

**Reliance Jio Infocomm Limited**  
**Financial Statements**  
**2020-21**

## INDEPENDENT AUDITOR'S REPORT

### To the Members of Reliance Jio Infocomm Limited

#### Report on the Audit of the Financial Statements

##### Opinion

We have audited the accompanying financial statements of Reliance Jio Infocomm Limited ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2021, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Cash Flow Statement for the year then ended, and the notes to the financial statements including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March, 2021, and its profit, total comprehensive income, changes in equity and its cash flows for the year ended on that date.

##### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion.

##### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit matter	Auditors' response
<p><b>Revenue recognition</b></p> <p>The accounting policies for revenue recognition are set out in Note B.2 (i) to the financial statements.</p> <p>Revenue is a key audit matter due to the volume of the transactions and high degree of IT systems involvement.</p>	<p>Our principal audit procedures included the following:</p> <ul style="list-style-type: none"> <li>• Evaluated and tested the design, implementation and operating effectiveness of the relevant business process controls, inter-alia controls over the capture, measurement and authorization of revenue transactions.</li> <li>• Involved internal Information Technology (IT) specialists and tested the IT environment inter-alia for access controls, change management and application specific controls in the IT Systems over the Company's billing and other relevant support systems.</li> <li>• Tested collections, the reconciliation between revenue per the billing system and the financial records and supporting documentation for manual journal entries posted in revenue.</li> </ul>

**INDEPENDENT AUDITOR'S REPORT (continued)**

Key Audit matter	Auditors' response
<p><b>Amortization / depreciation of spectrum and related tangible assets</b></p> <p>The accounting policies for PPE and Intangible Assets, are set out in Notes B.2 (b) and B.2 (d) to the financial statements.</p> <p>Spectrum and the related tangible assets are amortised / depreciated to appropriately reflect the expected pattern of consumption of expected future economic benefits from continued use of the said assets.</p> <p>Rate of amortization / depreciation involve significant judgement and estimates and use of technology.</p>	<p>Our principal audit procedures included the following:</p> <ul style="list-style-type: none"> <li>• Tested design, implementation and operating effectiveness of controls over determination of expected economic benefits from the use of relevant assets and monitoring actual consumption thereof to true-up the expected pattern of consumption during an accounting period.</li> <li>• Involved internal Telecom and IT specialists to assess the reasonableness of the expected pattern of consumption of the economic benefits emanating from the use of the relevant assets and the IT environment over the relevant application systems used in monitoring the actual consumption thereof.</li> <li>• Substantive testing procedures included, verifying the mathematical accuracy of computation of amortization / depreciation charge for the year.</li> </ul>

**Other Information**

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board of Director's report for the year ended 31<sup>st</sup> March, 2021, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Management's Responsibility for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with accounting principles generally accepted in India including the Indian Accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

## INDEPENDENT AUDITOR'S REPORT (continued)

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### Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

**INDEPENDENT AUDITOR'S REPORT (continued)**

- c. The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.
- d. In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rule, 2014.
- e. On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2021 from being appointed as a director in terms of Section 164(2) of the Act.
- f. With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- g. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
- h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements as referred to in Note 32 to the financial statements;
  - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **D T S & Associates LLP**  
Chartered Accountants  
(Firm's Registration No. 142412W/W100595)

For **Deloitte Haskins & Sells LLP**  
Chartered Accountants  
(Firm's Registration No. 117366W/W100018)

**Anuj Bhatia**  
Partner  
Membership No. 122179  
(UDIN : 21122179AAAABA4570)

**Abhijit A. Damle**  
Partner  
Membership No. 102912  
(UDIN: 21102912AAAACM3796)

Mumbai, 29<sup>th</sup> April, 2021

## ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT

(Referred to in paragraph 1, under ‘Report on Other Legal and Regulatory Requirements’ section of our Report of even date to the members of Reliance Jio Infocomm Limited on the financial statements for the year ended 31<sup>st</sup> March, 2021)

- i. In respect of its fixed assets:
  - a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information.
  - b) As explained to us, all the fixed assets have been physically verified by the management in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such physical verification.
  - c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed / transfer deed / conveyance deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date. In respect of immovable properties of land and buildings that have been taken on lease and disclosed as fixed asset in the financial statements, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement.
- ii. Having regard to the nature of Company’s business/activities during the year, clause (ii) of paragraph 3 of the Order, regarding physical verification of inventory, is not applicable to the Company.
- iii. In our opinion and according to the information and explanations given to us, the Company has not granted any loan, secured and unsecured, to Companies, Firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, clause (iii) of paragraph 3 of the Order is not applicable to the Company.
- iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013, as applicable, in respect of grant of loans, making investments and providing guarantees and securities.
- v. According to the information and explanations given to us, the Company has not accepted any deposit from the public. Therefore, the provisions of Clause (v) of paragraph 3 of the Order are not applicable to the Company.
- vi. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- vii. In respect of statutory dues:
  - a) According to the records of the Company, undisputed statutory dues including Goods and Services Tax, Provident Fund, Employees’ State Insurance, Income Tax, Customs Duty, Cess and other material statutory dues, as applicable to the Company, have generally been regularly deposited with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31<sup>st</sup> March, 2021 for a period of more than six months from the date of becoming payable.
  - b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of Goods and Services Tax, Income-Tax, Sales-Tax, Service Tax, Duty of Excise and Value Added Tax as at 31<sup>st</sup> March, 2021 which have not been deposited on account of any dispute. The details of dues of customs duty, as at 31<sup>st</sup> March, 2021, which have not been deposited on account of a dispute, are as follows:

