case may be, QIBs may be sent a CAN, indicating the number of Equity Shares that may be allocated to them. This CAN is subject to the basis of final Allotment, which will be approved by the Designated Stock Exchange and reflected in the reconciled book prepared by the Registrar. Subject to SEBI Regulations, certain Bid applications may be rejected due to technical reasons, non-receipt of funds, cancellation of cheques, cheque bouncing, incorrect details, etc., and these rejected applications will be reflected in the reconciliation and basis of Allotment as approved by the Designated Stock Exchange. As a result, a revised CAN may be sent to QIBs and the allocation of Equity Shares in such revised CAN may be different from that specified in the earlier CAN. QIBs should note that they may be required to pay additional amounts, if any, by the Pay-in Date specified in the revised CAN, for any increased allocation of Equity Shares. The CAN will constitute the valid, binding and irrevocable contract (subject only to the issue of a revised CAN) for the QIB to pay the entire Issue Price for all the Equity Shares allocated to such QIB. The revised CAN, if issued, will supersede in entirety the earlier CAN.

#### **Designated Date and Allotment of Equity Shares**

- (a) Our Company will ensure that the Allotment of Equity Shares is done within 15 (fifteen) days of the Bid/Issue Closing Date. After the funds are transferred from the Escrow Account to the Public Issue Account on the Designated Date, our Company would ensure the credit to the successful Bidders depository account within two working days of the date of allotment.
- (b) In accordance with the SEBI Regulations, Equity Shares will be issued and Allotment shall be made only in the dematerialised form to the Allottees.
- (c) After the funds are transferred from the Escrow Accounts to the Public Issue Account on the Designated Date, the Company will allot the Equity Shares to the Allottees.
- (d) Allottees will have the option to re-materialise the Equity Shares so Allotted as per the provisions of the Companies Act and the Depositories Act.

**Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be allocated/allotted to them pursuant to this Issue.**

#### **GENERAL INSTRUCTIONS**

##### **Do's:**

- (a) Check if you are eligible to apply, having regard to applicable laws, rules, regulations, guidelines and approvals and the terms of the Draft Red Herring Prospectus;
- (b) Ensure that you have Bid within the Price Band;
- (c) Read all the instructions carefully and complete the Resident Bid cum Application Form ([●] in colour) or Non-Resident Bid cum Application Form ([●] in colour) or the Anchor Investor Bid cum Application Form ([●] in colour) as the case may be;

- (d) Ensure that the details about Depository Participant and Beneficiary Account are correct as Allotment of Equity Shares will be in the dematerialised form only;
- (e) Ensure that the Bids are submitted at the bidding centres only on forms bearing the stamp of a member of the Syndicate;
- (f) Ensure that you have been given a TRS for all your Bid options;
- (g) Submit revised Bids to the same member of the Syndicate through whom the original Bid was placed and obtain a revised TRS;
- (h) Each of the Bidders, should mention their Permanent Account Number (PAN) allotted under the IT Act. For more details, see “Issue Procedure- ‘Pan’ Number” on page 240 of this Draft Red Herring Prospectus;
- (i) Ensure that the Demographic Details (as defined hereinbelow) are updated, true and correct in all respects;
- (j) Ensure that the name(s) given in the Bid cum Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the Bid cum Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Bid cum Application Form.
- (k) If you are a Non-Resident Bidder and have opted for Payment Method-1 (i.e., applying for partly paid Equity Shares), attach the RBI approval for subscribing to partly paid Equity Shares.

**Don'ts:**

- (a) Do not bid for lower than the minimum Bid size;
- (b) Do not bid/ revise Bid price to less than the lower end of the Price Band or higher than the higher end of the Price Band;
- (c) Do not bid on another Bid cum Application Form after you have submitted a Bid to the members of the Syndicate;
- (d) Do not pay the Bid Price in cash, by money order or by postal order or by stockinvest;
- (e) Do not send Bid cum Application Forms by post; instead submit the same to a member of the Syndicate only;
- (f) Do not bid at Cut-Off Price (for QIB Bidders and Non-Institutional Bidders and Bidders bidding, for bid amount in excess of Rs. 100,000);
- (g) Do not fill up the Bid cum Application Form such that the Equity Shares bid for exceeds the Issue Size and/ or investment limit or maximum number of Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations;
- (h) Do not bid at Bid Amount exceeding Rs. 100,000 (for Retail Individual Bidders);
- (i) Do not submit the Bid without the QIB Margin Amount, in case of a Bid by a QIB;
- (j) Do not submit Bids accompanied by Stockinvest or postal order or money order; and
- (k) Do not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground.

**Bids and Revisions of Bids**

Bids and revisions of Bids must be:

- (a) Made only in the prescribed Bid cum Application Form or Revision Form, as applicable (white colour for Resident Indians and Eligible NRIs applying on non-repatriation basis and blue colour for Non Residents including, Eligible NRIs, FIIs registered with SEBI and FVCIs registered with SEBI, applying on repatriation basis and [●] for Anchor Investors.
- (b) Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained herein, in the Bid cum Application Form or in the Revision Form. Incomplete Bid cum Application Forms or Revision Forms are liable to be rejected.
- (c) For Retail Individual Bidders, the Bid must be for a minimum of [●] Equity Shares and in multiples of [●] thereafter subject to a maximum Bid Amount of Rs. 100,000.
- (d) For Non-Institutional Bidders and QIB Bidders, Bids must be for a minimum of such number of Equity Shares that the Bid Amount exceeds or equal to Rs. 100,000 and in multiples of [●] Equity Shares thereafter. Bids cannot be made for more than the Issue. Bidders are advised to ensure that a single Bid from them should not exceed the investment limits or maximum number of shares that can be held by them under the applicable laws or regulations.
- (e) For Anchor Investors, Bids must be for a minimum of such number of Equity Shares that the Bid Amount exceeds or equal to Rs. 100 million and in multiples of [●] Equity Shares thereafter.
- (f) In single name or in joint names (not more than three, and in the same order as their Depository Participant details).
- (g) Thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

#### **INSTRUCTIONS FOR COMPLETING THE BID CUM APPLICATION FORM**

Bidders can obtain Bid cum Application Forms and/or Revision Forms from the members of the Syndicate.

#### **Bidder's Depository Account and Bank Account Details**

**Bidders should note that on the basis of name of the Bidders, Depository Participant's name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository the demographic details including address, Bidders bank account details, MICR code and occupation (hereinafter referred to as 'Demographic Details'). These Bank Account details would be used for giving refunds (including through physical refund warrants, direct credit, ECS, NEFT and RTGS) to the Bidders. Hence, Bidders are advised to immediately update their Bank Account details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays in despatch/ credit of refunds to Bidders at the Bidders sole risk and neither the BRLMs nor the Registrar to the Issue nor the Escrow Collection Banks nor the Company shall have any responsibility and undertake any liability for the same. Hence, Bidders should carefully fill in their Depository Account details in the Bid cum Application Form.**

**IT IS MANDATORY FOR ALL THE BIDDERS TO GET THEIR EQUITY SHARES IN DEMATERIALISED FORM. ALL BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE BID CUM APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE BID CUM APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE BID CUM APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE BID CUM APPLICATION FORM.**

These Demographic Details would be used for all correspondence with the Bidders including mailing of the CANs/Allocation Advice and printing of Bank particulars on the refund orders or for refunds through electronic transfer of funds, as applicable. The Demographic Details given by Bidders in the Bid cum Application Form would not be used for any other purpose by the Registrar to the Issue.



By signing the Bid cum Application Form, the Bidder would be deemed to have authorised the depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

**Refund Orders/Allocation Advice/CANs would be mailed at the address of the Bidder as per the Demographic Details received from the Depositories. In case of Bidders receiving refunds through electronic transfer, delivery of refund orders/allocation advice/CANs may get delayed if the same once sent to the address obtained from the depositories are returned undelivered. In such an event, the address and other details given by the Bidder in the Bid cum Application Form would be used only to ensure dispatch of refund orders. Please note that any such delay shall be at the Bidders sole risk and neither the Company, Escrow Collection Banks nor the BRLMs shall be liable to compensate the Bidder for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay.**

In case no corresponding record is available with the Depositories, which matches three parameters, namely, names of the Bidders (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's identity, then such Bids are liable to be rejected.

The Company in its absolute discretion, reserves the right to permit the holder of the power of attorney to request the Registrar that for the purpose of printing particulars on the refund order and mailing of the refund order/CANs/allocation advice or refunds through electronic transfer of funds, the Demographic Details given on the Bid cum Application Form should be used (and not those obtained from the Depository of the Bidder). In such cases, the Registrar shall use Demographic Details as given in the Bid cum Application Form instead of those obtained from the depositories.

***Bids by Non Residents including NRIs, FIIs and Foreign Venture Capital Funds registered with SEBI and multilateral and bilateral development financial institutions on a repatriation basis***

Bids and revision to Bids must be made in the following manner:

1. On the Bid cum Application Form or the Revision Form, as applicable (blue in colour), and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained therein.
2. By FIIs for a minimum of such number of Equity Shares and in multiples of [●] thereafter that the Bid Amount exceeds Rs. 100,000. For further details see "Issue Procedure-Maximum and Minimum Bid Size" on page 225.
3. In the names of individuals, or in the names of FIIs or Foreign Venture Capital Funds registered with SEBI and multilateral and bilateral development financial institutions but not in the names of minors, OCBs, firms or partnerships, foreign nationals (excluding NRIs) or their nominees.
4. In a single name or joint names (not more than three and in the same order as their Depository Participant Details).

Bids by Eligible NRIs for a Bid Amount of up to Rs. 100,000 would be considered under the Retail Portion for the purposes of allocation and Bids for a Bid Amount of more than Rs. 100,000 would be considered under Non-Institutional Portion for the purposes of allocation.

**Non-Residents can bid for partly paid Equity Shares only if they have obtained the approval of the RBI to subscribe to partly paid Equity Shares and the said approval is submitted along with the Bid cum Application Form.**

Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and / or commission. In case of Bidders who remit money through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into US Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post or if the Bidders so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Bid cum Application Form. Our Company will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

As per the existing policy of the Government of India, OCBs are not permitted to participate in the Issue.

There is no reservation for Eligible NRIs and FIIs and all applicants will be treated on the same basis with other categories for the purpose of allocation.

#### **Bids under Power of Attorney**

1. In case of Bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the Memorandum of Association and Articles of Association and/or bye laws must be lodged along with the Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefor.
2. In case of Bids made pursuant to a power of attorney by FIIs, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of their SEBI registration certificate must be lodged along with the Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefor.
3. In case of Bids made by insurance companies registered with the Insurance Regulatory and Development Authority, a certified copy of certificate of registration issued by Insurance Regulatory and Development Authority must be lodged along with the Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefor.
4. In case of Bids made by provident funds with minimum corpus of Rs. 250 million (subject to applicable law) and pension funds with minimum corpus of Rs. 250 million, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be lodged along with the Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.
5. In case of Bids made by mutual fund registered with SEBI, venture capital fund registered with SEBI and foreign venture capital investor registered with SEBI, a certified copy of their SEBI registration certificate must be submitted with the Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefor.
6. Our Company in its absolute discretion, reserves the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid cum Application form, subject to such terms and conditions that our Company, the BRLMs may deem fit.

#### **Payment Instructions**

Our Company shall open Escrow Accounts with the Escrow Collection Bank(s) for the collection of the Bid Amounts payable upon submission of the Bid cum Application Form and for amounts payable pursuant to allocation/Allotment in the Issue.

Each Bidder shall draw a cheque or demand draft or remit the funds electronically through the RTGS mechanism for the amount payable on the Bid and/or on allocation/Allotment as per the following terms:

#### **Payment into Escrow Account**

1. The Bidders for whom the applicable Margin Amount is equal to 100%, shall, with the submission of the Bid cum Application Form, draw a payment instrument for the Bid Amount in favour of the Escrow Account and submit the same to the members of the Syndicate.
2. In case the above Margin Amount paid by the Bidders during the Bidding Period is less than the Issue Price multiplied by the Equity Shares allocated to the Bidder, the balance amount shall be paid by the Bidders into the Escrow Account within the period specified in the CAN which shall be subject to a minimum period of two days from the date of communication of the allocation list to the members of

the Syndicate by the BRLMs or on the Call Notice, as applicable under the category of Bidding based on the Payment Method selected by the Bidder. For Anchor Investors, see also “Payment Instructions for Anchor Investors” below.

3. The payment instruments for payment into the Escrow Account should be drawn in favour of:
  - (a) In case of Resident QIB Bidders: “RITL IPO – QIB – R”
  - (b) In case of Non Resident QIB Bidders: “RITL IPO – QIB – NR”
  - (c) In case of Resident Retail and Non-Institutional Bidders: “RITL IPO – R”
  - (d) In case of Non-Resident Retail and Non-Institutional Bidders: “RITL IPO – NR”
4. Anchor Investors would be required to pay the Anchor Investor Margin Amount at the time of submission of the application form by the Anchor Investors and the balance shall be payable within two (2) days of the Bid/ Issue Closing Date. In the event of Issue Price being higher than the price at which allocation is made to Anchor Investors, the Anchor Investors shall be required to pay such additional amount to the extent of shortfall between the price at which allocation is made to them and the Issue Price. If the Issue Price is lower than the price at which allocation is made to Anchor Investors, the amount in excess of the Issue Price paid by Anchor Investors shall not be refunded to them.
5. For Anchor Investors, the payment instruments for payment into the Escrow Account should be drawn in favour of:
  - (a) In case of resident Anchor Investors: “RITL IPO – Anchor Investor – R”
  - (b) In case of non-resident Anchor Investors: “RITL IPO – Anchor Investor – NR”
6. In case of Bids by NRIs applying on repatriation basis, the payments must be made through Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) Accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of Non-Resident Ordinary (NRO) Account of Non-Resident Bidder bidding on a repatriation basis. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to NRE Account or FCNR Account. In case of Bids by Eligible NRIs applying on non-repatriation basis, the payments must be made out of NRO account.
7. In case of Bids by NRIs applying on non-repatriation basis, the payments must be made through Indian Rupee Drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) Accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance. or out of a Non-Resident Ordinary (NRO) Account of a Non-Resident Bidder bidding on a non-repatriation basis. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting an NRE or FCNR or NRO Account.
8. In case of Bids by FIIs/FVCIs/multilateral and bilateral financial institutions, the payment should be made out of funds held in a Special Rupee Account along with documentary evidence in support of the remittance. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting the Special Rupee Account.
9. **Where a Bidder has been allocated a lesser number of Equity Shares than the Bidder has Bid for, the excess amount, if any, paid on bidding, after adjustment towards the Balance Amount Payable on the Equity Shares allocated, will be refunded to the Bidder from the Refund Account.**
10. The monies deposited in the Escrow Account will be held for the benefit of the Bidders till the

Designated Date.

11. On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Account as per the terms of the Escrow Agreement into the Public Issue Account with the Bankers to the Issue.
12. On the Designated Date and no later than 15 days from the Bid/Issue Closing Date, the Escrow Collection Bank shall also refund all amounts payable to unsuccessful Bidders and also the excess amount paid on Bidding, if any, after adjusting for allocation/Allotment to the Bidders.

**Payments should be made by cheque, or demand draft drawn on any Bank (including a Co-operative Bank), which is situated at, and is a member of or sub-member of the bankers' clearing house located at the centre where the Bid cum Application Form is submitted. Outstation cheques/bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected. Cash/ Stockinvest/Money Orders/ Postal orders will not be accepted.**

#### **Key Features of the Payment Methods**

**For Key Features of the different payment methods, see “The Issue” on page 16 of this Draft Red Herring Prospectus.**

#### **Payment by Stockinvest**

Payment through stockinvest would not be accepted in this Issue.

#### ***Submission of Bid Cum Application Form***

All Bid cum Application Forms or Revision Forms duly completed and accompanied by account payee cheques or drafts shall be submitted to the members of the Syndicate at the time of submission of the Bid.

No separate receipts shall be issued for the money payable on the submission of Bid cum Application Form or Revision Form. However, the collection centre of the members of the Syndicate will acknowledge the receipt of the Bid cum Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid cum Application Form for the records of the Bidder.

### **OTHER INSTRUCTIONS**

#### **Joint Bids in the case of Individuals**

Bids may be made in single or joint names (not more than three). In the case of joint Bids, all payments will be made out in favour of the Bidder whose name appears first in the Bid cum Application Form or Revision Form. All communications will be addressed to the First Bidder and will be dispatched to his or her address as per the Demographic Details received from the Depository.

#### **Multiple Bids**

A Bidder should submit only one Bid (and not more than one) for the total number of Equity Shares required. Two or more Bids will be deemed to be multiple Bids if the sole or First Bidder is one and the same.