Name of Statute	Name of Dues	Amount (₹ In crore)	Period for which dispute relates to	Forum where dispute is pending
Customs Act, 1962	Custom Duty	1,549.25	FY 2013-14, FY 2014-15, FY 2015-16, FY 2016-17, FY 2017-18, FY 2018-19, FY 2019-20, FY 2020-21	Deputy Commissioner/ Commissioner of Customs

**ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT (continued)**

Name of Statute	Name of Dues	Amount (₹ In crore)	Period for which dispute relates to	Forum where dispute is pending
Customs Act, 1962	Custom Duty	325.30	FY 2015-16, FY 2016-17, FY 2017-18, FY 2018-19, FY 2019-20, FY 2020-21	ADG-DRI Adjudication, Mumbai
Customs Act, 1962	Custom Duty	52.55	FY 2014-15, FY 2015-16, FY 2016-17, FY 2017-18	CESTAT, Mumbai

- viii. The Company has not taken any loans or borrowings from financial institutions, banks and government or has not issued any debentures. Hence reporting under this clause of (viii) of CARO 2016 is not applicable to the Company
- ix. In our opinion and according to the information and explanations given to us, monies raised by way of term loans have, prima facie, been applied by the Company during the year for the purposes for which they were raised. The Company has not raised monies by way of initial public offer or further public offer (including debt instruments).
- x. In our opinion and according to the information and explanations given to us, no fraud by the Company or no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- xi. In our opinion and according to the information and explanations given to us, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- xii. The Company is not a Nidhi Company and hence reporting under clause (xii) of paragraph 3 of the Order is not applicable.
- xiii. In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv. During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of paragraph 3 of the Order is not applicable to the Company.
- xv. In our opinion and according to the information and explanations given to us, during the year, the Company has not entered into any non-cash transactions with its directors or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.
- xvi. In our opinion and according to information and explanations provided to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **D T S & Associates LLP**  
Chartered Accountants  
(Firm’s Registration No. 142412W/W100595)

For **Deloitte Haskins & Sells LLP**  
Chartered Accountants  
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**Anuj Bhatia**  
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Mumbai, 29<sup>th</sup> April, 2021

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## **ANNEXURE “B” TO THE INDEPENDENT AUDITOR’S REPORT**

(Referred to in paragraph 2(f) under ‘Report on Other Legal and Regulatory Requirements’ section of our Report of even date to the members of Reliance Jio Infocomm Limited on the financial statements for the year ended 31<sup>st</sup> March, 2021)

### **Report on the Internal Financial Controls with reference to Financial Statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

We have audited the internal financial controls with reference to financial statements of Reliance Jio Infocomm Limited (“the Company”) as of 31<sup>st</sup> March 2021 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### **Management’s Responsibility for Internal Financial Controls**

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls with reference to financial statements issued by the Institute of Chartered Accountants of India (the “Guidance Note”). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to respective company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditor’s Responsibility**

Our responsibility is to express an opinion on the Company’s internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statement was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system with reference to financial statements.

#### **Meaning of Internal Financial Controls with reference to Financial Statements**

A company’s internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.



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**ANNEXURE “B” TO THE INDEPENDENT AUDITOR’S REPORT (continued)****Inherent Limitations of Internal Financial Controls with reference to Financial Statements**

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at 31<sup>st</sup> March, 2021, based on the criteria for internal financial control with reference to financial statements established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls with reference to Financial Statements issued by the Institute of Chartered Accountants of India.

For **D T S & Associates LLP**

Chartered Accountants

(Firm’s Registration No. 142412W/W100595)

For **Deloitte Haskins & Sells LLP**

Chartered Accountants

(Firm’s Registration No. 117366W/W100018)

**Anuj Bhatia**

Partner

Membership No. 122179

(UDIN : 21122179AAAABA4570)

**Abhijit A. Damle**

Partner

Membership No. 102912

(UDIN: 21102912AAAACM3796)

Mumbai, 29<sup>th</sup> April, 2021







## Cash Flow Statement for the year ended 31st March, 2021

		(₹ in crore)	
		2020-21	2019-20
<b>A</b>	<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>		
	<b>Profit Before Exceptional Items &amp; Tax as per Statement of Profit and Loss</b>	16,087	7,641
	Less: Exceptional Item (Refer Note 38)	-	(195)
	<b>Profit Before Tax as per Statement of Profit and Loss</b>	<u>16,087</u>	<u>7,446</u>
	<b>Adjusted for :</b>		
	Depreciation and Amortisation Expense	11,534	7,396
	Effect of Exchange Rate Change	(160)	58
	Interest Income	(9)	-
	Gain on Investments (Net)	(473)	(83)
	Loss on Sale/Discard of Property, Plant and Equipment (Net)	-	1
	Finance Costs (Net)	<u>3,840</u>	<u>6,617</u>
	<b>Operating Profit before Working Capital Changes</b>	<u>30,819</u>	<u>21,435</u>
	<b>Adjusted for :</b>		
	Trade and Other Receivables	813	(6,805)
	Trade and Other Payables*	<u>1,110</u>	<u>3,119</u>
	<b>Cash Generated from Operations</b>	<u>32,742</u>	<u>17,749</u>
	Taxes Paid (Net)	<u>(138)</u>	<u>(1,167)</u>
	<b>Net Cash flow from Operating Activities</b>	<u>32,604</u>	<u>16,582</u>
<b>B</b>	<b>CASH FLOW FROM INVESTING ACTIVITIES:</b>		
	Purchase of Property, Plant and Equipment and Intangible Assets*	(26,116)	(51,771)
	Proceeds from disposal of Property, Plant and Equipment	369	967
	Upfront Fibre Payments	-	(16,439)
	Purchase of Investments	(93,806)	(102,638)
	Proceeds from Sale of Investments	95,240	101,503
	Interest Income	7	10
	Fixed Deposits/Escrow account with Banks	(4)	(2)
	<b>Net Cash flow (used in) Investing Activities</b>	<u>(24,310)</u>	<u>(68,370)</u>
<b>C</b>	<b>CASH FLOW FROM FINANCING ACTIVITIES:</b>		
	Proceeds from issue of Preference Share Capital	-	125,000
	Proceeds from Borrowings- Non-Current	421	8,343
	Repayment of Borrowings- Non-Current (Current year ₹ 5,59,787)	(0)	(14,770)
	Payment towards transfer of Borrowings-Non-Current*	-	(66,987)
	Borrowings- Current (Net)	(12,467)	19,641
	Repayment of Deferred Payment Liabilities	(2)	(1,370)
	Repayment of Lease Liabilities	(789)	(672)
	Finance Cost Paid	<u>(2,345)</u>	<u>(10,348)</u>
	<b>Net Cash flow (used in)/from Financing Activities</b>	<u>(15,182)</u>	<u>58,837</u>
	<b>Net (Decrease)/Increase in Cash and Cash Equivalents</b>	<u>(6,888)</u>	<u>7,049</u>
	<b>Opening Balance of Cash and Cash Equivalents</b>	7,066	17
	<b>Closing Balance of Cash and Cash Equivalents (Refer Note 8)</b>	178	7,066

\*Includes, during the previous year, cash outflows aggregating ₹ 1,04,365 crore being consideration paid to Reliance Industries Limited (Ultimate Holding Company) for transfer of identified liabilities pursuant to Scheme of Arrangement approved by Hon'ble National Company Law Tribunal (NCLT) (Refer Note 39).



## Notes to the Financial Statements for the year ended 31st March, 2021

### A. CORPORATE INFORMATION:

Reliance Jio Infocomm Limited (“the Company”) is a public limited company incorporated in India. The registered office of the Company is located at Office 101, Saffron, Nr. Centre Point, Panchawati 5 Rasta, Ambawadi, Ahmedabad-380006, Gujarat, India. The Company’s Holding Company is Jio Platforms Limited and Ultimate Holding Company is Reliance Industries Limited. The Company is engaged in the business of providing Digital Services largely in India.

### B. SIGNIFICANT ACCOUNTING POLICIES:

#### B.1 Basis of Preparation and Presentation

The financial statements have been prepared on the historical cost basis except for following assets and liabilities which have been measured at fair value:

- i. Certain Financial Assets and Liabilities (including derivative instruments);
- ii. Defined Benefit Plans - Plan Assets

The Financial Statements of the Company have been prepared to comply with the Indian Accounting standards (‘Ind AS’), including the Rules notified under the relevant provisions of the Companies Act, 2013.

The Company’s Financial Statements are presented in Indian Rupees (₹), which is also its functional currency and all values are rounded to the nearest crore (₹ 00,00,000), except when otherwise indicated.

#### B.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### (a) Current and Non-Current Classification:

The Company presents assets and liabilities in the Balance Sheet based on Current/ Non-Current classification.

An asset is treated as Current when it is:

- i. Expected to be realised or intended to be sold or consumed in normal operating cycle;
- ii. Expected to be realised within twelve months after the reporting period; or
- iii. Cash or cash equivalent unless restricted from being exchanged or used to settle a liability at least for twelve months after the reporting period;
- iv. All other assets are classified as Non-current.

A liability is current when:

- i. It is expected to be settled in normal operating cycle;
- ii. It is due to be settled within twelve months after the reporting period, or
- iii. There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred Tax assets and liabilities are classified as non-current assets and liabilities.

##### (b) Property, Plant and Equipment:

Property, Plant and Equipment are stated at cost, net of recoverable taxes, trade discount and rebates less accumulated depreciation and impairment losses, if any. Such cost includes purchase price, borrowing cost and any cost directly attributable to bringing the assets to its working condition for its intended use, net charges/credits on foreign exchange contracts and adjustments arising from exchange rate variations attributable to the assets.

Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost can be measured reliably.

Property, Plant and Equipment which are significant to the total cost of that item of Property, Plant and Equipment and having different useful life are accounted separately.

## Notes to the Financial Statements for the year ended 31st March, 2021

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Other Indirect Expenses relating to project, net of income earned during the project development stage, prior to its intended use, are considered as project development expenditure and disclosed under Capital Work-in-Progress.

The assets are capitalised when they are available for use and are working in the manner as intended by the management. The assets are considered as being available for intended use, when the performance parameters laid down by the management are achieved.

Depreciation on Property, Plant and Equipment is provided using straight-line method except in case of wireless telecommunication equipments and components which are depreciated based on the expected pattern of consumption of the expected future economic benefits over its useful life. Depreciation is provided based on useful life of the assets as prescribed in Schedule II to the Companies Act, 2013.

The residual values, useful lives and methods of depreciation of Property, Plant and Equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Gains or losses arising from derecognition of a Property, Plant and Equipment are measured as the difference between the net disposal proceeds and the carrying amount of the Asset and are recognised in the Statement of Profit and Loss when the asset is derecognised.