In this regard, the procedures which would be followed by the Registrar to the Issue to detect multiple applications are given below:

1. All applications are electronically strung on first name, address and applicants status. These applications are electronically matched for common first name and address and if matched, these are checked manually for age, signature and father/husbands name to determine if they are multiple applications.
2. Applications which do not qualify as multiple applications as per above procedure are further checked

for common DP ID/beneficiary ID. Applications with common DP ID/ beneficiary ID are manually checked to eliminate possibility of data entry error to determine if they are multiple applications.

3. Applications which do not qualify as multiple applications as per above procedure are further checked for common PAN. All such matched applications with common PAN are manually checked

In case of a mutual fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI and such Bids in respect of more than one scheme of the mutual fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made. Bids by QIBs under the Anchor Investor Portion and QIB Portion (excluding Anchor Investor Portion) will not be considered as multiple Bids.

In cases where there are more than 20 valid applicants having a common address, such shares will be kept in abeyance, post allotment and released on confirmation of KYC norms by the depositories.

The Company reserves the right to reject, in our absolute discretion, all or any multiple Bids in any or all categories.

#### **‘PAN’ Number**

For Bid Amount of all values the Bidder or in the case of a Bid in joint names, each of the Bidders, should mention his/her Permanent Account Number (PAN) allotted under the I.T. Act. **Bid cum Application. Applications without this information and documents will be considered incomplete and are liable to be rejected. It is to be specifically noted that Bidders should not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground.**

#### **Our Right to Reject Bids**

In case of QIB Bidders, the Company in consultation with the BRLMs may reject Bids provided that the reasons for rejecting the same shall be provided to such Bidder in writing. In case of Non-Institutional Bidders and Retail Individual Bidders, our Company has a right to reject Bids based on technical grounds. Consequent refunds shall be made by cheque or pay order or draft and will be sent to the Bidder’s address at the Bidder’s risk.

#### ***Grounds for Technical Rejections***

Bidders are advised to note that Bids are liable to be rejected *inter alia* on the following technical grounds:

- Amount paid does not tally with the amount payable for the highest value of Equity Shares bid for;
- Age of First Bidder not given;
- Bids by minors;
- PAN not stated and GIR number given instead of PAN;
- Bid by persons not competent to contract under the Indian Contract Act, 1872 including minors, insane persons;
- Bids for lower number of Equity Shares than specified for that category of investors;
- Bids at a price less than lower end of the Price Band;
- Bids at a price more than the higher end of the Price Band;
- Bids at Cut-Off Price by Non-Institutional and QIB Bidders whose Bid Amount exceeds Rs. 100,000 and Bids for more than [●] Equity Shares at the Cut-Off Price by Retail Individual Bidders only.
- Bids for number of Equity Shares which are not in multiples of [●];

- Category not ticked;
- Multiple Bids as defined in this Draft Red Herring Prospectus;
- In case of Bid under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;
- Bids accompanied by Stockinvest/money order/postal order/cash;
- Signature of sole and / or joint Bidders missing;
- Bid cum Application Forms does not have the stamp of the BRLMs or Syndicate Members;
- Bid cum Application Forms does not have Bidder's depository account details;
- Bid cum Application Forms are not delivered by the Bidders within the time prescribed as per the Bid cum Application Forms, Bid/Issue Opening Date advertisement and the Draft Red Herring Prospectus and as per the instructions in the Draft Red Herring Prospectus and the Bid cum Application Forms;
- In case no corresponding record is available with the Depositories that matches three parameters namely, names of the Bidders (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's account number;
- Bids for amounts greater than the maximum permissible amounts prescribed by the regulations;
- Bids by OCBs
- Bids in respect where the Bid cum Application form do not reach the Registrar to the Issue prior to the finalisation of the Basis of Allotment;
- Bids where clear funds are not available in Escrow Accounts as per final certificate from the Escrow Collection Banks;
- Bids by US persons other than "Qualified Institutional Buyers" as defined in Rule 144A of the Securities Act or other than in reliance of Regulation S under the Securities Act;
- Bids by person who are not eligible to acquire Equity Shares of our Company, in terms of all applicable laws, rules, regulations, guidelines and approvals;
- Bids by Non Residents for partly paid shares applying under Payment Method-1 without RBI approval for subscribing to such partly paid shares;
- Bids by any person outside India if not in compliance with applicable foreign and Indian Laws; and
- Bids by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority.

***Equity Shares In Dematerialised Form with NSDL or CDSL***

As per the provisions of Section 68B of the Companies Act, the Allotment of Equity Shares in this Issue shall be only in a de-materialised form, (i.e., not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode).

In this context, two agreements have been signed among the Company, the respective Depositories and the Registrar to the Issue:

- (a) Tripartite Agreement dated July 2, 2007 with NSDL, the Company and the Registrar to the Issue;
- (b) Tripartite Agreement dated June 11, 2007 with CDSL, the Company and the Registrar to the Issue.

All Bidders can seek Allotment only in dematerialised mode. Bids from any Bidder without relevant details of his or her depository account are liable to be rejected.

- (a) A Bidder applying for Equity Shares must have at least one beneficiary account with either of the Depository Participants of either NSDL or CDSL prior to making the Bid.
- (b) The Bidder must necessarily fill in the details (including the Beneficiary Account Number and Depository Participant's identification number) appearing in the Bid cum Application Form or Revision Form.
- (c) Allotment to a successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder
- (d) Names in the Bid cum Application Form or Revision Form should be identical to those appearing in the account details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details in the Depository.
- (e) If incomplete or incorrect details are given under the heading 'Bidders Depository Account Details' in the Bid cum Application Form or Revision Form, it is liable to be rejected.
- (f) The Bidder is responsible for the correctness of his or her Demographic Details given in the Bid cum Application Form vis-à-vis those with his or her Depository Participant.
- (g) Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. All the Stock Exchanges where our Equity Shares are proposed to be listed have electronic connectivity with CDSL and NSDL.
- (h) The trading of the Equity Shares of the Company would be in dematerialised form only for all investors in the demat segment of the respective Stock Exchanges.

## **BASIS OF ALLOTMENT**

### **A. For Retail Individual Bidders**

- Bids received from the Retail Individual Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The Allotment to all the successful Retail Individual Bidders will be made at the Issue Price.
- The Issue size less Allotment to Non-Institutional and QIB Bidders shall be available for Allotment to Retail Individual Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- If the aggregate demand in this category is less than or equal to [●] Equity Shares at or above the Issue Price, full Allotment shall be made to the Retail Individual Bidders to the extent of their valid Bids.
- If the aggregate demand in this category is greater than [●] Equity Shares at or above the Issue Price, the Allotment shall be made on a proportionate basis up to a minimum of [●] Equity Shares. For the method of proportionate basis of Allotment, refer below.

### **B. For Non-Institutional Bidders**

- Bids received from Non-Institutional Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The Allotment to all successful Non-Institutional Bidders will be made at the Issue Price.
- The Issue size less Allotment to QIBs and Retail Portion shall be available for Allotment to Non-Institutional Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.

- If the aggregate demand in this category is less than or equal to [●] Equity Shares at or above the Issue Price, full Allotment shall be made to Non-Institutional Bidders to the extent of their demand.
- In case the aggregate demand in this category is greater than [●] Equity Shares at or above the Issue Price, Allotment shall be made on a proportionate basis up to a minimum of [●] Equity Shares. For the method of proportionate basis of Allotment refer below.

**C. For QIBs**

- Bids received from the QIB Bidders bidding in the QIB Portion, at or above the Issue Price, shall be grouped together to determine the total demand under this portion. The Allotment to all the QIB Bidders will be made at the Issue Price.
- The QIB Portion shall be available for Allotment to QIB Bidders who have Bid in the Issue at a price that is equal to or greater than the Issue Price.
- Allotment shall be undertaken in the following manner:
  - (a) In the first instance allocation to Mutual Funds for 5% of the QIB Portion (excluding Anchor Investor Portion) shall be determined as follows:
    - (i) In the event that Mutual Fund Bids exceeds 5% of the QIB Portion (excluding Anchor Investor Portion), allocation to Mutual Funds shall be done on a proportionate basis for 5% of the QIB Portion (excluding Anchor Investor Portion).
    - (ii) In the event that the aggregate demand from Mutual Funds is less than 5% of the QIB Portion (excluding Anchor Investor Portion) then all Mutual Funds shall get full Allotment to the extent of valid Bids received above the Issue Price.
    - (iii) Equity Shares remaining unsubscribed, if any, not allocated to Mutual Funds shall be available for Allotment to all QIB Bidders as set out in (b) below;
  - (b) In the second instance Allotment to all QIBs shall be determined as follows:
    - (i) In the event that the oversubscription in the QIB Portion, all QIB Bidders who have submitted Bids above the Issue Price shall be Allotted Equity Shares on a proportionate basis for up to 95% of the QIB Portion.
    - (ii) Mutual Funds, who have received allocation as per (a) above, for less than the number of Equity Shares Bid for by them, are eligible to receive Equity Shares on a proportionate basis along with other QIB Bidders.
    - (iii) Under-subscription below 5% of the QIB Portion (excluding Anchor Investor Portion), if any, from Mutual Funds, would be included for allocation to the remaining QIB Bidders on a proportionate basis.
- The aggregate allocation to QIB Bidders shall be at least [●] Equity Shares. The method of proportionate basis of allotment is stated below.

**D. For Anchor Investor Portion**

- Allocation of Equity Shares to Anchor Investors at the Anchor Investor Issue Price will be at the discretion of the Company, in consultation with the BRLMs, subject to compliance with the following requirements:
  - a. not more than 30% of the QIB Portion will be allocated to Anchor Investors;
  - b. one-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to Anchor Investors;



- c. allocation to Anchor Investors shall be on a discretionary basis and subject to a minimum number of two Anchor Investors for allocation upto Rs. 2,500 million and minimum number of five Anchor Investors for allocation more than Rs. 2,500 million.
- The number of Equity Shares Allotted to Anchor Investors and the Anchor Investor Issue Price, shall be made available in the public domain by the BRLMs before the Bid Opening Date by intimating the stock exchanges and uploading the said details on the websites of the BRLMs and on the terminals of the Syndicate Members.

#### **Method of Proportionate Basis of Allotment in the Issue**

In the event of the Issue being over-subscribed, the Company shall finalize the basis of Allotment in consultation with the Designated Stock Exchange. The Executive Director (or any other senior official nominated by them) of the Designated Stock Exchange along with the BRLMs and the Registrar to the Issue shall be responsible for ensuring that the basis of Allotment is finalized in a fair and proper manner.

The Allotment shall be made in marketable lots, on a proportionate basis as explained below:

- a) Bidders will be categorised according to the number of Equity Shares applied for.
- b) The total number of Equity Shares to be allotted to each category as a whole shall be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of Bidders in the category multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio.
- c) Number of Equity Shares to be allotted to the successful Bidders will be arrived at on a proportionate basis, which is total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the over-subscription ratio.
- d) In all Bids where the proportionate Allotment is less than [•] Equity Shares per Bidder, the Allotment shall be made as follows:
  - The successful Bidders out of the total Bidders for a category shall be determined by draw of lots in a manner such that the total number of Equity Shares allotted in that category is equal to the number of Equity Shares calculated in accordance with (b) above; and
  - Each successful Bidder shall be allotted a minimum of [•] Equity Shares.
- e) If the proportionate Allotment to a Bidder is a number that is more than [•] but is not a multiple of 1 (which is the marketable lot), the decimal would be rounded off to the higher whole number if that decimal is 0.5 or higher. If that number is lower than 0.5 it would be rounded off to the lower whole number. Allotment to all in such categories would be arrived at after such rounding off.
- f) If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares allotted to the Bidders in that category, the remaining Equity Shares available for Allotment shall be first adjusted against any other category, where the allotted shares are not sufficient for proportionate Allotment to the successful Bidders in that category. The balance Equity Shares, if any, remaining after such adjustment will be added to the category comprising Bidders applying for minimum number of Equity Shares.
- g) Subject to valid Bids being received, Allotment of Equity Shares to Anchor Investors will be at the discretion of the Company, in consultation with the BRLMs.

### Illustration of Allotment to QIBs and Mutual Funds (“MF”) in the QIB Portion

#### A. Issue Details

Sr. No.	Particulars	Issue details
1.	Issue size	200 million equity shares
2.	Allocation to QIB (60%)	120 million equity shares
3.	Anchor Investor Portion	36 million equity shares
4.	Portion available to QIBs other than Anchor Investors [(2) minus (3)]	84 million equity shares
	Of which:	
	a. Allocation to MF (5%)	4.20 million equity shares
	b. Balance for all QIBs including MFs	79.8 million equity shares
3	No. of QIB applicants	10
4	No. of shares applied for	500 million equity shares

#### B. Details Of QIB Bids

Sr. No.	Type of QIB bidders <sup>#</sup>	No. of shares bid for (in million)
1	A1	50
2	A2	20
3	A3	130
4	A4	50
5	A5	50
6	MF1	40
7	MF2	40
8	MF3	80
9	MF4	20
10	MF5	20
	<b>Total</b>	<b>500</b>

<sup>#</sup> A1-A5: ( QIB bidders other than MFs), MF1-MF5 ( QIB bidders which are Mutual Funds)

#### C. Details of Allotment to QIB Bidders/ Applicants

(Number of equity shares in million)

Type of QIB bidders	Shares bid for	Allocation of 4.20 million Equity Shares to MF proportionately (please see note 2 below)	Allocation of balance 79.80 million Equity Shares to QIBs proportionately (please see note 4 below)	Aggregate allocation to MFs
(I)	(II)	(III)	(IV)	(V)
A1	50	0	7.98	0
A2	20	0	4.00	0
A3	130	0	20.74	0
A4	50	0	7.98	0
A5	50	0	7.98	0
MF1	40	0.84	6.38	7.22
MF2	40	0.84	6.38	7.22
MF3	80	1.68	12.76	14.44
MF4	20	0.42	3.19	3.61
MF5	20	0.42	3.19	3.61
	<b>500</b>	<b>4.20</b>	<b>79.80</b>	<b>36.10</b>

Please note:

1. The illustration presumes compliance with the requirements specified in this Draft Red Herring Prospectus in the section titled “Issue Structure” on page 218 of this Draft Red Herring Prospectus.
2. Out of 84 million Equity Shares allocated to QIBs, 4.2 million (i.e. 5%) will be allocated on proportionate basis among 5 Mutual Fund applicants who applied for 200 shares in QIB category.
3. The balance 79.80 million Equity Shares (i.e. 84 - 4.2 (available for MFs)) will be allocated on proportionate basis among 10 QIB applicants who applied for 500 Equity Shares (including 5 MF applicants who applied for 200 Equity Shares).
4. The figures in the fourth column titled “Allocation of balance 79.80 million Equity Shares to QIBs proportionately” in the above illustration are arrived as under:
  - For QIBs other than Mutual Funds (A1 to A5)= No. of shares bid for (i.e. in column II) X 79.80 / 495.80.
  - For Mutual Funds (MF1 to MF5)= [(No. of shares bid for (i.e. in column II of the table above) less Equity Shares allotted ( i.e., column III of the table above)] X 79.80 / 495.80.
  - The numerator and denominator for arriving at allocation of 84 million shares to the 10 QIBs are reduced by 4.2 million shares, which have already been Allotted to Mutual Funds in the manner specified in column III of the table above.

### ***Communications***

All future communications in connection with Bids made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First Bidder, Bid cum Application Form number, Bidders Depository Account Details, number of Equity Shares applied for, date of bid form, name and address of the member of the Syndicate where the Bid was submitted and cheque or draft number and issuing bank thereof.

Investors can contact the Compliance Officer or the Registrar to the Issue in case of any pre-Issue or post-Issue related problems such as non-receipt of letters of Allotment, credit of allotted Equity Shares in the respective beneficiary accounts, refund orders etc.

### **Letters of Allotment or Refund Orders**

The Company shall give credit to the beneficiary account with depository participants within two working days from the date of the finalisation of basis of allotment. Applicants residing at the centres where clearing houses are managed by the RBI, will get refunds through ECS only except where applicant is otherwise disclosed as eligible to get refunds through direct credit and RTGS. Our Company shall ensure dispatch of refund orders, if any, of value up to Rs. 1,500, by “Under Certificate of Posting”, and shall dispatch refund orders above Rs. 1,500, if any, by registered post or speed post at the sole or first Bidder’s sole risk within 15 days of the Bid/Issue Closing Date. Applicants to whom refunds are made through electronic transfer of funds will be sent a letter through ordinary post, intimating them about the mode of credit of refund within fifteen days of closure of Bid / Issue.

### **Interest in case of delay in despatch of Allotment Letters or Refund Orders by the Registrar**

The Company agrees that the allotment of Equity Shares in the Issue shall be made not later than 15 days of the Bid/ Issue Closing Date. The Company further agrees that it shall pay interest at the rate of 15% p.a. if the allotment letters or refund orders have not been despatched to the applicants or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given in the disclosed manner within 15 days from the Bid/ Issue Closing Date.

The Company will provide adequate funds required for dispatch of refund orders or allotment advice to the Registrar to the Issue.

Refunds will be made by cheques, pay-orders or demand drafts drawn on a bank appointed by our Company as a Refund Bank and payable at par at places where Bids are received. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

## **PAYMENT OF REFUND**

Bidders must note that on the basis of name of the Bidders, Depository Participant's name, DP ID, Beneficiary Account number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain, from the Depositories, the Bidders' bank account details, including the nine digit Magnetic Ink Character Recognition ("MICR") code as appearing on a cheque leaf. Hence Bidders are advised to immediately update their bank account details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays in despatch of refund order or refunds through electronic transfer of funds, as applicable, and any such delay shall be at the Bidders' sole risk and neither the Company, the Registrar to the Issue, Escrow Collection Bank(s), Bankers to the Issue nor the BRLMs shall be liable to compensate the Bidders for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay.

### **Mode of making refunds**

The payment of refund, if any, would be done through various modes in the following order of preference:

1. ECS – Payment of refund would be done through ECS for applicants having an account at any of the centres where such facility has been made available. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code as appearing on a cheque leaf, from the Depositories. The payment of refunds is mandatory for applicants having a bank account at any of the centres where such facility has been made available, except where the applicant, being eligible, opts to receive refund through direct credit or RTGS.
2. Direct Credit – Applicants having bank accounts with the Refund Banker(s), as mentioned in the Bid cum Application Form, shall be eligible to receive refunds through direct credit. Charges, if any, levied by the Refund Bank(s) for the same would be borne by the Company.
3. RTGS – Applicants having a bank account at any of the centres where the ECS facility has been made available and whose refund amount exceeds Rs. 5 million, have the option to receive refund through RTGS. Such eligible applicants who indicate their preference to receive refund through RTGS are required to provide the IFSC code in the Bid cum Application Form. In the event the same is not provided, refund shall be made through ECS. Charges, if any, levied by the Refund Bank(s) for the same would be borne by the Company. Charges, if any, levied by the applicant's bank receiving the credit would be borne by the applicant.
4. NEFT (National Electronic Fund Transfer) – Payment of refund shall be undertaken through NEFT wherever the applicants' bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a Magnetic Ink Character Recognition (MICR), if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the applicants have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the applicants through this method. The process flow in respect of refunds by way of NEFT is at an evolving stage and hence use of NEFT is subject to operational feasibility, cost and process efficiency. The process flow in respect of refunds by way of NEFT is at an evolving stage hence use of NEFT is subject to operational feasibility, cost and process efficiency. In the event that NEFT is not operationally feasible, the payment of refunds would be made through any one of the other modes as discussed in the sections.
5. For all other applicants, including those who have not updated their bank particulars with the MICR code, the refund orders will be despatched under certificate of posting for value upto Rs. 1,500 and through Speed Post/ Registered Post for refund orders of Rs. 1,500 and above. Such refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Banks and payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

## **DISPOSAL OF APPLICATIONS AND APPLICATION MONEYS AND INTEREST IN CASE OF DELAY**

The Company shall ensure dispatch of Allotment advice, refund orders (except for Bidders who receive refunds through electronic transfer of funds) and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the Allotment to the Stock Exchanges within two working days of date of Allotment of Equity Shares.

In case of applicants who receive refunds through ECS, direct credit or RTGS, the refund instructions will be given to the clearing system within 15 days from the Bid/ Issue Closing Date. A suitable communication shall be sent to the bidders receiving refunds through this mode within 15 days of Bid/ Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.

The Company shall use best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed, are taken within seven working days of Allotment.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI Regulations, our Company further undertakes that:

- Allotment of Equity Shares shall be made only in dematerialised form within 15 (fifteen) days of the Bid/Issue Closing Date;
- Dispatch of refund orders or in a case where the refund or portion thereof is made in electronic manner, the refund instructions are given to the clearing system within 15 (fifteen) days of the Bid/Issue Closing Date would be ensured; and
- The Company shall pay interest at 15% (fifteen) per annum for any delay beyond the 15 (fifteen)-day time period as mentioned above, if Allotment is not made and refund orders are not dispatched or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner and/or demat credits are not made to investors within the 15 (fifteen)-day time prescribed above as per the guidelines issued by the Government of India, Ministry of Finance pursuant to their letter No. F/8/S/79 dated July 31, 1983, as amended by their letter No. F/14/SE/85 dated September 27, 1985, addressed to the stock exchanges, and as further modified by SEBI's Clarification XXI dated October 27, 1997, with respect to the SEBI Regulations.

## **UNDERTAKINGS**

Our Company undertakes the following:

- That the complaints received in respect of this Issue shall be attended to by our Company expeditiously and satisfactorily;
- That all steps will be taken for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed within seven working days of finalisation of the basis of Allotment;
- That funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the Issue by the Issuer.
- That where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 15 days of the Bid/ Issue Closing Date, as the case may be, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.
- That the Promoters' contribution in full shall be brought in advance before the Bid/ Issue Opening Date;
- That the certificates of the securities/ refund orders to the non-resident Indians shall be despatched within specified time; and
- That no further issue of Equity Shares shall be made until the Equity Shares offered through the Draft Red Herring Prospectus are listed or until the Bid monies are refunded on account of non-listing, under-

subscription etc.

### **Utilisation of Issue proceeds**

Our Board of Directors certify that:

- All monies received out of the Issue shall be credited/transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 73 of the Companies Act;
- Details of all monies utilised out of Issue shall be disclosed, and continue to be disclosed till the time any part of the issue proceeds remains unutilised, under an appropriate head in our balance sheet indicating the purpose for which such monies have been utilised;
- Details of all unutilised monies out of the Issue, if any shall be disclosed under an appropriate separate head in the balance sheet indicating the form in which such unutilised monies have been invested;
- the utilisation of monies received under Promoters' contribution shall be disclosed, and continue to be disclosed till the time any part of the Issue proceeds remains unutilised, under an appropriate head in the balance sheet of the Company indicating the purpose for which such monies have been utilised; and
- the details of all unutilised monies out of the funds received under Promoters' contribution shall be disclosed under a separate head in the balance sheet of the issuer indicating the form in which such unutilised monies have been invested.

## **RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES**

*Foreign investment in Indian securities is regulated through the Industrial Policy of the GoI, as notified through press notes and press releases issued from time to time, and FEMA and circulars and notifications issued thereunder. While the Industrial Policy prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of the Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures and reporting requirements for making such investment. The government bodies responsible for granting foreign investment approvals are the Foreign Investment Promotion Board of the Government of India (“FIPB”) and the RBI.*

Currently, the Industrial Policy and FEMA stipulate that investments by persons resident outside India in companies in the sector that we operate is under the automatic route up to 100% of the outstanding capital of the company.

However, it may be distinctly understood that there is no reservation for FIIs, NRIs or OCBs and in view of the SEBI Regulations, the allotment and/or transfer of shares to FIIs, NRIs or OCBs would be made in the manner detailed in “Terms of the Issue” on page 215 of this Draft Red Herring Prospectus.

### **Investment by Non-Resident Indians**

A variety of special facilities for making investments in India in shares of Indian companies is available to individuals of Indian nationality or origin residing outside India (“NRIs”). These facilities permit NRIs to make portfolio investments in shares and other securities of Indian companies on a basis not generally available to foreign investors. Under the portfolio investment scheme, NRIs are permitted to purchase and sell equity shares of a company through a registered broker on the stock exchanges. NRIs collectively should not own more than 10% of the post-offer paid up capital of the company. However, this limit may be increased to 24% if the shareholders of the company pass a special resolution to that effect. No single NRI may own more than 5% of the post-offer paid up capital of the company. NRI investment in foreign exchange is now fully repatriable whereas investments made in Indian Rupees through rupee accounts remain non-repatriable.

As per the RBI, Exchange Control Department Circular no. ADP (DIR Series) 13 dated November 29, 2001, OCBs are not permitted to invest under the portfolio investment scheme in India. However, OCBs would continue to be eligible for making foreign direct investment under FEMA and the regulations thereunder as per notification no. FEMA 20/20000 RB dated May 3, 2000. Also, OCBs can sell their existing shareholdings through a registered broker on the stock exchanges.

**For restrictions on investments by Foreign Institutional Investors and Foreign Venture Capital Investors, see “Issue Procedure” on page 222 of this Draft Red Herring Prospectus.**

## **SECTION VIII: MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION**

Pursuant to Schedule II of the Companies Act and the SEBI Regulations, the main provisions of the Articles of Association relating to voting rights, dividend, lien, forfeiture, restrictions on transfer and transmission of Equity Shares or debentures and/or on their consolidation/splitting are detailed below. Please note that the each provision herein below is numbered as per the corresponding article number in the Articles of Association and defined terms herein have the meaning given to them in the Articles of Association. Articles 23, Articles 25 to 28 (both inclusive) and Article 81 provide for the rights in relations to the investments made by the Purchasers. Article 97 provides that these Articles shall cease to have effect upon completion of the IPO. The Articles shall be amended after the completion of the IPO to give effect to the same.

### **Table ‘A’**

The regulations contained in Table A, in the First Schedule to the Companies Act, 1956, , shall apply to this Company, but the regulations for the management of the Company and for the observance of the Members thereof and their representatives, shall, subject to any exercise of the statutory powers of the Company with reference to the repeal or alteration of or addition to its regulations by Special Resolution as prescribed by the said Companies Act, 1956, be such as are contained in these Articles.

### **Share Capital**

Article 3 provides that

- (a) The Authorised Capital of the Company is as mentioned in the Capital Clause of the Memorandum of Association of the Company with power to increase or reduce the capital of the Company and/or the nominal value of the shares and to divide the shares in the capital for the time being into several classes and to attach thereto respectively such preferential, deferred, qualified or special rights, privileges or conditions with or without voting rights as may be determined by or in accordance with the Articles of Association of the Company or as may be decided by the Board of Directors or by the Company in General Meeting , as applicable, in conformity with the provisions of the Act, and to vary, modify, amalgamate or abrogate any such rights, privileges or conditions and to consolidate or sub-divide the shares and issue shares of higher or lower denominations.
- (b) Subject to the rights of the holders of any other shares entitled by the terms of issue to preferential repayment over the Equity Shares in the event of winding up of the Company, the holders of the Equity Shares shall be entitled to be repaid the amounts of capital paid up or credited as paid up on such Equity Shares and all surplus assets thereafter shall belong to the holders of the Equity Shares in proportion to the amount paid up or credited as paid up on such Equity Shares respectively at the commencement of the winding up.
- (c) Subject to the provisions of the Act and all other applicable provisions of law, the Company may issue shares either equity or any other kind with non-voting rights and the resolutions authorising such issue shall prescribe the terms and conditions of the issue.

### **Preference Shares**

Article 4 provides that

#### **(a) Redeemable Preference Shares**

The Board shall subject to the provisions of the Act and the consent of the Company have power to issue on a cumulative or non-cumulative basis Preference Shares liable to be redeemed in any manner permissible under the Act and the Directors may, subject to the provisions of the Act, exercise such power in any manner as they deem fit and provide for redemption of such Shares on such terms including the right to redeem at a premium or otherwise as they deem fit.



**(b) Convertible Redeemable Preference Shares**

The Board shall subject to the provisions of the Act and the consent of the Company have power to issue on a cumulative or non-cumulative basis Convertible Redeemable Preference Shares liable to be redeemed in any manner permissible under the Act and the Directors may, subject to the provisions of the Act, exercise such power in any manner as they deem fit and provide for redemption at a premium or otherwise and/or conversion of such Shares into such Securities on such terms as they may deem fit.

**Provisions in case of Preference Shares**

Article 5 provides that

Upon the issue of Preference Shares pursuant to Article 4 above, the following provisions shall apply:

- (a) No such shares shall be redeemed except out of profits of the Company which would otherwise be available for Dividend or out of the proceeds of a fresh issue of Shares made for the purposes of the redemption;
- (b) No such Shares shall be redeemed unless they are fully paid;
- (c) The premium, if any, payable on redemption shall have been provided for out of the profits of the Company or out of the Company's Securities Premium Account before the Shares are redeemed;
- (d) Where any such Shares are redeemed otherwise than out of the proceeds of a fresh issue, there shall, out of the profits which would otherwise have been available for Dividend, be transferred to a reserve fund, to be called "The Capital Redemption Reserve Account" a sum equal to the nominal amount of the Share redeemed; and the provisions of the Act relating to the reduction of the Share Capital of the Company shall, except as provided in the Act, apply as if the Capital Redemption Reserve Account were Paid up Share Capital of the Company;
- (e) The redemption of Preference Shares under this Article by the Company shall not be taken as reduction of Share Capital;
- (f) The Capital Redemption Reserve Account may, notwithstanding anything in this Article, be applied by the Company, in paying up un-issued Shares of the Company to be issued to the Members as fully paid bonus Shares;

**Share Equivalent**

Article 6 provides that

The Company shall subject to the provisions of the Act, compliance with all applicable laws, rules and regulations, have power to issue Share Equivalents on such terms and in such manner as the Board deems fit including their conversion, repayment, and redemption whether at a premium or otherwise.

**ADRs/GDRs**

Article 7 provides that

The Company shall, subject to the provisions of the Act, compliance with all applicable laws, rules and regulations, have power to issue ADRs or GDRs on such terms and in such manner as the Board deems fit including their conversion and repayment. Such terms may include, at the discretion of the Board, limitations on voting by holders of ADRs or GDRs, including without limitation, exercise of voting rights in accordance with the directions of the Board or otherwise.

**Alteration of Share Capital**

Article 8 provides that

- (a) The Company may, by Ordinary Resolution in General Meeting from time to time alter the conditions of its Memorandum as follows, that is to say, it may:

- (i) increase its Share Capital by such amount as it thinks fit and expedient by issuing new Shares of such amount as may be deemed expedient and the new Shares shall be issued on such terms and conditions and with such rights and privileges annexed thereto, as the General Meeting resolving upon the creation thereof, shall direct and if no direction be given, the Board of Directors shall determine, and in particular such Shares may be issued with a preferential right to Dividends and in the distribution of the assets of the Company;
  - (ii) consolidate and divide all or any of its Share Capital into Shares of larger amount than its existing Shares;
  - (iii) convert all or any of its fully Paid up Shares into stock and reconvert that stock into fully Paid up Shares of any denomination
  - (iv) sub-divide its Shares, or any of them, into Shares of smaller amount than is fixed by the Memorandum, so however, that in the sub-division the proportion between the amount paid and the amount, if any, unpaid on each reduced Share shall be the same as it was in the case of the Share from which the reduced Share is derived;
  - (v) cancel Shares which, at the date of the passing of the resolution in that behalf, have not been taken or agreed to be taken by any person, and diminish the amount of its Share Capital by the amount of the Shares so cancelled. A cancellation of Shares in pursuance of this Article shall not be deemed to be a reduction of Share Capital within the meaning of the Act.
- (b) The Board will have power, from time to time, to divide or classify any unclassified shares forming part of the authorised capital for the time being into several classes and to attach thereto respectively such equity, preferential, deferred, qualified or special rights, privileges or conditions as may be determined by or in accordance with the Articles of Association of the Company and to vary, modify, amalgamate or abrogate any such rights, privileges or conditions in such manner as may be for the time being provided in the Articles of Association of the Company.

### **Reduction of Share Capital**

Article 9 provides that

The Company may (subject to the provisions of Sections 78, 80 and 100 to 105 both inclusive of the Act), from time to time by Special Resolution, reduce its Capital, any Capital Redemption Reserve Account and the Securities Premium Account in any manner for the time being authorised by law, and in particular, Capital may be paid off on the footing that it may be called up again or otherwise. This Article is not to derogate any power the Company would have, if it were omitted.

### **Power of Company to Purchase its Own Shares**

Article 10 provides that

Pursuant to a resolution of the Board of Directors, the Company may purchase its own Shares by way of a buy-back arrangement, in accordance with Section 77A of the Act and the Securities and Exchange Board of India (Buy-Back of Securities) Regulations, 1998, subject to compliance with all applicable Requirements of Law.

### **Power to Modify Rights**

Article 11 provides that

Where, the Capital, by reason of the issue of Preference Shares or otherwise, is divided into different classes of Shares, all or any of the rights and privileges attached to each class may, subject to the provisions of Sections 106 and 107 of the Act, be modified, commuted, affected or abrogated or dealt with by agreement between the Company and any Person purporting to contract on behalf of that class, provided the same is affected with the sanction of a Special Resolution passed at a separate meeting of the holders of the issued Shares of that class and all the provisions hereafter contained as to General Meetings (including the provisions relating to quorum at such meetings) shall mutatis mutandis apply to every such meeting.