**(c) Leases:**

The Company, as a lessee, recognizes a right-of-use asset and a lease liability for its leasing arrangements, if the contract conveys the right to control the use of an identified asset. The contract conveys the right to control the use of an identified asset, if it involves the use of an identified asset and the Company has substantially all of the economic benefits from use of the asset and has right to direct the use of the identified asset.

The cost of the right-of-use asset shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct costs incurred. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability.

The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate.

Variable lease payments which are not dependent on an index or rate are not included in the measurement of lease liability and are expensed as incurred and recognised in the Statement of Profit and Loss.

For short-term (defined as leases with a lease term of 12 months or less) and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

**(d) Intangible Assets:**

Intangible Assets are stated at cost of acquisition net of recoverable taxes, trade discount and rebates less accumulated amortisation and impairment losses, if any. Such cost includes purchase price, borrowing costs, and any cost directly attributable for preparing the asset for its intended use, net charges on foreign exchange contracts and adjustments arising from exchange rate variations attributable to the Intangible Assets.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost can be measured reliably.

Other Indirect Expenses incurred relating to project, net of income earned during the project development stage



## Notes to the Financial Statements for the year ended 31st March, 2021

prior to its intended use, are considered as project development expenditure and disclosed under Intangible Assets Under Development.

Gains or losses arising from derecognition of an Intangible Asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognised.

A summary of amortisation policies applied to the Company's Intangible Assets to the extent of depreciable amount is, as follows: -

- i. Software are amortised on straight line method, over a period of 5 to 10 years.
- ii. License Fee is amortised over the remainder of the License period from the date of commencement of the commercial operation.
- iii. Spectrum cost is amortised from the date of commencement of commercial operation over the balance validity period, based on the expected pattern of consumption of the expected future economic benefits, in accordance with the applicable Accounting Standards.
- iv. Payment for Bandwidth capacities acquired under Indefeasible Right to Use (IRU) is amortised over the period of the agreement.

The amortisation period and the amortisation method for Intangible Assets with a finite useful life are reviewed at each reporting date.

**(e) Cash and Cash Equivalents:**

Cash and cash equivalents comprise of cash on hand and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**(f) Financial Instruments:**

**i. Financial Assets**

**A. Initial Recognition and Measurement**

All Financial Assets are initially recognized at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets, which are not at Fair Value Through Profit or Loss, are adjusted to the fair value on initial recognition. Purchase and sale of Financial Assets are recognised using trade date accounting.

**B. Subsequent Measurement**

**a) Financial Assets measured at Amortised Cost (AC)**

A Financial Asset is measured at Amortised Cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the Financial Asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

**b) Financial Assets measured at Fair Value Through Other Comprehensive Income (FVTOCI)**

A Financial Asset is measured at FVTOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling Financial Assets and the contractual terms of the financial asset give rise on specified dates to cash flows that represents solely payments of principal and interest on the principal amount outstanding.

**c) Financial Assets measured at Fair Value Through Profit or Loss (FVTPL)**

A Financial Asset which is not classified in any of the above categories are measured at FVTPL.

**C. Investment in Subsidiaries**

The Company has accounted for its investments in subsidiaries at cost less impairment loss (if any).

## Notes to the Financial Statements for the year ended 31st March, 2021

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### **D. Other Equity Investments**

All other equity investments are measured at fair value, with value changes recognised in Statement of Profit and Loss, except for those equity investments for which the Company has elected to present the value changes in 'Other Comprehensive Income'.

### **E. Impairment of Financial Assets**

In accordance with Ind AS 109, the Company uses 'Expected Credit Loss' (ECL) model, for evaluating impairment of Financial Assets other than those measured at Fair Value Through Profit and Loss (FVTPL).

Expected Credit Losses are measured through a loss allowance at an amount equal to:

- The 12-months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or
- Full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument)

For trade receivables, the Company applies 'simplified approach' which requires expected lifetime losses to be recognized from initial recognition of the receivables.

The Company uses historical default rates to determine impairment loss on the portfolio of trade receivables. At every reporting date these historical default rates are reviewed and changes in the forward-looking estimates are analysed.

For other assets, the Company uses 12 month ECL to provide for impairment loss where there is no significant increase in credit risk. If there is significant increase in credit risk full lifetime Expected Credit Loss is used.

## **ii. Financial Liabilities**

### **A. Initial Recognition and Measurement**

All Financial Liabilities are recognised at fair value and in case of borrowings, net of directly attributable cost. Fees of recurring nature are directly recognised in the Statement of Profit and Loss as finance cost.

### **B. Subsequent Measurement**

Financial Liabilities are carried at amortised cost using the effective interest method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

## **iii. Derivative Financial Instruments and Hedge Accounting.**

The Company uses various derivative financial instruments such as interest rate swaps, currency swaps, forwards & options to mitigate the risk of changes in interest rates and exchange rates. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are also subsequently measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as Financial Liabilities when the fair value is negative.

Hedges that meet the criteria for hedge accounting are accounted for as follows:

### **Fair Value Hedge**

The Company designates derivative contracts or non derivative Financial Assets / Liabilities as hedging instruments to mitigate the risk of change in fair value of hedged item due to movement in interest rates and foreign exchange rates.

## Notes to the Financial Statements for the year ended 31st March, 2021

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Changes in the fair value of hedging instruments and hedged items that are designated and qualify as fair value hedges are recorded in the Statement of Profit and Loss. If the hedging relationship no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to Statement of Profit and Loss over the period of maturity.