## **Shares and Certificates**

Article 12 provides that

- (a) The Company shall cause to be kept a Register and Index of Members in accordance with Sections 150 and 151 of the Act and Register and Index of Debentureholders in accordance with Section 152 of the Act. The Company shall also be entitled to keep in any State or Country outside India, a foreign register or a branch Register of Members and Debentureholders in accordance with Section 157 of the Act. The Board may make and vary such regulations as it may think fit respecting the keeping of any such register(s).
- (b) The Shares in the Capital shall be numbered progressively according to their denominations, provided however, that the provisions relating to progressive numbering shall not apply to the Shares of the Company which are dematerialised or may be dematerialised in future or issued in future in a dematerialised form. Except in the manner hereinbefore mentioned, no Share shall be sub-divided. Every forfeited or surrendered Share held in material form shall continue to bear the number by which the same was originally distinguished.
- (c) The Company shall be entitled to dematerialise its existing Shares, rematerialize its Shares held in the Depository and/or to offer its fresh Shares in a dematerialised form pursuant to the Depositories Act, 1996, and the rules framed thereunder, if any.

## **Further Issue of Shares**

Article 13 provides that

- (a) Where at any time after the expiry of two years from the formation of the Company or at any time after the expiry of one year from the allotment of shares in the Company made for the first time after its formation, whichever is earlier, it is proposed to increase the subscribed capital of the company by allotment of further shares then :
  - (i) Such further shares shall be offered to the persons who, at the date of the offer, are holders of the equity shares of the Company, in proportion, as nearly as circumstances admit, to the capital paid-up on those shares at that date ;
  - (ii) The offer aforesaid shall be made by a notice specifying the number of shares offered and limiting a time not being less than thirty days from the date of the offer within which the offer, if not accepted, will be deemed to have been declined;
  - (iii) The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to him or any of them in favour of any other person and the notice referred to in sub-clause (ii) shall contain a statement of this right;
  - (iv) After the expiry of the time specified in the notice aforesaid, or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board of Directors may dispose of them in such manner as they think most beneficial to the company.
- (b) Notwithstanding anything contained in subclause (a) the further shares aforesaid may be offered to any persons (whether or not those persons include the persons referred to in clause (i) of sub-clause (a) hereof) in any manner whatsoever.
  - (i) If a special resolution to that effect is passed by the company in general meeting, or
  - (ii) Where no such resolution is passed, if the votes cast (whether on a show of hands or on a poll as the case may be) in favour of the proposal contained in the resolution moved in that general meeting (including the casting vote, if any, of the Chairman) by members who, being entitled so to do, vote in person, or where proxies are allowed, by proxy, exceed the votes, if any, cast against the proposal by members, so entitled and voting and the Central Government is satisfied, on an application made by the Board of Directors in this behalf, that the proposal is most beneficial to the company.

- (c) Nothing in sub-clause (iii) of (a) hereof shall be deemed :
  - (i) To extend the time within which the offer should be accepted; or
  - (ii) To authorise any person to exercise the right of renunciation for a second time, on the ground that the person in whose favour the renunciation was first made has declined to take the shares comprised in the renunciation.
- (d) Nothing in this Article shall apply to the increase of the subscribed capital of the company caused by the exercise of an option attached to the debentures issued by the company :
  - (i) To convert such debentures or loans into shares in the company ; or
  - (ii) To subscribe for shares in the company

Provided that the terms of issue of such debentures or the terms of such loans include a term providing for such option and such term :

- (i) Either has been approved by the central Government before the issue of debentures or the raising of the loans or is in conformity with Rules, if any, made by that Government in this behalf ; and
- (ii) In the case of debentures or loans or other than debentures issued to, or loans obtained from the Government or any institution specified by the Central Government in this behalf, has also been approved by the special resolution passed by the company in General Meeting before the issue of the loans.

#### **Shares at the Disposal of the Directors**

Article 14 provides that

- (a) Subject to the provisions of Section 81 of the Act, if applicable, and these Articles, the Shares in the Capital of the Company for the time being (including any Shares forming part of any increased Capital of the Company) shall be under the control of the Board who may issue, allot or otherwise dispose of the same or any of them to such Persons, in such proportion and on such terms and conditions and either at a premium or at par or at a discount (subject to compliance with the provisions of Section 78 and 79 of the Act) at such time as they may from time to time think fit and with the sanction of the Members to give to any Person or Persons the option or right to apply for any Shares either at par or premium or at a discount during such time and for such consideration as the Directors think fit, and may issue and allot Shares in the Capital of the Company on payment in full or part of any property sold and transferred or for any services rendered to the Company in the conduct of its business and any Shares which may so be allotted may be issued as fully paid up Shares and if so issued, shall be deemed to be fully paid Shares, provided however, notwithstanding the foregoing, the option or right to call on Shares shall not be given to any Person or Persons without the sanction of the Company in the General Meeting.
- (b) In addition to and without derogating from powers for that purpose conferred on the Board under these Articles, the Members may, subject to the provisions of Section 81 of the Act, determine that any Shares (whether forming part of the original capital or of any increased Capital of the Company), shall be offered to such Persons, (whether Members or holders of Debentures or any other Securities or not), in such proportion and on such terms and conditions and either (subject to compliance with the provisions of Sections 78 and 79 of the Act) at a premium or at par or at a discount, as the Members shall determine and with full power to give any person, (whether a Member or holders of Debentures or any other Securities or not), the option to call for or be allotted Shares of any class of the Company, either (subject to compliance with the provisions of Sections 78 and 79 of the Act), at a premium or at par or at a discount, such option being exercisable at such time and for such consideration as may be directed by the Members or the Members make any other provision whatsoever for the issue, allotment or disposal of any Shares.
- (c) Any application signed by or on behalf of an applicant for Shares in the Company, followed by an allotment of any Shares therein, shall be an acceptance of Shares within the meaning of these Articles and every person who thus or otherwise accepts any Shares and whose name is on the Register of Members shall for the purposes of these Articles be a Member.

- (d) The money, (if any), which the Board shall, on the allotment of any Shares being made by them, require or direct to be paid by way of deposit, call or otherwise, in respect of any Shares allotted by them, shall immediately on the insertion of the name of the allottee, in the Register of Members as the name of the holder of such Shares, become a debt due to and recoverable by the Company from the allottee thereof, and shall be paid by him accordingly.
- (e) Every Member, or his heirs, Executors, or Administrators shall pay to the Company, the portion of the Capital represented by his Share or Shares which may for the time being remain unpaid thereon in such amounts at such time or times and in such manner as the Board shall from time to time in accordance with the Articles require or fix for the payment thereof.
- (f) If any Share stands in the names of two or more Members, the Member first named in the Register of Members shall as regards receipt of Dividends or bonus, or service of notices and all or any other matters connected with the Company except voting at Meetings and the transfer of Shares, be deemed the sole holder thereof, but the joint holders of a Share shall be severally as well as jointly liable for the payment of all installments and calls due in respect of such Shares, and for all incidents thereof according to these Articles.
- (g) Except as ordered by a Court of competent jurisdiction or as by law required, the Company shall be entitled to treat the Member whose name appears on the Register of Members as the holder of any Share or whose name appears as the Beneficial Owner of Shares in the records of the Depository, as the absolute owner thereof and accordingly shall not be bound to recognise any benami, trust or equity or equitable, contingent or other claim to or interest in such Share on the part of any other Person whether or not he shall have express or implied notice thereof. The Board shall be entitled at their sole discretion to register any Shares in the joint names of any two or more Persons or the survivor or survivors of them.

#### **Issue of Share Certificates**

Article 15 provides that

- (a) The issue of certificates of shares or of duplicate or renewal of certificates of shares shall be governed by the provisions of Section 84 and other provisions of the Act, as may be applicable and by the Rules or notifications or orders, if any, which may be prescribed or made by competent authority under the Act or Rules or any other law. The Directors may also comply with the provisions of such rules or regulations of any stock exchange where the shares of the Company may be listed for the time being. The certificate of title to shares shall be issued under the Seal of the Company and shall be signed by such Directors

Provided that, notwithstanding what is stated above, the Directors shall comply with such rules or regulations or requirements of any stock exchange or the rules made under the Act or the rules made under the Securities Contracts (Regulation) Act, 1956 or any other act or rules applicable in this behalf.

- (b) The provisions of this Article shall mutatis mutandis apply to Debentures and other Securities of the Company.

#### **Calls**

Article 20 provides that

- (a) Subject to the provisions of Section 91 of the Act, the Board may, from time to time, subject to the terms on which any Shares may have been issued and subject to the conditions of allotment, by a resolution passed at a meeting of the Board, (and not by circular resolution), make such call as it thinks fit upon the Members in respect of all moneys unpaid on the Shares held by them respectively and each Member shall pay the amount of every call so made on him to the Person or Persons and at the times and places appointed by the Board. A call may be made payable by installments.
- (b) Thirty days notice in writing at the least of every call (otherwise than on allotment) shall be given by the Company specifying the time and place of payment and if payable to any Person other than the Company, the name of the person to whom the call shall be paid, provided that before the time for payment of such call the Board may by notice in writing to the Members revoke the same.

- (c) A call shall be deemed to have been made at the time when the resolution of the Board authorizing such call was passed and may be made payable by the Members whose names appear on the Register of Members on such date or at the discretion of the Board on such subsequent date as shall be fixed by the Board.
- (d) A call may be revoked or postponed at the discretion of the Board.
- (e) The joint holder of a Share shall be jointly and severally liable to pay all installments and calls due in respect thereof.
- (f) The Board may, from time to time at its discretion, extend the time fixed for the payment of any call and may extend such time as to all or any of the Members, but no Members shall be entitled to such extension save as a matter of grace and favour.
- (g) If any Member or allottee fails to pay the whole or any part of any call or installment, due from him on the day appointed for payment thereof, or any such extension thereof as aforesaid, he shall be liable to pay interest on the same from the day appointed for the payment thereof to the time of actual payment at such rate as shall from time to time be fixed by the Board.
- (h) Any sum, which by the terms of issue of a Share or otherwise, becomes payable on allotment or at any fixed date or by installments at a fixed time whether on account of the nominal value of the Share or by way of premium shall for the purposes of these Articles be deemed to be a call duly made and payable on the date on which by the terms of issue or otherwise the same became payable, and in case of non-payment, all the relevant provisions of these Articles as to payment of call, interest, expenses, forfeiture or otherwise shall apply as if such sum became payable by virtue of a call duly made and notified.
- (i) On the trial or hearing of any action or suit brought by the Company against any Member or his Legal Representatives for the recovery of any money claimed to be due to the Company in respect of his Shares, it shall be sufficient to prove that the name of the Member in respect of whose Shares the money is sought to be recovered appears entered on the Register of Members as the holder, or one of the holders at or subsequently to the date at which the money sought to be recovered is alleged to have become due on the Shares in respect of which such money is sought to be recovered; that the resolution making the call is duly recorded in the minute book; and that notice of such call was duly given to the Member or his representatives so sued in pursuance of these Articles; and it shall not be necessary to prove the appointment of the Directors who made such call nor that a quorum of Directors was present at the Board at which any call was made, nor that the meeting at which any call was made was duly convened or constituted nor any other matters whatsoever; but the proof of the matters aforesaid shall be conclusive evidence of the debt.
- (j) Neither a judgment or decree in favour of the Company for calls, nor the receipt by the Company of a portion of any money which shall from time to time be due from any Member to the Company in respect of his Shares, either by way of principal or interest, nor any indulgence granted by the Company in respect of the payment of any such money shall preclude the Company from thereafter proceeding to enforce a forfeiture of such Shares as hereinafter provided.
- (k) The Board may, if it thinks fit (subject to the provisions of Section 92 of the Act) agree to and receive from any Member willing to advance the same, the whole or any part of the amounts due upon the Shares held by him beyond the sums actually called up, and upon the amount so paid or satisfied in advance or upon so much thereof as from time to time and at any time thereafter as exceeds the amount of the calls then made upon and due in respect of the Shares in respect of which such advance has been made, the Board may pay interest, at such interest, as the Member paying such sum in advance and the Board agree upon. The Board may agree to repay at any time any amount so advanced or may at any time repay the same upon giving to the Member three (3) months notice in writing. Provided that the money paid in advance of calls on any Shares may carry interest but shall not in respect thereof confer a right to participate in profits or dividend. The Directors may at any time repay the amount so advanced.
- (l) No Member paying any such sum in advance shall be entitled to voting rights in respect of the moneys so paid by him until the same would but for such payment, become presently payable.
- (m) The provisions of these Articles shall mutatis mutandis apply to the calls on Debentures of the Company.

### **Company's lien on shares**

Article 21 provides that

- (a) The Company shall have a first and paramount lien upon all the Shares / Debentures (other than fully paid-up Shares / Debentures) registered in the name of each Member (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such Shares/Debentures and no equitable interest in any Share shall be created except upon the condition that this Article will have full effect, and such lien shall extend to all Dividends and bonuses from time to time declared in respect of such Shares and interest in respect of Debentures. Unless otherwise agreed, the registration of a transfer of Shares/Debentures shall operate as a waiver of the Company's lien, if any, on such Shares/Debentures. The Directors may at any time declare any Shares/Debentures wholly or in part to be exempt from the provisions of this Article.
- (b) For the purpose of enforcing such lien the Board may sell the Shares subject thereto in such manner as they shall think fit, and for that purpose may cause to be issued a duplicate certificate in respect of such Shares and may authorise one of their number to execute a transfer thereof on behalf of and in the name of such Member. No sale shall be made until such period as aforesaid shall have elapsed and until notice in writing of the intention to sell shall have been served on such Member or his Legal Representative, and default shall have been made by him or them in payment, fulfillment, or discharge of such debts, liabilities or engagements for fourteen days after such notice.
- (c) The net proceeds of any such sale shall be received by the Company and applied in or towards payment of such part of the amount in respect of which the lien exists as is presently payable and the residue if any shall (subject to a like lien for sums not presently payable as existed upon the Shares before the sale) be paid to the Person entitled to the Shares at the date of the sale.

### **Forfeiture of Shares**

Article 22 provides that

- (a) If any Member fails to pay any call or installment or any part thereof or any money due in respect of any Shares either by way of principal or interest on or before the day appointed for the payment of the same or any such extension thereof as aforesaid, the Board may, at any time thereafter, during such time as the call or installment or any part thereof or other moneys remain unpaid or a judgment or decree in respect thereof remain unsatisfied, give notice to him or his Legal Representatives requiring him to pay the same together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non-payment.
- (b) The notice shall name a day, (not being less than fourteen days from the date of the notice), and a place or places on or before which such call or installment or such part or other moneys as aforesaid and interest thereon, (at such rate as the Board shall determine and payable from the date on which such call or installment ought to have been paid), and expenses as aforesaid are to be paid. The notice shall also state that in the event of non-payment at or before the time and at the place appointed, the Shares in respect of which the call was made or installment is payable, will be liable to be forfeited.
- (c) If the requirements of any such notice as aforesaid shall not be complied with, any Share in respect of which such notice has been given, may at any time thereafter before payment of all calls, installments, other moneys due in respect thereof, interest and expenses as aforesaid, be forfeited by a Resolution of the Board to that effect. Such forfeiture shall include all Dividends declared or any other moneys payable in respect of the forfeited Share and not actually paid before the forfeiture.
- (d) When any Share shall have been so forfeited, notice of the forfeiture shall be given to the Member in whose name it stood immediately prior to the forfeiture or if any of his Legal Representatives or to any of the Persons entitled to the Shares by transmission, and an entry of the forfeiture with the date thereof, shall forthwith be made in the Register of Members, but no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or to make any such entry as aforesaid.
- (e) Any Share so forfeited shall be deemed to be the property of the Company and may be sold, re-allotted, or otherwise disposed of either to the original holder thereof or to any other Person upon such terms and in

such manner as the Board shall think fit.

- (f) Any Member whose shares have been forfeited shall, notwithstanding the forfeiture, be liable to pay and shall forthwith pay to the Company on demand all calls, amounts, installments, interest and expenses and other moneys owing upon or in respect of such Shares at the time of the forfeiture together with interest thereon from the time of the forfeiture until payment at such rate as the Board may determine and the Board may enforce, (if it thinks fit), payment thereof as if it were a new call made at the date of forfeiture.
- (g) The forfeiture of a Share shall involve extinction at the time of the forfeiture of all interest in all claims and demands against the Company, in respect of the Share and all other rights incidental to the Share, except only such of these rights as by these Articles are expressly saved.
- (h) A declaration in writing that the declarant is a Director or Secretary of the Company and that a Share in the Company has been duly forfeited in accordance with these Articles on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all Persons claiming to be entitled to the Shares.
- (i) Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers hereinbefore given, the Board may appoint some Person to execute an instrument of transfer of the Shares sold and cause the purchaser's name to be entered in the Register of Members in respect of the Shares sold and the purchaser shall not be bound to see to the regularity of the proceedings, or to the application of the purchase money, and after his name has been entered in the Register of Members in respect of such Shares, the validity of the sale shall not be impeached by any person and the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively.
- (j) Upon any sale, re-allotment or other disposal under the provisions of the preceding Articles, the certificate or certificates originally issued in respect of the related Shares shall, (unless the same shall on demand by the Company have been previously surrendered to it by the defaulting Member), stand cancelled and become null and void and of no effect and the Board shall be entitled to issue a new certificate or certificates in respect of the said Shares to the person or persons entitled thereto.
- (k) The Board may at any time before any Share so forfeited shall have been sold, re-allotted or otherwise disposed of, annul the forfeiture thereof upon such conditions as it thinks fit.

### **Pre-emptive Rights**

Article 23 provides that

- (a) If the Company issues or proposes to issue any Shares or any other instrument that is convertible or exchangeable into or exercisable for shares ("Issuance Securities"), other than (i) Shares or options to purchase Shares issued as compensation to employees of the Company not at any time to exceed 5% of the outstanding Shares or (ii) Shares issued pursuant to any merger, amalgamation or any arrangement in accordance with Sections 391-394 of the Companies Act 1956 or (iii) convertible bonds that will convert into Shares at a premium to the Purchase Price, the Shareholders shall have the right to participate in such issuance pro rata to their shareholding in the Company in accordance with Section 81 of the Companies Act 1956 (the "Pre-emptive Right").
- (b) The Pre-emptive Right shall be offered by the Company by written notice ("Issuance Notice") to the Shareholders setting forth in detail the terms of the proposed issuance, including the proposed issuance price ("Issuance Price"), the date of closing of the proposed issuance (which shall not be less than 7 Business Days from the date of delivery of the Issuance Notice), the number of Issuance Securities proposed to be issued and all other information that the Company proposes to provide to a Third Party Subscriber (as defined in Article 23(c) below). The Shareholders may elect, by written notice to the Company given within 5 Business Days after receipt of the Issuance Notice, to purchase (but cannot renounce its entitlement) up to that number of Issuance Securities so as to maintain their respective pro rata holdings on a fully diluted basis in the Company at the Issuance Price, payable by the Shareholders in cash, and on the terms and conditions set out in the Issuance Notice.
- (c) Against payment of the Issuance Price, the Company shall issue and allot the Issuance Securities to the Shareholders on the date of closing of the issuance. If a Shareholder does not timely exercise its Pre-emptive Right, the Company may issue and allot the Issuance Securities to a third party subscriber ("Third



Party Subscriber”, including to any Affiliate of the Reliance ADA Group Shareholders) at the Issuance Price and on the terms and conditions set out in the Issuance Notice; provided, that if such issuance and allotment is not completed within ninety (90) days from the date of closing set out in the Issuance Notice, any subsequent issuance and allotment of such Issuance Securities shall be subject to the Pre-emptive Right of the Shareholders set out in this Article 23. The Shareholders shall have no obligation whatsoever to contribute additional capital or make loans or provide guarantees to or on behalf of the Company.

## **Transfer and Transmission of Shares**

Article 24 provides that

- (a) The Company shall keep a “Register of Transfers” and shall have recorded therein fairly and distinctly particulars of every transfer or transmission of any Share, Debenture or other Security held in a material form.
- (b) Every instrument of transfer of Shares shall be in writing and all provisions of Section 108 of the Act and statutory modification thereof for the time being shall be duly complied with in respect of all transfer of shares and registration thereof.
- (c)
  - (i) An application for the registration of a transfer of the Shares in the Company may be made either by the transferor or the transferee.
  - (ii) Where the application is made by the transferor and relates to partly paid Shares, the transfer shall not be registered unless the Company gives notice of the application to the transferee and the transferee makes no objection to the transfer within two weeks from the receipt of the notice.
- (d) Every such instrument of transfer shall be executed both by the transferor and the transferee and attested and the transferor shall be deemed to remain the holder of such Share until the name of the transferee shall have been entered in the Register of Members in respect thereof.
- (e) The Board shall have power on giving not less than seven days previous notice by advertisement in a newspaper circulating in the city, town or village in which the Office of the Company is situated to close the transfer books, the Register of Members and/or Register of Debenture-holders at such time or times and for such period or periods, not exceeding thirty days at a time and not exceeding in the aggregate forty-five days (45) in each year, as it may deem expedient.
- (f) Subject to the provisions of Sections 111A of the Act, these Articles and other applicable provisions of the Act or any other law for the time being in force, , the Board may, , refuse whether in pursuance of any power of the Company under these Articles or otherwise to register the transfer of or the transmission by operation of law of the right to, any shares or interest of a Member in or debentures of the Company.

and in particular may so decline in any case in which (i) the proposed transferee is a Person who is not permitted by any applicable law, regulation or guideline or any Requirements of Law, to acquire securities of the Company or (ii) if the Company has a lien upon the Shares or any of them or (iii) whilst any moneys in respect of the Shares desired to be transferred or any of them has remained unpaid or not or unless the transferee is approved by the Board and such refusal shall not be affected by the fact that the proposed transferee is already a Member. But in such cases it shall, within one (1) month from the date on which the instrument of transfer was lodged with the Company send to the transferee and the transferor notice of refusal to register such transfer. Provided that the registration of transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever except where the Company has lien on shares.

- (g) Subject to the provisions of the Act and these Articles, the Directors shall have the absolute and uncontrolled discretion to refuse to register a Person entitled by transmission to any Shares or his nominee as if he were the transferee named in any ordinary transfer presented for registration, and shall not be bound to give any reason for such refusal and in particular may also decline in respect of Shares upon which the Company has a lien.
- (h) Transfer of Shares in whatever lot should not be refused, though there would be no objection to the Company refusing to split a share certificate into several scrips of any small denominations or to consider a

proposal for transfer of Shares comprised in a share certificate to several Members, involving such splitting, if on the face of it such splitting/transfer appears to be unreasonable or without a genuine need. The Company should not, therefore, refuse transfer of Shares in violation of the stock exchange listing requirements on the ground that the number of Shares to be transferred is less than any specified number.

- (i) In the case of the death of any one or more of the Members named in the Register of Members as the joint-holders of any Share, the survivors shall be the only Member or Members recognized by the Company as having any title to or interest in such Share, but nothing herein contained shall be taken to release the estate of a deceased joint-holder from any liability on Shares held by him jointly with any other Person.
- (j) The Executors or Administrators or holder of the Succession Certificate or the Legal Representatives of a deceased Member, (not being one of two or more joint-holders), shall be the only Members recognized by the Company as having any title to the Shares registered in the name of such Member, and the Company shall not be bound to recognize such Executors or Administrators or holders of Succession Certificate or the Legal Representatives unless such Executors or Administrators or Legal Representatives shall have first obtained Probate or Letters of Administration or Succession Certificate, as the case may be, from a duly constituted court in the Union of India, provided that the Board may in its absolute discretion dispense with production of Probate or Letters of Administration or Succession Certificate, upon such terms as to indemnity or otherwise as the Board may in its absolute discretion deem fit and may under these Articles register the name of any Person who claims to be absolutely entitled to the Shares standing in the name of a deceased Member, as a Member.
- (k) The Board shall not knowingly issue or register a transfer of any share to a minor or insolvent or Person of unsound mind.
- (l) Subject to the provisions of Articles, any Person becoming entitled to Shares in consequence of the death, lunacy, bankruptcy of any Member or Member, or by any lawful means other than by a transfer in accordance with these Articles, may with the consent of the Board, (which it shall not be under any obligation to give), upon producing such evidence that he sustains the character in respect of which he proposes to act under this Article, or of his title, as the Board thinks sufficient, either be registered himself as the holder of the Shares or elect to have some Person nominated by him and approved by the Board, registered as such holder; provided nevertheless, that if such Person shall elect to have his nominee registered, he shall testify the election by executing in favour of his nominee an instrument of transfer in accordance with the provisions herein contained and until he does so, he shall not be freed from any liability in respect of the Shares.
- (m) A Person becoming entitled to a Share by reason of the death or insolvency of a Member shall be entitled to the same Dividends and other advantages to which he would be entitled if he were the registered holder of the Shares, except that he shall not, before being registered as a Member in respect of the Shares, be entitled to exercise any right conferred by membership in relation to meetings of the Company;

PROVIDED THAT the Directors shall, at any time, give notice requiring any such Person to elect either to be registered himself or to transfer the Shares, and if the notice is not complied with within ninety days, the Directors may thereafter withhold payment of all Dividends, bonuses or other moneys payable in respect of the Shares until the requirements of the notice have been complied with.

- (n) Every instrument of transfer shall be presented to the Company duly stamped for registration accompanied by such evidence as the Board may require to prove the title of the transferor, his right to transfer the Shares and every registered instrument of transfer shall remain in the custody of the Company until destroyed by order of the Board.
- (o) In case of transfer and transmission of Shares or other marketable securities where the Company has not issued any certificates and where such Shares or Securities are being held in any electronic and fungible form in a Depository, the provisions of the Depositories Act, 1996 shall apply.
- (p) Before the registration of a transfer, the certificate or certificates of the Share or Shares to be transferred must be delivered to the Company along with (save as provided in Section 108 of the Act) a properly stamped and executed instrument of transfer.

- (q) No fee shall be charged for registration of transfer or transmission of Shares, or for registration of any power of attorney, probate, letters of administration and succession certificate, certificate of death or marriage or other similar documents.
- (r) The Company shall incur no liability or responsibility whatsoever in consequence of its registering or giving effect to any transfer of Shares made or purporting to be made by any apparent legal owner thereof, (as shown or appearing in the Register of Members), to the prejudice of a Person or Persons having or claiming any equitable right, title or interest to or in the said Shares, notwithstanding that the Company may have had any notice of such equitable right, title or interest or notice prohibiting registration of such transfer, and may have entered such notice or referred thereto, in any book of the Company and the Company shall not be bound or required to regard or attend or give effect to any notice which may be given to it of any equitable right, title or interest or be under any liability whatsoever for refusing or neglecting so to do, though it may have been entered or referred to in some book of the Company but the Company shall nevertheless be at liberty to regard and attend to any such notice, and give effect thereto if the Board shall so think fit.
- (s) The provision of these Articles shall subject to the provisions of the Act and any requirements of law mutatis mutandis apply to the transfer or transmission by operation of law to other Securities of the Company.

#### **Drag-Along Rights**

Article 25 provides that

Notwithstanding anything to the contrary contained in these Articles,

- (a) If the Reliance ADA Group Shareholders (the “Reliance ADA Group Sellers”) propose to transfer Shares held by them representing more than 50% of the Shares, to any person (together with Persons acting in concert with such person) who is an independent third party and not an Affiliate of Reliance ADA Group Shareholders, (the “Proposed Purchaser(s)”) and the Reliance ADA Group Sellers procure that an offer is made by the Proposed Purchaser(s) to all the Investors for the consideration set out in Article 25(b), (the “Sale Price”), the Reliance ADA Group Sellers may, by serving a compulsory purchase notice (a “Compulsory Purchase Notice”) of 10 Business Days on each Investor, require all the Investors to sell all their Shares to one or more persons identified by the Proposed Purchaser(s) at the Sale Price.
- (b) The consideration for each Share shall be:
  - (i) the highest consideration offered for the Shares whose proposed transfer has led to the offer; and
  - (ii) not less than the Purchase Price,

and in both cases, for the purposes of calculating the Sale Price, account shall be taken of all consideration (in cash or cash equivalents) offered for such Shares which, having regard to the substance of the transaction as a whole, can reasonably be regarded as an addition to the price paid or payable for such Shares.

- (c) Any transfer of Shares pursuant to this Article 25 shall be effected in accordance with the offer referred to in Article 25(a) and otherwise in accordance with Article 28.

#### **Tag- Along Rights**

Article 26 provides that

Notwithstanding anything to the contrary contained in these Articles,

- (a) Other than pursuant to Article 25, no sale or transfer of the legal or beneficial interest in Shares which would result, if made and registered, in the Reliance ADA Group Shareholders transferring 50% or more of the Shares to a single third party (or to persons acting in concert with it), whether in one transaction or a series of related transactions, shall be made or registered unless, before the transfer is lodged for registration, the transferor(s) shall have first procured that an offer complying with the provisions of Article

26(b) below has been made by the proposed transferee to the Investors to acquire their entire holdings of Shares.

- (b) The offer referred to in Article 26(a) above shall:
  - (i) be irrevocable and unconditional;
  - (ii) be open for acceptance for a period of at least 10 Business Days following the making of the offer;
  - (iii) be on terms that the purchase of any Shares in respect of which such offer is accepted shall be completed at the same time as the relevant transaction; and
  - (iv) be at the price agreed between the third party and the Reliance ADA Group Shareholders (but, for the avoidance of doubt, the consideration offered may be in cash or cash equivalents).
- (c) The Board shall refuse to register the transfer by the Reliance ADA Group Shareholders, if the transferee(s) does/do not comply with the provisions of the Article 26(a). Notwithstanding any other provision in these Articles, if a transferee acquires Shares without complying with this Article 26, if applicable, such Shares shall not carry any vote at any general meeting of the Company and such Share transferee shall be deemed to grant any and all consents in respect of any matter which is consented to by the holders of a majority of Shares (other than the transferee) until such time as an offer complying with this Article 26 is made by the transferee.
- (d) Any dispute arising from a default by one or more third parties to pay some or all of the relevant consideration to each Investor accepting the offer (each, a “Selling Investor”) shall be a matter to be resolved between the relevant Selling Investor and the third party purchaser(s) and no Selling Investor shall have any recourse to any Reliance ADA Group Shareholder.

#### **Transfer by an Investor**

Article 27 provides that

Notwithstanding anything to the contrary contained in these Articles,

- (a) An Investor (the “Selling Investor”) shall be entitled to transfer Shares (the “Investors Sale Shares”) to any third party that is not an Affiliate of the Investor only if the Selling Investor complies with all its obligations set forth in this Article 27. Notwithstanding the foregoing, an Investor shall be entitled to transfer Shares to any Affiliate of the Investor without seeking any approvals or complying with any obligation or restriction under these Articles.
- (b) The Selling Investor shall send to any one of the Reliance ADA Group Shareholders a written notice (the “Investor Sale Notice”) 10 Business Days prior to any Investor Sale Shares being offered to a third party. The Investor Sale Notice shall specify the number of Shares being offered for sale, the expected sale price per Investor Sale Share (which for avoidance of doubt, shall be in cash or cash equivalents) and any other proposed terms and conditions relating to the sale and purchase of the Investors Sale Shares.
- (c) The delivery of an Investor Sale Notice shall constitute an offer by the Selling Investor to the Reliance ADA Group Shareholders, which shall be irrevocable for 10 Business Days from the date of the Investor Sale Notice (the “Investor Sale Notice Period”), to transfer to the Reliance ADA Group Shareholders or any Affiliate of the Reliance ADA Group Shareholders the Investor Sale Shares at the price and on the terms set out in the Investor Sale Notice.
- (d) Once a Reliance ADA Group Shareholders has received the Investor Sale Notice they may:
  - (i) send a written notice to the Selling Investor (an “Investor Sale Acceptance Notice”) within the Investor Sale Notice Period accepting the offer set out in the Investor Sale Notice (such investor Sale Acceptance Notice to specify the relevant Reliance ADA Group Shareholder or Affiliate by whom the Investor Sale Shares will be acquired);

- (ii) send a written notice to the Selling Investor within the Investor Sale Notice Period declining the offer set out in the Investor Sale Notice; or
  - (iii) neither send an Investor Sale Acceptance Notice nor reply to the Investor Sale Notice within the Investor Sale Notice Period in which case at the expiry of the Investor Sale Notice, the Reliance ADA Group Shareholders shall be deemed not to have accepted the offer set out in the Investor Sale Notice.
- (e) If the offer set out in the Investor Sale Notice is:
- (i) accepted, the Reliance ADA Group Shareholders shall be required to purchase, and the Selling Investor must sell, the Investor Sale Shares to the Reliance ADA Group Shareholders or the person identified in the Investor Sale Acceptance Notice within 10 Business Days of the Investor Sale Acceptance Notice in the manner contemplated in the Investor Sale Notice (the “Transfer Date”); or
  - (ii) not accepted or deemed to have not been accepted, the Selling Investor shall be entitled, during a period of 30 Business Days from the last day of the Investor Sale Notice Period, to transfer the Investor Sale Shares to a third party at the price per Share, and otherwise on the terms and conditions set out in the Investor Sale Notice.
- (f) If the Selling Investor does not complete the transfer of the Investor Sale Shares within this 30 Business Day period, it may not thereafter transfer the Investor Sale Shares except after issuing another Investor Sale Notice in accordance with Article 27(b).
- (g) Nothing in this Article 27 shall prevent an Investor from transferring Shares to an Affiliate of that Investor.
- (h) Following the completion of a transfer of Shares pursuant to this Article 27, the Company shall approve the transfer of Shares to the transferee and register the name of the transferee in the register of members of the Company as the holder of the Investor Sale Shares.