### iv. Derecognition of Financial Instruments

The Company derecognises a Financial Asset when the contractual rights to the cash flows from the Financial Asset expire or it transfers the Financial Asset and the transfer qualifies for derecognition under Ind AS 109. A Financial liability (or a part of a Financial liability) is derecognised from the Company's Balance Sheet when the obligation specified in the contract is discharged or cancelled or expires.

### (g) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

### (h) Contingent Liabilities

Disclosure of contingent liability is made when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources embodying economic benefits will be required to settle or a reliable estimate of amount cannot be made.

### (i) Revenue Recognition

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is recognised upon transfer of control of promised services to the customers. Revenues from fixed-price and fixed-timeframe contracts, where the performance obligations are satisfied over time and where there is no uncertainty as to measurement or collectability of consideration, are recognised to the extent the Company has rendered the services, as per the contractual arrangements. Revenue is measured at the fair value of the consideration received or receivable in exchange for transferring the promised services, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

Revenue from membership fees are recognised rateably over the membership period. Revenue from other services including advertisement is recognized on rendering services.

Revenue from services includes revenue towards interconnection charges for usage of the Company's network by other telecom operators.

Non-refundable upfront charges for one-time connectivity infrastructure setup are recognized as revenue if they relate to transfer of promised goods or services, which represent a separate performance obligation. In such cases, the revenue is recognized when such performance obligation is satisfied upon completion of service.

In case of revenue from multiple deliverables, the consideration received from customers is allocated to each separate unit of identifiable deliverable based on its relative fair value. In case the relative fair value of different components cannot be determined on a reasonable basis, the total consideration is allocated on a residual value method.

### Interest Income

Interest income from a Financial Asset is recognised using effective interest rate method.

## Notes to the Financial Statements for the year ended 31st March, 2021

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### **Dividends**

Dividend Income is recognised when the Company's right to receive the amount has been established.

### **(j) Employee Benefits Expense**

#### **Short-Term Employee Benefits**

The undiscounted amount of short term employee benefits expected to be paid in exchange for the services rendered by employees are recognised as an expense during the period when the employees render the services.

#### **Post-Employment Benefits**

##### **Defined Contribution Plans**

The Company recognises contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to a reduction in future payment or a cash refund.

##### **Defined Benefit Plans**

The Company pays gratuity to the employees who have completed five years of service with the Company at the time of resignation/superannuation. The gratuity is paid @15 days basic salary for every completed year of service as per the Payment of Gratuity Act, 1972.

The gratuity liability amount is contributed to the approved gratuity fund formed exclusively for gratuity payment to the employees. The gratuity fund has been approved by respective Income Tax authorities.

The liability in respect of gratuity and other post-employment benefits is calculated using the Projected Unit Credit Method and spread over the period during which the benefit is expected to be derived from employees' services.

Remeasurement gains and losses arising from adjustments and changes in actuarial assumptions are recognized in the period in which they occur in Other Comprehensive Income.

##### **Other Long Term Employee Benefits**

Compensated Absences are accrued and provided for on the basis of actuarial valuation done as at the year end by an independent actuary as per the Projected Unit Credit Method.

### **(k) Finance Costs**

Borrowing costs include exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Borrowing costs that are directly attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are charged to the Statement of Profit and Loss for the period for which they are incurred.

### **(l) Foreign Currencies Transactions and Translations**

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency closing rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in Statement of Profit and Loss except to the extent of exchange differences which are regarded as an adjustment to interest costs on

## Notes to the Financial Statements for the year ended 31st March, 2021

foreign currency borrowings and that are directly attributable to the acquisition or construction of qualifying assets, are capitalized as cost of assets.

Non-monetary items that are measured in terms of historical cost in a foreign currency are recorded using the exchange rates at the date of the transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in Other Comprehensive Income or Statement of Profit and Loss are also recognised in Other Comprehensive Income or Statement of Profit and Loss, respectively).

In case of an asset, expense or income where a non-monetary advance is paid/received, the date of transaction is the date on which the advance was initially recognized. If there were multiple payments or receipts in advance, dates of transactions are determined for each payment or receipt of advance consideration.

### (m) Tax Expenses

The tax expense for the period comprises of current tax and deferred income tax. Tax is recognised in Statement of Profit and Loss, except to the extent that it relates to items recognised in the Other Comprehensive Income or in Equity. In which case, the tax is also recognised in Other Comprehensive Income or Equity.

#### i. Current Tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the Income Tax authorities, based on tax rates and laws that are enacted at the Balance Sheet date.

Current tax assets and tax liabilities are offset where the Company has a legally enforceable right to offset, or to realise the asset and settle the liability simultaneously.

#### ii. Deferred Tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Financial Statements and the corresponding tax bases used in the computation of taxable profit. Deferred income tax assets on carry forward losses is recognised based on convincing evidence including robust business projections where it is reasonably certain that sufficient taxable profits will be available to utilise those losses. Deferred tax assets are recognised to the extent it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax losses can be utilized.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The carrying amount of Deferred tax liabilities and assets are reviewed at the end of each reporting period.

Deferred tax assets and liabilities are offset when there is legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

### (n) Impairment of Non-Financial Assets - Property, Plant and Equipment and Intangible Assets

The Company assesses at each reporting date as to whether there is any indication that any item of Property, Plant and Equipment and Intangible Assets or group of assets, called Cash Generating Units (CGU) may be impaired. If any such indication exists the recoverable amount of an asset or CGU is estimated to determine the extent of impairment, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the CGU to which the asset belongs.

An impairment loss is recognised in the Statement of Profit and Loss to the extent, asset's carrying amount exceeds its recoverable amount. The recoverable amount is higher of an asset's fair value less cost of disposal and value in use. Value in use is based on the estimated future cash flows, discounted to their present value using pre-tax

## Notes to the Financial Statements for the year ended 31st March, 2021

discount rate that reflects current market assessments of the time value of money and risk specific to the assets. The impairment loss recognised in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

### (o) Earnings per Share

Basic earnings per share is calculated by dividing the net profit after tax by the weighted average number of equity shares outstanding. Diluted earnings per share adjusts the figures used in determination of basic earnings per share to take into account the conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as at the beginning of the period unless issued at a later date.

## C. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the Company's Financial Statements requires management to make judgement, estimates and assumptions that affect the reported amount of revenue, expenses, assets and liabilities and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in next financial years.

### A. PROPERTY, PLANT AND EQUIPMENT / INTANGIBLE ASSETS

Estimates are involved in determining the cost attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the management. Property, Plant and Equipment / Intangible Assets are depreciated / amortised over their estimated useful lives, after taking into account estimated residual value.

Management reviews the estimated useful lives and residual values of the assets annually in order to determine the amount of depreciation / amortisation to be recorded during any reporting period. The depreciation/amortisation method is selected so as to reflect the pattern in which future economic benefits of different assets are expected to be consumed by the Company. The depreciation / amortisation for future periods is revised if there are significant changes from previous estimates.

### B. RECOVERABILITY OF TRADE RECEIVABLES

Judgements are required in assessing the recoverability of overdue trade receivables and determining whether a provision against those receivables is required. Factors considered include the credit rating of the counterparty, the amount and timing of anticipated future payments and any possible actions that can be taken to mitigate the risk of non-payment.

### C. PROVISIONS

Provisions and liabilities are recognized in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events and the amount of cash outflow can be reliably estimated. The timing of recognition and quantification of the liability requires the application of judgement to existing facts and circumstances, which can be subject to change. The carrying amounts of provisions and liabilities are reviewed regularly and revised to take account of changing facts and circumstances.

### D. IMPAIRMENT OF NON-FINANCIAL ASSETS

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or Cash Generating Units (CGU's) fair value less costs of disposal and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or a groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if no such transactions can be identified, an appropriate valuation model is used.

## Notes to the Financial Statements for the year ended 31st March, 2021

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### **E. IMPAIRMENT OF FINANCIAL ASSETS**

The impairment provisions for Financial Assets are based on assumptions about risk of default and expected cash loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period and any possible actions that can be taken to mitigate the risk of non-recovery.

### **F. REVENUE**

The application of Accounting Standard on Revenue Recognition is complex and use of key judgments with respect to multiple elements deliverables, timing of revenue recognition, accounting of discounts, incentives, contract combinations and contract modifications etc. The Management has reviewed such accounting treatment and is satisfied about its appropriateness in terms of the relevant Ind AS.

### **G. LEASES**

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. The Company uses judgement in assessing whether a contract (or part of contract) includes a lease, the lease term (including anticipated renewals), the applicable discount rate, variable lease payments whether are in-substance fixed. The judgement involves assessment of whether the asset included in the contract is a fully or partly identified asset based on the facts and circumstances, whether the contract includes a lease and non-lease component and if so, separation thereof for the purposes of recognition and measurement, determination of the lease term basis, inter-alia the non-cancellable period of lease and whether the lessee intends to opt for continuing with the use of the asset upon the expiry thereof, and whether the lease payments are fixed or variable or a combination of both.

### **H. RECOGNITION OF DEFERRED TAX ASSETS AND LIABILITIES**

Deferred tax assets and liabilities are recognised for deductible temporary differences and unused tax losses for which there is probability of utilisation against the future taxable profit. The Company uses judgement to determine the amount of deferred tax that can be recognised, based upon the likely timing and the level of future taxable profits and business developments.

### **I. GLOBAL HEALTH PANDEMIC ON COVID-19**

The outbreak of corona virus (COVID-19) pandemic globally and in India is causing significant disturbance and slowdown of economic activity. The Company's operations and revenue during the year were not significantly impacted due to COVID-19.

## Notes to the Financial Statements for the year ended 31st March, 2021

### 1. Property, Plant and Equipment, Capital Work-In-Progress, Intangible Assets and Intangible Assets Under Development (₹ in crore)