#### **Terms and Consequences of Transfer of Shares**

Article 28 provides that

Notwithstanding anything to the contrary contained in these Articles,

(a) **Transfer terms**

Any sale and/or transfer of Shares pursuant to Articles 25, 26, and 27 shall be on terms that those Shares:

- (i) are transferred free from all Encumbrances; and
- (ii) are transferred with the benefit of all rights attaching to them.

(b) **Documents**

The selling Shareholder(s) must deliver to the buyer in respect of the Shares which it is selling, upon, and simultaneously with, the receipt of the total consideration payable in respect of the Shares being sold:

- (i) if:
  - i. the Shares are not in dematerialised form, duly executed share transfer forms and the relevant share certificates; or
  - ii. the Shares are in dematerialised form, duly executed delivery instructions to its depository participant for the transfer of the Shares from its depository account to the depository account of the buyer; and
- (ii) a power of attorney in such form and in favour of such person as the buyer may nominate to enable the buyer to exercise all rights of ownership in respect of the Shares to be sold, including voting rights.

(c) **Payment**

The buyer must pay the total consideration due for the Shares to the selling Shareholder(s) by telegraphic transfer to the bank account of the selling Shareholder(s) notified to it for that purpose on the relevant transfer date.

(d) **Further assurance**

Each Shareholder shall do all things and carry out all acts which are reasonably necessary to affect the transfer of the Shares in accordance with the terms of Articles 25, 26, and 27 in a timely fashion.

(e) **Return of documents, etc.**

On ceasing to be a Shareholder, such Shareholder must hand over to the Company material correspondence, documents and records relating to the Company held by it or any of its Affiliates or any third party which has acquired such matter through that Shareholder and shall not keep any copies (unless it is required to keep copies as a result of legal requirement or the requirements of any regulatory or governmental body).

**Dematerialisation of Securities**

Article 29 provides that

(a) **Dematerialisation:**

Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise its existing Securities, rematerialise its Securities held in the Depositories and/or to offer its fresh Securities in a dematerialised form pursuant to the Depositories Act, and the rules framed thereunder, if any.

(b) **Options for Investors:**

Subject to Section 68B of the Act, every Person subscribing to Securities offered by the Company shall have the option to receive security certificates or to hold the Securities with a Depository. Such a Person who is the Beneficial Owner of the Securities can at any time opt out of a Depository, if permitted by law, in respect of any Securities in a manner provided by the Depositories Act, and the Company shall, in the manner and within the time prescribed, issue to the Beneficial Owner the required Certificate of Securities.

If a Person opts to hold his Securities with a Depository, the Company shall intimate such Depository the details of allotment of the Securities and on receipt of the information, the Depository shall enter in its record the name of the allottee as the Beneficial Owner of the Securities.

(c) **Securities in Depositories to be in fungible form:**

All Securities held by a Depository shall be dematerialised and be in fungible form. Nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372A of the Act shall apply to a Depository in respect of the Securities held by it on behalf of the Beneficial Owners.

(d) **Rights of Depositories & Beneficial Owners:**

- (i) Notwithstanding anything to the contrary contained in the Act or these Articles, a Depository shall be deemed to be the Registered Owner for the purposes of effecting transfer of ownership of Securities on behalf of the Beneficial Owner.
- (ii) Save as otherwise provided in (i) above, the Depository as the Registered Owner of the Securities shall not have any voting rights or any other rights in respect of the Securities held by it.
- (iii) Every person holding Shares of the Company and whose name is entered as the Beneficial Owner in the records of the Depository shall be deemed to be a Member of the Company.

- (iv) The Beneficial Owner of Securities shall, in accordance with the provisions of these Articles and the Act, be entitled to all the rights and subject to all the liabilities in respect of his Securities, which are held by a Depository.

**(e) Service of Documents:**

Notwithstanding anything contained in the Act or these Articles to the contrary, where Securities are held in a Depository, the records of the Beneficial Ownership may be served by such Depository on the Company by means of electronic mode or by delivery of floppies or discs.

**(f) Transfer of Securities:**

- (i) Nothing contained in Section 108 of the Act or these Articles shall apply to a transfer of Securities effected by transferor and transferee both of whom are entered as Beneficial Owners in the records of a Depository.
- (ii) In the case of transfer or transmission of Shares or other marketable Securities where the Company has not issued any certificates and where such Shares or Securities are being held in any electronic or fungible form in a Depository, the provisions of the Depositories Act shall apply.

**(g) Allotment of Securities dealt with in a Depository:**

Notwithstanding anything in the Act or these Articles, where Securities are dealt with by a Depository, the Company shall intimate the details of allotment of relevant Securities thereof to the Depository immediately on allotment of such Securities.

**(h) Certificate No. of Securities in Depository:**

Nothing contained in the Act or these Articles regarding the necessity of having certificate number/distinctive numbers for Securities issued by the Company shall apply to Securities held with a Depository.

**(i) Register and Index of Beneficial Owners:**

The Register and Index of Beneficial Owners maintained by a Depository under the Depositories Act, shall be deemed to be the Register and Index (if applicable) of Members and Security-holders for the purposes of these Articles.

**Restricted Right of Transfer**

Article 34 provides that

No Person shall exercise any rights or privileges of Members until he shall have paid all sums (whether in respect of call or otherwise) for the time being due in respect of the Shares held by him or due in any manner whatsoever to the Company.

**Copies of Memorandum and Articles to be sent to the Members**

Article 35 provides that

Copies of the Memorandum and Articles of Association of the Company and other documents referred to in Section 39 of the Act shall be sent by the Company to every Member at his request within seven days of the request on payment of the sum of Rupee One for each copy.

**Borrowing Powers**

Article 36 provides that

- (a) Subject to the provisions of Section 58A, 292 and 293 of the Act the Board may, from time to time at its discretion by resolution passed at the meeting of a Board:
  - (i) accept or renew deposits from Directors, their relatives, Members or the public;

- (ii) borrow moneys otherwise than on Debentures;
- (iii) accept deposits from Members either in advance of calls or otherwise; and
- (iv) generally raise or borrow or secure the payment of any sum or sums of money for the purposes of the Company.

Provided, however, that where the moneys to be borrowed together with the moneys already borrowed (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) exceed the aggregate of the Paid-up capital of the Company and its free reserves (not being reserves set apart for any specific purpose), the Board shall not borrow such moneys without the consent of the Company in General Meeting.

- (b) Subject to the provisions of these Articles, the payment or repayment of moneys borrowed or other monies in relation thereto, as aforesaid may be secured in such manner and upon such terms and conditions in all respects as the resolution of the Board shall prescribe including by the issue of bonds, perpetual or redeemable Debentures or debenture-stock, or any mortgage, charge, hypothecation, pledge, lien or other security on the undertaking of the whole or any part of the property of the Company, both present and future. Provided however that the Board shall not, except with the consent of the Company in General Meeting mortgage, charge or otherwise encumber, the Company's uncalled Capital for the time being or any part thereof and Debentures and other Securities may be assignable free from any equities between the Company and the Person to whom the same may be issued.
- (c) Any bonds, Debentures, debenture-stock or other Securities may if permissible in Law be issued at a discount, premium or otherwise by the Company and shall with the consent of the Board be issued upon such terms and conditions and in such manner and for such consideration as the Board shall consider to be for the benefit of the Company, and on the condition that they or any part of them may be convertible into Shares of any denomination, and with any privileges and conditions as to the redemption, surrender, allotment of Shares or other Securities, appointment of Directors or otherwise. Provided that Debentures with rights to allotment of or conversion into Shares shall not be issued except with, the sanction of the Company in General Meeting accorded by a Special Resolution.
- (d) Subject to the provisions of the Act and these Articles, if any uncalled Capital of the Company is included in or charged by any mortgage or other security, the Board shall make calls on the Members in respect of such uncalled Capital in trust for the Person in whose favour such mortgage or security is executed, or if permitted by the Act, may by instrument under seal authorise the Person in whose favour such mortgage or security is executed or any other Person in trust for him to make calls on the Members in respect of such uncalled Capital and the provisions hereinafter contained in regard to calls shall *mutatis mutandis* apply to calls made under such authority and such authority may be made exercisable either conditionally or unconditionally or either presently or contingently and either to the exclusion of the Board's power or otherwise and shall be assignable if expressed so to be.
- (e) The Board shall cause a proper Register to be kept in accordance with the provisions of Section 143 of the Act of all mortgages, Debentures and charges specifically affecting the property of the Company; and shall cause the requirements of Section 118, 125 and 127 to 144 (both inclusive) of the Act in that behalf to be duly complied with within the time prescribed by the said Sections or such extensions thereof as may be permitted by the Central Government, The Company Law Board, the National Company Law Tribunal, or any other authority as may be prescribed or the Court or the Registrar, as the case may be, so far as they are required to be complied with by the Board.
- (f) The Company shall, if at any time it issues Debentures, keep a Register and Index (if applicable) of Debenture-holders in accordance with Section 152 of the Act. The Company shall have the power to keep in any State or Country outside India, a Branch Register of Debenture-holders resident in that State or Country.
- (g) Any capital required by the Company for its working capital and other capital funding requirements may be obtained in such form as decided by the Board of Directors from time to time.



## **Management of Company's Affairs**

Article 39 provides that

Subject to the provisions of the Act and these Articles, the entire management of the Company's affairs including all decisions and resolutions shall be entrusted by the Members of the Company to its Board of Directors. All matters arising at a meeting of the Board of Directors, other than those otherwise specified in these Articles if any shall be decided by a majority vote, subject to any casting vote of the Chairman in the event of a tie.

## **Notice of General Meetings**

Article 43 provides that

- (a) Number of days notice of general meeting to be given: A General Meeting of the Company may be called by giving not less than twenty one (21) days clear notice in writing, but a General Meeting may be called after giving shorter notice if consent is accorded thereto:
  - (i) In case of an Annual General Meeting, by all the Members entitled to vote thereat; and
  - (ii) In the case of any other meeting, by the Members of the Company holding not less than 95 % of such part of the Paid up Share Capital of the Company as gives a right to vote at the meeting,
- (b) Notice of meeting to specify place, etc., and to contain statement of business: Notice of every meeting of the Company shall specify the place, date and hour of the meeting, and shall contain a statement of the business to be transacted thereat.
- (c) Contents and manner of service of notice and persons on whom it is to be served: Every notice may be served by the Company on any Member thereof either personally or by sending it by post to their/its registered address in India and if there be no registered address in India, to the address supplied by the Member to the Company for giving the notice to the Member.
- (d) Special business: Where any items of business to be transacted at the meeting are deemed to be special, there shall be annexed to the notice of the meeting a statement setting out all material facts concerning each item of business including any particular nature of the concern or interest if any therein of every Director and where any item of special business relates to or affects any other company, the extent of shareholding interest in that other company of every Director of the first mentioned company shall also be set out in the statement if the extent of such interest is not less than 2 % of the paid up share capital of that other company. All business transacted at any meeting of the Company shall be deemed to be special and all business transacted at the Annual General Meeting of the Company with the exception of the business specified in Section 173(1)(a) of the Act shall be deemed to be special.
- (e) Resolution requiring special notice: With regard to resolutions in respect of which special notice is required to be given by the Act, a special notice shall be given as required by Section 190 of the Act.
- (f) Notice of adjourned meeting when necessary: When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting.
- (g) Notice when not necessary: Save as aforesaid, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

## **Chairman of General Meeting**

Article 47 provides that

ADA, the Chairman of the Board shall preside as Chairman at every general meeting of the Company. In absence of ADA, or if he is not present within fifteen minutes after the time appointed for holding the meeting, or is unwilling to act as Chairman of the meeting, the Vice-Chairman of the Board shall preside as Chairman of the meeting. If there is no Chairman or Vice Chairman, or none of them are present within fifteen minutes after the time appointed for holding the meeting, or are unwilling to act as Chairman of the meeting, the directors

present shall elect one of their number to be the Chairman of the meeting. If at any meeting no Director is willing to act as Chairman or if no director is present within fifteen minutes after the time appointed for holding the meeting, the members present shall choose one of their number to be the Chairman of the meeting. No business shall be discussed at any General Meeting except the election of a Chairman while the chair is vacant.

### **Questions at General Meeting How Decided**

Article 49 provides that

- (a) At any General Meeting, a resolution put to the vote of the Meeting shall, unless a poll is demanded, be decided on a show of hands. Before or on the declaration of the result of the voting on any resolution on a show of hands, a poll may be ordered to be taken by the Chairman of the Meeting of his own motion and shall be ordered to be taken by him on a demand made in that behalf by any Member or Members present in person or by proxy and holding shares in the Company which confer a power to vote on the resolution not being less than one-tenth of the total voting power in respect of the resolution, or in which an aggregate sum of not less than fifty thousand rupees has been Paid-up. Unless a poll is demanded, a declaration by the Chairman that a resolution has, on a show of hands, been carried or carried unanimously, or by a particular majority, or lost and an entry to that effect in the Minute Book of the Company shall be conclusive evidence of the fact, without proof of the number or proportion of the votes recorded in favour of or against that resolution.
- (b) In the case of an equality of votes, the Chairman shall both on a show of hands and at a poll, (if any), have a casting vote in addition to the vote or votes to which he may be entitled as a Member.
- (c) If a poll is demanded as aforesaid, the same shall subject to anything stated in these Articles save and except otherwise than in the Extra-Ordinary General Meeting be taken at such time, (not later than forty-eight hours from the time when the demand was made), and place within the City, Town or Village in which the Office of the Company is situate and either by a show of hands or by ballot or by postal ballot, as the Chairman shall direct and either at once or after an interval or adjournment, or otherwise and the result of the poll shall be deemed to be the decision of the Meeting at which the poll was demanded. Any business other than that upon which a poll has been demanded may be proceeded with, pending the taking of the poll. The demand for a poll may be withdrawn at any time by the Person or Persons who made the demand.
- (d) Where a poll is to be taken, the Chairman of the Meeting shall appoint two scrutineers to scrutinise the votes given on the poll and to report thereon to him. One of the scrutineers so appointed shall always be a Member, (not being an officer or employee of the Company), present at the Meeting provided such a Member is available and willing to be appointed. The Chairman shall have power at any time before the result of the poll is declared, to remove a scrutineer from office and fill vacancies in the office of scrutineer arising from such removal or from any other cause.
- (e) Any poll duly demanded on the election of a Chairman of a Meeting or any question of adjournment, shall be taken at the Meeting forthwith.
- (f) The demand for a poll except on the question of the election of the Chairman and of an adjournment shall not prevent the continuance of a Meeting for the transaction of any business other than the question on which the poll has been demanded.
- (g) No report of the proceedings of any General Meeting of the Company shall be circulated or advertised at the expense of the Company unless it includes the matters required by these Articles or Section 193 of the Act to be contained in the Minutes of the proceedings of such Meeting.
- (h) The Members will do nothing to prevent the taking of any action by the Company or act contrary to or with the intent to evade or defeat the terms as contained in these Articles.

### **Votes of Members**

Article 50 provides that

- (a) No Member shall be entitled to vote either personally or by proxy at any General Meeting or Meeting of a class of Members either upon a show of hands or upon a poll in respect of any Shares registered in his name

on which calls or other sums presently payable by him have not been paid or in regard to which the Company has exercised any right of lien.

- (b) Subject to the provisions of these Articles, without prejudice to any special privilege or restrictions as to voting for the time being attached to any class of shares for the time being forming a part of the Capital of the Company, every Member not disqualified by the last preceding Article, shall be entitled to be present, and to speak and vote at such Meeting, and on a show of hands, every Member present in person shall have one vote and upon a poll, the voting right of such Member present, either in person or by proxy, shall be in proportion to his share of the Paid Up Share Capital of the Company held alone or jointly with any other Person or Persons.

Provided however, if any Member holding Preference Shares be present at any Meeting of the Company, save as provided in Clause (b) of Sub-Section (2) of Section 87 of the Act, he shall have a right to vote only on resolutions placed before the Meeting, which directly affect the rights attached to his Preference Shares.