Description	Gross Block				Depreciation/Amortisation				Net Block	
	As at 01-04-2020	Additions /Adjustments	Deductions /Adjustments	As at 31-03-2021	As at 01-04-2020	For the Year	Deductions /Adjustments	As at 31-03-2021	As at 31-03-2021	As at 31-03-2020
<b>Property, Plant and Equipment :</b>										
<b>Own Assets (A)</b>										
Land	1,862	6	-	1,868	-	-	-	-	1,868	1,862
Leasehold Improvements	318	60	-	378	12	29	-	41	337	306
Buildings	1,102	58	-	1,160	60	38	-	98	1,062	1,042
Buildings-Temporary Structures	2	1	-	3	2	0	-	2	1	0
Plant and Equipments	1,00,244	18,949	390	1,18,803	6,899	5,492	22	12,369	1,06,434	93,345
Office Equipments	49	39	0	88	22	17	0	39	49	27
Furniture and Fixtures	42	0	-	42	14	3	-	17	25	28
Vehicles	27	-	5	22	17	3	4	16	6	10
<b>Total (A)</b>	<b>1,03,646</b>	<b>19,113</b>	<b>395</b>	<b>1,22,364</b>	<b>7,026</b>	<b>5,582</b>	<b>26</b>	<b>12,582</b>	<b>1,09,782</b>	<b>96,620</b>
<b>Right-of-Use Assets (B)</b>										
Land	283	0	-	283	45	8	-	53	230	238
Plant and Equipments	7,010	169	-	7,179	1,004	1,041	-	2,045	5,134	6,006
<b>Total (B)</b>	<b>7,293</b>	<b>169</b>	<b>-</b>	<b>7,462</b>	<b>1,049</b>	<b>1,049</b>	<b>-</b>	<b>2,098</b>	<b>5,364</b>	<b>6,244</b>
<b>Total (C=A+B)</b>	<b>1,10,939</b>	<b>19,282</b>	<b>395</b>	<b>1,29,826</b>	<b>8,075</b>	<b>6,631</b>	<b>26</b>	<b>14,680</b>	<b>1,15,146</b>	<b>1,02,864</b>
<b>*Intangible Assets</b>										
Spectrum/License Fee~	60,903	0	-	60,903	5,405	4,214	-	9,619	51,284	55,498
Software	5,529	66	-	5,595	921	641	-	1,562	4,033	4,608
Indefeasible Right to Use (IRU)	499	282	-	781	42	48	-	90	691	457
Others	0	-	-	0	0	0	-	0	0	0
<b>Total (D)</b>	<b>66,931</b>	<b>348</b>	<b>-</b>	<b>67,279</b>	<b>6,368</b>	<b>4,903</b>	<b>-</b>	<b>11,271</b>	<b>56,008</b>	<b>60,563</b>
<b>Total (C+D)</b>	<b>1,77,870</b>	<b>19,630</b>	<b>395</b>	<b>1,97,105</b>	<b>14,443</b>	<b>11,534</b>	<b>26</b>	<b>25,951</b>	<b>1,71,154</b>	<b>1,63,427</b>
Previous Year	1,41,092	37,255	477	1,77,870	7,092	7,396	45	14,443	1,63,427	
<b>Capital Work-In-Progress</b>									<b>16,888</b>	21,176
<b>Intangible Assets Under Development</b>									<b>93</b>	82

\* Other than internally generated.

“0” represents the amount below the denomination threshold.

~ The remaining amortisation period of Spectrum/ License fee as at 31st March, 2021 ranges between 1 to 16 years.



## Notes to the Financial Statements for the year ended 31st March, 2021

- 1.1 The Company continues to invest in augmentation of the wireless and wireline network capacity.
- 1.2 Capital Work-in-Progress and Intangible Assets Under Development includes :
- (a) ₹ 7,792 crore (Previous Year ₹ 6,243 crore) on account of capital goods inventory.
- (b) ₹ 342 crore (Previous Year ₹ 692 crore) on account of Project Development Expenditure.
- 1.3 Additions in Property, Plant and Equipment, Capital Work-in-Progress, Intangible Assets and Intangible Assets Under Development includes ₹ Nil (Previous Year ₹ 313 crore) on account of exchange difference and finance cost capitalised of ₹ 792 crore (Previous Year ₹ 2,417 crore) during the year.

(₹ in crore)

2 Investments - Non-Current	As at 31st March, 2021		As at 31st March, 2020	
	Shares	Amount	Shares	Amount
<b>Investments measured at Cost</b>				
<b>In Equity Shares of Subsidiary Companies</b>				
<b>Unquoted, fully paid up</b>				
Reliance Jio Infocomm Pte Limited of USD 1 each	12,94,00,000	814	12,94,00,000	814
Reliance Jio Infocomm USA Inc. of USD 0.01 each	3,85,47,66,449	242	3,85,47,66,449	242
Reliance Jio Infocomm UK Limited of GBP 1 each	60,00,000	52	60,00,000	52
<b>Total Investments measured at cost</b>		<b>1,108</b>		<b>1,108</b>
Aggregate amount of Unquoted Investments		<b>1,108</b>		<b>1,108</b>

(₹ in crore)

2.1 Category wise Investments - Non-Current	As at 31st March, 2021	As at 31st March, 2020
Financial assets measured at Cost	<b>1,108</b>	1,108
<b>Total Investments - Non-Current</b>	<b>1,108</b>	<b>1,108</b>

### 2.2 Details of each of the subsidiary companies are given below:

Name of the Subsidiaries	Principal Place of Business	Country of Incorporation	Proportion of Ownership Interest
Reliance Jio Infocomm Pte Limited	Singapore	Singapore	100%
Reliance Jio Infocomm USA Inc.	U.S.A.	U.S.A.	100%
Reliance Jio Infocomm UK Limited	U.K.	U.K.	100%

(₹ in crore)

3 Other Financial Assets - Non-Current	As at 31st March, 2021	As at 31st March, 2020
Fixed Deposits with Banks	<b>10</b>	3
<b>Total</b>	<b>10</b>	<b>3</b>

- 3.1 Fixed Deposits with Banks have been pledged with Government Authorities.