- (c) On a poll taken at a Meeting of the Company, a Member entitled to more than one vote, or his proxy, or any other Person entitled to vote for him (as the case may be), need not, if he votes, use or cast all his votes in the same way.
- (d) A Member of unsound mind or in respect of whom an order has been made by any Court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, through a committee or through his legal guardian; and any such committee or guardian may, on a poll vote by proxy. If any Member be a minor his vote in respect of his Share(s) shall be exercised by his guardian(s), who may be selected (in case of dispute), by the Chairman of the meeting.
- (e) If there be joint registered holders of any shares, any one of such Persons may vote at any Meeting or may appoint another Person, (whether a Member or not) as his proxy in respect of such Shares, as if he were solely entitled thereto; but the proxy so appointed shall not have any right to speak at the Meeting and if more than one of such joint-holders be present at any Meeting, then one of the said Persons so present whose name stands higher in the Register of Members shall alone be entitled to speak and to vote in respect of such Shares, but the other joint- holders shall be entitled to be present at the Meeting. Several Executors or Administrators of a deceased Member in whose name Shares stand shall for the purpose of these Articles be deemed joint-holders thereof.
- (f) Subject to the provision of these Articles, votes may be given personally or by an attorney or by proxy. A body corporate, whether or not a Company within the meaning of the Act, being a Member may vote either by a proxy or by a representative duly authorised in accordance with Section 187 of the Act and such representative shall be entitled to exercise the same rights and powers, (including the right to vote by proxy), on behalf of the body corporate which he represents as that body could have exercised if it were an individual Member.
- (g) Any Person entitled to transfer any Shares of the Company may vote at any General Meeting in respect thereof in the same manner as if he were the registered holder of such Shares, provided that forty-eight hours at least before the time of holding the Meeting or adjourned Meeting as the case may be at which he proposes to vote, he shall satisfy the Board of his right to such Shares and give such indemnity (if any) as the Board may require unless the Board shall have previously admitted his right to vote at such Meeting in respect thereof.
- (h) Every proxy, (whether a Member or not), shall be appointed in writing under the hand of the appointer or his attorney, or if such appointer is a corporation under the Common Seal of such corporation or be signed by an officer or an attorney duly authorised by it, and any committee or guardian may appoint proxy. The proxy so appointed shall not have any right to speak at a Meeting.
- (i) An instrument of proxy may appoint a proxy either for (i) the purposes of a particular Meeting (as specified in the instrument) or (ii) for any adjournment thereof or (iii) it may appoint a proxy for the purposes of every Meeting of the Company, or (iv) of every Meeting to be held before a date specified in the instrument for every adjournment of any such Meeting.
- (j) A Member present by proxy shall be entitled to vote only on a poll.

- (k) An instrument appointing a proxy and a power of attorney or other authority (including by way of a Board Resolution, (if any),) under which it is signed or a notarially certified copy of that power or authority or resolution as the case may be, shall be deposited at the Office not later than forty-eight hours before the time for holding the Meeting at which the Person named in the instrument proposes to vote and in default the instrument of proxy shall not be treated as valid. An attorney shall not be entitled to vote unless the power of attorney or other instrument or resolution as the case may be appointing him or a notarially certified copy thereof has either been registered in the records of the Company at any time not less than forty-eight hours before the time for holding the Meeting at which the attorney proposes to vote, or is deposited at the Office of the Company not less than forty-eight hours before the time fixed for such Meeting as aforesaid. Notwithstanding that a power of attorney or other authority has been registered in the records of the Company, the Company may, by notice in writing addressed to the Member or the attorney, given at least 48 hours before the Meeting, require him to produce the original power of attorney or authority or resolution as the case may be and unless the same is deposited with the Company not less than forty-eight hours before the time fixed for the Meeting, the attorney shall not be entitled to vote at such Meeting unless the Board in their absolute discretion excuse such non-production and deposit.
- (l) Every instrument of proxy whether for a specified Meeting or otherwise should, as far as circumstances admit, be in any of the forms set out in Schedule IX of the Act or a form as near thereto as circumstance admit.
- (m) If any such instrument of appointment be confined to the object of appointing an attorney or proxy for voting at Meetings of the Company it shall remain permanently or for such time as the Directors may determine in the custody of the Company; if embracing other objects a copy thereof, examined with the original, shall be delivered to the Company to remain in the custody of the Company.
- (n) A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death of the principal, or revocation of the proxy or of any power of attorney under which such proxy was signed, or the transfer of the Share in respect of which the vote is given, provided that no intimation in writing of the death, revocation or transfer shall have been received at the Office before the Meeting.
- (o) No objection shall be made to the validity of any vote, except at the Meeting or poll at which such vote shall be tendered, and every vote whether given personally or by proxy, not disallowed at such Meeting or poll shall be deemed valid for all purposes of such Meeting or poll whatsoever.
- (p) The Chairman of any Meeting shall be the sole judge of the validity of every vote tendered at such Meeting. The Chairman present at the taking of a poll shall be in the sole judge of the validity of every vote tendered at such poll.
  - (i) The Company shall cause minutes of all proceedings of every General Meeting to be kept by making within thirty days of the conclusion of every such Meeting concerned, entries thereof in books kept for that purpose with their pages consecutively numbered.
  - (ii) Each page of every such book shall be initialed or signed and the last page of the record of proceedings of each Meeting in such book shall be dated and signed by the Chairman of the same Meeting within the aforesaid period of thirty days or in the event of the death or inability of that Chairman within that period, by a Director duly authorised by the Board for that purpose.
  - (iii) In no case the minutes of proceedings of a Meeting shall be attached to any such book as aforesaid by pasting or otherwise.
  - (iv) The Minutes of each Meeting shall contain a fair and correct summary of the proceedings thereat.
  - (v) All appointments of Directors of the Company made at any Meeting aforesaid shall be included in the minutes of the Meeting.
  - (vi) Nothing herein contained shall require or be deemed to require the inclusion in any such Minutes of any matter which in the opinion of the Chairman of the Meeting (i) is or could reasonably be regarded as, defamatory of any person, or (ii) is irrelevant or immaterial to the proceedings, or (iii) is detrimental to the interests of the Company. The Chairman of the Meeting shall exercise an absolute

discretion in regard to the inclusion or non-inclusion of any matter in the Minutes on the aforesaid grounds.

- (vii) Any such Minutes shall be evidence of the proceedings recorded therein.
- (viii) The book containing the Minutes of proceedings of General Meetings shall be kept at the Registered Office of the Company and shall be open, during business hours, for such periods not being less in the aggregate than two hours in each day as the Board determines, for the inspection of any Member without charge.
- (ix) The Company shall cause minutes to be duly entered in books provided for the purpose of: -
  - (I) the names of the Directors and Alternate Directors present at each General Meeting;
  - (II) all Resolutions and proceedings of General Meeting;
- (q) The Members shall vote (whether in person or by proxy) all of the Shares owned or held of record by them at any Annual or Extraordinary General Meeting of the Company called for the purpose of filling positions to the Board of Directors, appointed as a Director of the Company under Section 274(1) of the Act in accordance with these Articles.
- (r) The Members will do nothing to prevent the taking of any action by the Company or act contrary to or with the intent to evade or defeat the terms as contained in these Articles.
- (s) All matters arising at a General Meeting of the Company, other than as specified in the Act or these Articles if any, shall be decided by a majority vote.
- (t) The Members shall exercise their voting rights as shareholders of the Company to ensure that the Act and/or these Articles are implemented and acted upon by the Members, and by the Company and to prevent the taking of any action by the Company or by any Member, which is contrary to or with a view or intention to evade or defeat the terms as contained in these Articles.

### **Promoters of the Company**

Article 51 provides that

ADA Group shall be the promoter group of the Company as defined under the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 or any other statute, rules, regulations, guidelines or provisions of law (including any amendments, modifications or re-enactment thereof, for the time being in force) and shall exercise control over the Company, as defined under any such law.

### **Directors**

Article 52 provides that

Unless otherwise determined by the Company in the General Meeting, the number of Directors shall not be less than three and not more than such number as may be stipulated by the Act for the time being in force.

### **Chairman of the Board of Directors**

Article 53 provides that

- (a) ADA shall be and shall continue as the non-retiring Chairman of the Board so long as he is willing to be a Director and Chairman of the Company and shall not be liable to retire by rotation. The Chairman shall preside at all meetings of the Board and the General Meetings of the Company. The Chairman shall have a casting vote in the event of a tie.
- (b) In the event of Article 51(a) becomes inoperative as envisaged in Article 95(c) the Board of Directors of the Company shall be entitled to appoint one among themselves as Chairman of the Board and determine the period for which each of them to hold such office.

- (c) In absence of ADA or any appointed or nominated Chairman, or in the event of their being unwilling to act as the Chairman at any meeting of the Board, the members present at the Board meeting shall designate one among themselves to preside at such meeting as Chairman.
- (d) All the Directors shall exercise their voting rights to ensure that these Articles are implemented and acted upon by them to prevent the taking of any action by the Company or by any Member, which is contrary to or with a view or intention to evade or defeat the terms as contained in these Articles.

#### **Appointment of Alternate Directors**

Article 54 provides that

Subject to Section 313 of the Act, any Director shall be entitled to nominate an alternate director to act for him during his absence for a period of not less than 3 months (subject to such person being acceptable to the Chairman). The Board may appoint such a person as an Alternate Director to act for a Director (hereinafter called “the Original Director”) (subject to such person being acceptable to the Chairman) during the Original Director’s absence for a period of not less than three months from the State in which the meetings of the Board are ordinarily held. An Alternate Director appointed under this Article shall not hold office for a period longer than that permissible to the Original Director in whose place he has been appointed and shall vacate office if and when the Original Director returns to the State. If the term of the office of the Original Director is determined before he so returns to the State, any provisions in the Act or in these Articles for automatic re-appointment shall apply to the Original Director and not to the Alternate Director.

#### **Casual Vacancy and Additional Directors**

Article 55 provides that

Subject to the provisions of the Act and these Articles, the Board shall have the power at any time and from time to time to appoint any qualified Person to be a Director either as an addition to the Board or to fill a casual vacancy but so that the total number of Directors shall not at any time exceed the maximum number fixed under these Articles. Any Person so appointed as an addition shall hold office only up to the date of the next Annual General Meeting. Any person appointed to fill a casual vacancy shall hold office only up to the date to which the Original Director in whose place he is appointed would have held office if it had not been vacated but shall be eligible for election.

#### **Debenture or Lender Directors**

Article 56 provides that

If it is provided by a Trust Deed, securing or otherwise, in connection with any issue of Debentures of the Company, that any Person/ Lender or Persons/ Lenders shall have power to nominate a Director of the Company, then in the case of any and every such issue of Debentures, the Person/ Lender or Persons/ Lenders having such power may exercise such power from time to time and appoint a Director accordingly. Any Director so appointed is herein referred to a Debenture Director. A Debenture Director may be removed from office at any time by the Person/ Lender or Persons/ Lenders in whom for the time being is vested the power under which he was appointed and another Director may be appointed in his place. A Debenture Director shall not be bound to hold any qualification shares.

#### **No Qualification Shares for Directors**

Article 57 provides that

A Director shall not be required to hold any qualification Shares of the Company.

#### **Remuneration of Directors**

Article 58 provides that

- (a) Subject to the provisions of the Act, a Managing Director (s), and any other Director/s who is/are in the whole time employment of the Company may be paid remuneration either by a way of monthly payment or

at a specified percentage of the net profits of the Company or partly by one way and partly by the other, subject to the limits prescribed under the Act.

- (b) Subject to the provisions of the Act, a Director (other than a Managing Director or an Executive Director) may be paid remuneration either:
  - (i) by way of monthly, quarterly or annual payment, or
  - (ii) by way of commission.
- (c) The remuneration payable to each Director for every Meeting of the Board or Committee of the Board attended by them shall be such sum as may be determined by the Board from time to time within the maximum limits prescribed from time to time by the Central Government pursuant to the first proviso to Section 310 of the Act.

#### **Special Remuneration for Extra Services Rendered by a Director**

Article 59 provides that

If any Director be called upon to perform extra services or special exertions or efforts (which expression shall include work done by a Director as a member of any Committee formed by the Directors), the Board may arrange with such Director for such special remuneration for such extra services or special exertions or efforts either by a fixed sum or otherwise as may be determined by the Board and such remuneration may be either in addition to or in substitution for his remuneration otherwise provided.

#### **Travel Expenses of Directors**

Article 60 provides that

The Board may allow and pay to any Director who is not a bonafide resident of the place where the meetings of the Board/committee meetings are ordinarily held and who shall come to such place for the purpose of attending any meeting, such sum as the Board may consider fair compensation for travelling, lodging and/ or other expenses, in addition to his fee for attending such Board Meetings/ committee meetings as above specified; and if any Director be called upon to go or reside out of his ordinary place of his residence on the Company's business, he shall be entitled to be repaid and reimbursed travelling and other expenses incurred in connection with the business of the Company.

#### **Removal of Directors**

Article 62 provides that

The Members may by passing a special resolution remove a director, before the expiry of his period of office.

#### **Directors May Contract with Company**

Article 63 provides that

- (a) A Director or his relative, a firm in which such Director or relative is a partner, any other Person in such firm, or a private company of which the Director is a member or director may enter into any contract with the Company for the sale, purchase or supply of any goods, materials or services or for underwriting the subscription of any shares in, or Debentures, of the Company, provided that the prior sanction of the Board and the Central Government is obtained in accordance with Section 297 of the Act.
- (b) No sanction however shall be necessary to:
  - (i) any sale, purchase or lease of immovable property; or
  - (ii) any purchase of goods and materials from the Company, or the sale of goods or materials to the Company, by any such Director, relative, firm, partner or private Company as aforesaid for cash at prevailing market prices; or
  - (iii) any contract or contracts between the Company on one side and any such Director, relative, firm, partner or private company on the other, for sale, purchase or supply of any goods, materials and

services, in which either the Company or the Director, relative, firm, partner or private company, as the case may be, regularly trades or does business, where the value of the goods and materials or the cost of such services do not exceed Rs.5,000 in the aggregate in any year comprised in the period of the contract or contracts.

Provided that in circumstances of urgent necessity, the Company may without obtaining the consent of the Board enter into any such contract or contracts with the Director, relative, firm, partner or private company, even if the value of such goods or materials or the cost of such services exceeds Rs.5,000 in the aggregate in any year comprised in the period of the agreement, if the consent of the Board shall be obtained to such contract or contracts at a Meeting within three months of the date on which the contract was entered into.

- (c) The Director, so contracting or being so interested shall not be liable to the Company for any profit realised by any such contract or the fiduciary relation thereby established.

### **Disclosure of Interest**

Article 64 provides that

- (a) A Director of the Company who is in any way, whether directly or indirectly concerned or interested in a contract or arrangement, or proposed contract or arrangement entered into or to be entered into by or on behalf of the Company, shall disclose the nature of his concern or interest at a Meeting of the Board in the manner provided in Section 299(2) of the Act; Provided that it shall not be necessary for a Director to disclose his concern or interest in any such contract or arrangement entered into or to be entered into with any other company where any of the Directors of the company or two or more of them together holds or hold not more than 2 % of the Paid-up Share Capital in the other company or the Company as the case may be. A general notice given to the Board by the Director, to the effect that he is a director or member of a specified body corporate or is a member of a specified firm and is to be regarded as concerned or interested in any contract or arrangement which may, after the date of the notice, be entered into with that body corporate or firm, shall be deemed to be a sufficient disclosure of concern or interest in relation to any contract or arrangement so made. Any such general notice shall expire at the end of the Financial Year in which it is given but may be renewed for a further period of one Financial Year at a time by a fresh notice given in the last month of the Financial Year in which it would have otherwise expired. No such general notice, and no renewal thereof shall be of effect unless, either it is given at a Meeting of the Board or the Director concerned takes reasonable steps to secure that it is brought up and read at the first Meeting of the Board after it is given.
- (b) No Director shall as a Director, take any part in the discussion of, vote on any contract or arrangement entered into or to be entered into by or on behalf of the Company, if he is in any way, whether directly or indirectly, concerned or interested in such contract or arrangements; nor shall his presence count for the purpose of forming a quorum at the time of any such discussion or vote; and if he does vote, his vote shall be void; provided however that nothing herein contained shall apply to:-
  - (i) any contract or indemnity against any loss which the Directors, or any one or more of them, may suffer by reason of becoming or being sureties or a surety for the Company;
  - (ii) any contract or arrangement entered into or to be entered into with a public company or a private company which is subsidiary of a public company in which the interest of the Director consists solely,
    - (a) in his being –
      - (x) a director of such company, and
      - (y) the holder of not more than shares of such number or value therein as is requisite to qualify him for appointment as a Director thereof, he having been nominated as such Director by this Company, or
    - (b) in his being a member holding not more than 2 % of its Paid-up Share Capital.



- (c) Subject to the provisions of Section 314 and other applicable provisions, if any, of the Act, any Director of the Company, any partner or relative of such Director, any firm in which such Director or a relative of such Director is a partner, any private company of which such Director is a director or member, and any director or manager of such private company, may hold any office or place of profit in the Company.
- (d) The Company shall keep a Register in accordance with Section 301(1) of the Act and shall within the time specified in Section 301(2) of the Act enter therein such of the particulars as may be relevant having regard to the application thereto of Section 297 or Section 299 of the Act, as the case may be. The Register aforesaid shall also specify, in relation to each Director of the Company, the names of the bodies corporate and firms of which notice has been given by him under Article 62 (a). The Register shall be kept at the Registered Office of the Company and shall be open to inspection at such Office, and extracts may be taken therefrom and copies thereof may be required by any Member of the Company to the same extent, in the same manner, and on payment of the same fee as in the case of the Register of Members of the Company and the provisions of Section 163 of the Act shall apply accordingly.
- (e) A Director may be or become a Director of any Company promoted by the Company, or on which it may be interested as a vendor, shareholder, or otherwise, and no such Director shall be accountable for any benefits received as director or shareholder of such Company except in so far as Section 309(6) or Section 314 of the Act may be applicable.

#### **Disclosure by Director of Appointment to any other Body Corporate**

Article 68 provides that

- (a) Every Director, (including a person deemed to be a Director by virtue of the Explanation to Sub-Section (1) of Section 303 of the Act), a Managing Director, Manager, or Secretary of the Company shall, within thirty days of his appointment to any of the above offices or as the case may be, relinquishment of, such offices, in any other body corporate disclose to the Company, the particulars relating to his office in the other body corporate which are required to be specified under Sub-Section (1) of Section 303 of the Act.
- (b) Every Director and every person deemed to be a Director of the Company by virtue of sub-section (10) of Section 307 of the Act, shall give notice to the Company of such matters relating to himself as may be necessary for the purposes of enabling the Company to comply with the provisions of that Section.

#### **Managing Director (s)/ Executive Director (s)/ Manager**

Article 69 provides that

Subject to the provisions of the Act and of these Articles, the Board shall have power to appoint from time to time any of its members as Managing Director/s or Manager or Executive Director(s), of the Company for a fixed term not exceeding five years at a time and upon such terms and conditions as the Board thinks fit, and the Board may by resolution vest in such Managing Director/s or Manager or Executive Director(s), such of the powers hereby vested in the Board generally as it thinks fit, and such powers may be made exercisable for such period or periods and upon such conditions and subject to such restrictions as it may determine. The terms of appointment of Managing Director/s or Manager or Executive Director(s), shall be the terms on which such persons shall be appointed by the Board. The Managing Director/s or Manager or Executive Director(s), as the case may be, so appointed, shall be responsible for and in charge of the day to day management and affairs of the Company and subject to the provisions of the Act and these Articles, the Board shall vest in such Managing Director/s or Manager or Executive Director(s), as the case may be, all the powers vested in the Board generally.

#### **Powers of the Board**

**Article 77 provides that**

Subject to the provisions of the Act and these Articles: -

- (a) The Board of Directors shall be entitled to exercise all such power and to do all such acts and things as the Company is authorised to exercise and do.
- (b) The Board of Directors is vested with the entire management and control of the Company, including as

regards any and all decisions and resolutions to be passed, for and on behalf of the Company.

### **Miscellaneous**

Article 81 provides that

Notwithstanding anything to the contrary contained in this Articles:

- (a) The Company shall not and the Reliance ADA Group Shareholders shall procure that the Company shall not without the prior consent of the Majority Investors (such consent not to be unreasonably withheld or delayed):
  - (i) make any amendment to its Memorandum of Association and these Articles which would adversely affect the rights of the Investors;
  - (ii) enter into any material transaction, save and except for existing transactions, with Reliance Telecom Infrastructure (Cyprus) Holdings Limited or any of its Affiliates or any Affiliate of the Company, not in the ordinary course of business or not on arm's length commercial terms;
  - (iii) make any decision or take any action leading to the winding up or dissolution of the Company;
  - (iv) dispose of any Material Asset or provide any material service or facility (in each case, whether in one transaction or a series of related transactions) other than on an arm's length basis in the ordinary course of business; or
  - (v) effect any material change in the nature of the business of the Company by diversifying into an unrelated area of business or cease business.
- (b) The Reliance ADA Group Shareholders undertake to the Purchasers to procure that the Company's (and the Company's subsidiaries') directors, officers and employees will act in all material respects in accordance with all applicable laws, regulations and internationally accepted good business principles, as applicable.
- (c) The Company shall (and the Reliance ADA Group Shareholders undertake to procure that the Company shall) use its best efforts to achieve an IPO in which the implied valuation of each Share for the purposes of the IPO is atleast as much as the Purchase Price within January 31, 2009.

### **Dividend Policy**

Article 89 provides that

- (a) The divisible profits of the Company, subject to any special rights relating thereto being created or authorised to be created by the Memorandum or these Articles and subject to the provisions of these Articles shall be divisible among the Members in proportion to the amount of Capital Paid-up or credited as Paid-up and to the period during the year for which the Capital is Paid-up on the Shares held by them respectively. Provided always that, (subject as aforesaid), any Capital Paid-up on a Share during the period in respect of which a Dividend is declared, shall unless the Directors otherwise determine, only entitle the holder of such Share to an apportioned amount of such Dividend as from the date of payment.
- (b) Subject to the provisions of Section 205 of the Companies Act, 1956 the Company in General Meeting may declare Dividends, to be paid to Members according to their respective rights and interests in the profits but no Dividends shall exceed the amount recommended by the Board, but the Company in General Meeting may declare a smaller Dividend, and may fix the time for payments not exceeding 30 days from the declaration thereof.
- (c) (i) No Dividend shall be declared or paid otherwise than out of profits of the Financial Year arrived at after providing for depreciation in accordance with the provisions of Section 205 of the Act or out of the profits of the Company for any previous Financial Year or years arrived at after providing for depreciation in accordance with those provisions and remaining undistributed or out of both provided that: -

- (I) if the Company has not provided for depreciation for any previous Financial Year or years it shall, before declaring or paying a Dividend for any Financial Year provide for such depreciation out of the profits of that Financial Year or out of the profits of any other previous Financial Year or years,
- (II) if the Company has incurred any loss in any previous Financial Year or years the amount of the loss or an amount which is equal to the amount provided for depreciation for that year or those years whichever is less, shall be set off against the profits of the Company for the year for which the Dividend is proposed to be declared or paid or against the profits of the Company for any previous Financial Year or years arrived at in both cases after providing for depreciation in accordance with the provisions of sub-section (2) of Section 205 of the Act or against both.
- (ii) The decision of the Board as to the amount of the divisible profits shall be conclusive.
- (d) The Board may from time to time, pay to the Members such interim Dividend as in their judgment the position of the Company justifies.
- (e) Where Capital is paid in advance of calls upon the footing that the same shall carry interest, such Capital shall not whilst carrying interest, confer a right to participate in profits or Dividend.
- (f) (i) Subject to the rights of Persons, if any, entitled to Shares with special rights as to Dividend, all Dividends shall be declared and paid according to the amounts paid or credited as paid on the Shares in respect whereof Dividend is paid but if and so long as nothing is Paid upon any Shares in the Company, Dividends may be declared and paid according to the amount of the Shares.
- (ii) No amount paid or credited as paid on Shares in advance of calls shall be treated for the purpose of this regulation as paid on Shares.
- (iii) All Dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the Shares during any portion or portions of the period in respect of which the Dividend is paid, but if any Shares are issued on terms providing that it shall rank for Dividend as from a particular date such Shares shall rank for Dividend accordingly.
- (g) Subject to the provisions of the Act and these Articles, the Board may retain the Dividends payable upon Shares in respect of any Person, until such Person shall have become a Member, in respect of such Shares or until such Shares shall have been duly transferred to him.
- (h) Any one of several Persons who are registered as the joint-holders of any Share may give effectual receipts for all Dividends or bonus and payments on account of Dividends or bonus or sale proceeds of fractional certificates or other moneys payable in respect of such Shares.
- (i) Subject to the provisions of the Act, no Member shall be entitled to receive payment of any interest or Dividends in respect of his Share(s), whilst any money may be due or owing from him to the Company in respect of such Share(s); either alone or jointly with any other Person or Persons; and the Board may deduct from the interest or Dividend payable to any such Member all sums of money so due from him to the Company.
- (j) A transfer of Shares shall not pass the right to any Dividend declared thereon before the registration of the transfer.
- (k) Unless otherwise directed any Dividend may be paid by cheque or warrant or by a pay slip or receipt (having the force of a cheque or warrant) and sent by post or courier or by any other legally permissible means to the registered address of the Member or Person entitled or in case of joint-holders to that one of them first named in the Register of Members in respect of the joint-holding. Every such cheque or warrant shall be made payable to the order of the Person to whom it is sent and in case of joint-holders to that one of them first named in the Register of Members in respect of the joint-holding. The Company shall not be liable or responsible for any cheque or warrant or pay slip or receipt lost in transmission, or for any Dividend lost to a Member or Person entitled thereto, by a forged endorsement of any cheque or warrant or a forged signature on any pay slip or receipt of a fraudulent recovery of Dividend. If two or more Persons are registered as joint-holders of any Share(s) any one of them can give effectual receipts for any moneys payable in respect thereof. Several Executors or Administrators of a deceased Member in whose sole name

any Share stands shall for the purposes of this Article be deemed to be joint-holders thereof.

- (l) No unpaid Dividend shall bear interest as against the Company.
- (m) Any General Meeting declaring a Dividend may on the recommendation of the Board, make a call on the Members of such amount as the Meeting fixes, but so that the call on each Member shall not exceed the Dividend payable to him, and so that the call will be made payable at the same time as the Dividend; and the Dividend may, if so arranged as between the Company and the Members, be set-off against such calls.

#### **Directors' and Others' Rights to Indemnity**

Article 94 provides that

Subject to the provisions of Section 201 of the Act, every Director, Manager and other officer or employee of the Company shall be indemnified by the Company against any liability incurred by him and it shall be the duty of the Directors to pay out of the funds of the Company all costs, losses and expenses which any Director, Manager, officer or employee may incur or become liable to by reason of any contract entered into by him on behalf of the Company or in any way in the discharge of his duties and in particular, and so as not to limit the generality of the foregoing provision, against all liabilities incurred by him as such Director, Manager, officer or employee in defending any proceedings, whether civil or criminal, in which judgment is given in his favour or he is acquitted or in connection with any application under Section 633 of the Act in which relief is granted by the Court and the amount for which such indemnity is provided shall immediately attach as a lien on the property of the Company and have priority as between the Members over all claims.

#### **Directors etc., not Liable for Certain Acts**

Article 95 provides that

Subject to the provisions of Section 201 of the Act, no Director, Manager, officer or employee of the Company shall be liable for the acts, defaults, receipts and neglects of any other Director, Manager, officer or employee or for joining in any receipts or other act for the sake of conformity or for any loss or expenses happening to the Company through the insufficiency, or deficiency of any security in or upon which any of the monies of the Company shall be invested or for any loss or damage arising from the bankruptcy, insolvency or tortuous act of any Person with whom any moneys, Securities or effects shall be deposited or for any loss occasioned by an error of judgment or oversight on his part, or for any other loss, damage or misfortune whatsoever which shall happen in the execution thereof unless the same shall happen through his own negligence, default, misfeasance, breach of duty or breach of trust.

#### **Amendments to Memorandum and Articles of Association**

Article 96 provides that

- (a) The Members shall vote all the Shares owned or held of record by such Members at any Annual or Extraordinary General Meeting of the Company in accordance with these Articles.
- (b) The Members shall not pass any resolution or take any decision which is contrary to any of the terms of these Articles.

Notwithstanding anything stated in these Articles, if the ADA Group ceases to be the largest shareholder of the Company, then neither ADA nor the ADA Group will be entitled to the rights as stipulated in Articles 47, 51 and 53.

#### **Lapsing of Rights**

Article 97 provides that

At the time of completion of the IPO, the provisions of Article 23, Articles 25 to 28 (both inclusive) and Article 81 shall cease to have effect and accordingly certain definitions specified in such Articles viz. Articles 2A (ii), (ll), (vv) and (xx), shall also cease to have effect.

## SECTION IX: OTHER INFORMATION

### MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts which are or may be deemed material have been entered into or will be entered into by the Company. These contracts, copies of which have been attached to the copy of this Draft Red Herring Prospectus, will be delivered to the Registrar of Companies for registration and also the documents for inspection referred to hereunder, will be available for inspection at the registered office of the Company situated at H Block, First Floor, Dhirubhai Ambani Knowledge City, Navi Mumbai 400710, from 10.00 am to 4.00 pm on working days from the date of the Red Herring Prospectus until the Bid/Issue Closing Date.

#### *Material Contracts to the Issue*

1. Memorandum of Understanding between our Company, the BRLMs dated September 24, 2009.
2. Memorandum of Understanding between our Company and the Registrar to the Issue dated January 28, 2008.
3. Escrow Agreement dated [•] between the Company, the BRLMs, the Escrow Banks and the Registrar to the Issue.
4. Syndicate Agreement dated [•] between the Company, the BRLMs and the Syndicate Members.
6. Underwriting Agreement dated [•] between the Company, the BRLMs and the Syndicate Members.
7. Monitoring Agency Agreement dated [•] between the Company and the Monitoring Agent.

#### *Material Documents*

1. Merger Scheme with RNGTHPL and Order of the High Court of Bombay approving the same.
2. PTI Demerger Scheme with RCOM and RTL and Order of the High Court of Bombay approving the same.
3. Master Service Agreement dated April 10, 2007, as amended.
4. OFC Demerger Scheme with RCOM and RTL and Order of the High Court of Bombay approving the same
5. Shared facilities and support services agreement dated April 10, 2007 between our Company and RCOM.
6. Share sale agreement dated July 30, 2007.
7. Our Memorandum and Articles of Association as amended from time to time.
8. Our certificate of incorporation.
9. Board resolutions in relation to the Issue.
10. Shareholders' resolutions in relation to the Issue.
11. Shareholders' Resolutions of the general body for appointment and remuneration of our whole-time Directors.
12. Agreement dated January 31, 2008 with CEO and Whole Time Director.
13. Statements of Assets and Liabilities as restated, Statement of Profits and Losses, as Restated and Cash Flows, as Restated, prepared in accordance with Companies Act, 1956, Indian GAAP and the SEBI Regulations as at and for the Years ended March 31, 2009, 2008, 2007, 2006 and 2005 examined by S.R.

Batliboi & Co. Chartered Accountants and Chaturvedi & Shah, Chartered Accountants and their audit report on the same, dated September 23, 2009.

14. Statement of Tax Benefits from, M/s. Chaturvedi & Shah, Chartered Accountants and M/s S.R. Batliboi & Co., Chartered Accountants, dated September 23, 2009.
15. Copies of annual reports of our Company for the years ended March 31, 2005, 2006, 2007, 2008 and 2009.
16. Project status report from IMI Soft Engineering Private Limited.
17. Consent of M/s. Chaturvedi & Shah, Chartered Accountants, and S.R. Batliboi & Co., Chartered Accountants, our Auditors for inclusion of their examination reports on restated financial statements and statement of tax benefits in the form and context in which they appear in the Draft Red Herring Prospectus.
18. General powers of attorney executed by our Directors in favour of person(s) for signing and making necessary changes to this Draft Red Herring Prospectus and other related documents.
19. Consents of Bankers to the Company, BRLMs, Syndicate Members, Registrar to the Issue, Escrow Collection Bank(s), Bankers to the Issue, Domestic Legal Counsel to the Company, Domestic Legal Counsel to the Underwriters, International Legal Counsel to the Underwriters, IPO Grading Agency, IMI Soft Engineering Private Limited, Directors of the Company, Company Secretary and Compliance Officer, as referred to, in their respective capacities.
20. Listing Agreement dated [•] with [•].
21. Initial listing applications dated February 4, 2008 filed with BSE and NSE respectively.
22. In-principle listing approval dated [•] and [•] from BSE and NSE respectively.
23. Tripartite Agreement between NSDL, our Company and the Registrar to the Issue dated July 2, 2007
24. Tripartite Agreement between CDSL, our Company and the Registrar to the Issue dated June 11, 2007
25. Due diligence certificate dated September 28, 2009 to SEBI from the BRLMs.
26. SEBI observation letter No. [•] dated [•].

Any of the contracts or documents mentioned in this Draft Red Herring Prospectus may be amended or modified at any time if so required in the interest of the Company or if required by the other parties, without reference to the shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes

## DECLARATION

All relevant provisions of the Companies Act, 1956, and the guidelines issued by the Government of India or the guidelines issued by Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992 or rules made thereunder or guidelines issued, as the case may be. We further certify that all the statements in this Draft Red Herring Prospectus are true and correct.

### **Signed by the Directors of our Company**

---

Mr. Anil D. Ambani, Chairman

---

Mr. Vijay K. Aggarwal, Whole Time Director and Chief Executive Officer

---

Mr. S.P. Talwar

---

Mr. E.B. Desai

---

Mr. R. N. Bhardwaj

---

Mr. Mangesh Chauhan, Head - Finance

---

Mr. Anil C. Shah, Company Secretary

Date: September 24, 2009

Place: Mumbai