## Notes to the Financial Statements for the year ended 31st March, 2021

### 4 Deferred Tax (Liabilities) / Assets (Net)

#### a. The movement on the deferred tax account is as follows: (₹ in crore)

	As at 31st March, 2021	As at 31st March, 2020
At the start of the year	1,546	3,427
Charge to Statement of Profit and Loss	(4,072)	(1,883)
Charge to Other Comprehensive Income	(1)	2
<b>At the end of year</b>	<b>(2,526)</b>	<b>1,546</b>

Component of deferred tax (liabilities) / asset (₹ in crore)

	As at 31st March, 2020	(Charge) / Credit to Statement of Profit and Loss and Other Comprehensive Income	As at 31st March, 2021
<b>Deferred tax asset / (liabilities) in relation to:</b>			
Property, Plant and Equipment and Intangible Assets	(11,301)	(3,645)	(14,946)
Carried Forward Losses	11,230	(278)	10,952
Financial Liabilities	1,596	(156)	1,440
Provisions	21	7	28
<b>Total</b>	<b>1,546</b>	<b>(4,073)</b>	<b>(2,526)</b>

#### b. Income tax recognised in Statement of Profit and Loss (₹ in crore)

	As at 31st March, 2021	As at 31st March, 2020
Current Tax	-	-
Deferred Tax	4,072	1,883
<b>Total Income Tax expenses recognised in the current year</b>	<b>4,072</b>	<b>1,883</b>

The income tax expenses for the year can be reconciled to the accounting profit as follows: (₹ in crore)

	As at 31st March, 2021	As at 31st March, 2020
Profit before Tax	16,087	7,445
Applicable Tax Rate	25.17%	25.17%
Computed Tax Expense	4,049	1,873
<b>Tax effect of :</b>		
Expenses Disallowed	23	10
<b>Tax Expenses recognised in Statement of Profit and Loss</b>	<b>4,072</b>	<b>1,883</b>
<b>Effective Tax Rate</b>	<b>25.31%</b>	<b>25.30%</b>

#### c. Income tax recognised in Other Comprehensive Income (₹ in crore)

	As at 31st March, 2021	As at 31st March, 2020
Deferred Tax	1	(2)
<b>Total income tax expenses recognised in the current year</b>	<b>1</b>	<b>(2)</b>

Note - As per section 115BAA introduced vide Taxation Laws (Amendment) Act 2019, the Company during the previous year has adopted new income tax rates.

During the previous year, pursuant to the adoption of new tax regime, impact of change in tax rate of ₹ 629 crore and reversal of MAT credit of ₹ 1,219 crore has been adjusted against part of the previously unrecognised deferred tax assets.

## Notes to the Financial Statements for the year ended 31st March, 2021

			(₹ in crore)		
5	<b>Other Non-Current Assets (Unsecured and Considered Good)</b>	<b>As at 31st March, 2021</b>	<b>As at 31st March, 2020</b>		
	Capital Advances (Refer Note 32(II) )	15,222	310		
	Security Deposits	2,238	2,465		
	Advance Income Tax	1,323	1,185		
	Balance with GST Authorities	2,154	4,448		
	Upfront Fibre payment	15,500	15,570		
	Others	1,964	1,942		
	<b>Total</b>	<b>38,401</b>	<b>25,920</b>		

5.1 Others include Amount paid under protest to Commissioner of Customs.

			(₹ in crore)		
		<b>As at 31st March, 2021</b>	<b>As at 31st March, 2020</b>		
<b>Advance Income Tax</b>					
	At start of year	1,185	18		
	Tax paid (Net) during the year	138	1,167		
	<b>At end of year</b>	<b>1,323</b>	<b>1,185</b>		

			(₹ in crore)		
6	<b>Investments - Current</b>	<b>As at 31st March, 2021</b>		<b>As at 31st March, 2020</b>	
		Units	Amount	Units	Amount
<b>Investments measured at Fair value through Profit and Loss</b>					
<b>In Mutual Fund - Unquoted</b>					
	Kotak Liquid Fund Direct Plan Growth	-	-	8,85,937	356
	Aditya Birla Sun Life Liquid Fund-Growth-Direct Plan	-	-	78,26,490	250
	IDFC Cash Fund Growth Direct Plan	4,02,284	100	10,41,260	250
	SBI Liquid Fund Direct Plan Growth	-	-	8,04,397	250
	L&T Liquid Fund Direct Plan Growth	3,54,769	100	9,18,948	250
	Invesco India Liquid Fund Direct Plan Growth	-	-	91,867	25
	Axis Liquid Fund Direct Plan Growth	4,37,700	100	-	-
	Tata Liquid Fund Direct Plan Growth	3,69,519	120	-	-
	<b>Total</b>	<b>15,64,272</b>	<b>420</b>	<b>1,15,68,899</b>	<b>1,381</b>
	Aggregate amount of Unquoted Investments	420		1,381	

			(₹ in crore)		
7	<b>Trade Receivables (Unsecured)</b>	<b>As at 31st March, 2021</b>	<b>As at 31st March, 2020</b>		
	Considered Good	1,410	1,609		
	Credit Impaired	43	13		
	Less: Provision	(43)	(13)		
	<b>Total</b>	<b>1,410</b>	<b>1,609</b>		

## Notes to the Financial Statements for the year ended 31st March, 2021

(₹ in crore)		
<b>8 Cash and Cash Equivalents</b>	<b>As at 31st March, 2021</b>	<b>As at 31st March, 2020</b>
Balances with Banks	178	212
Others-Corporate Deposits*	-	6,854
Cash and Cash Equivalents as per Balance Sheet	178	7,066
Cash and Cash Equivalents as per Cash Flow Statement	178	7,066

\* Refundable on demand within 89 days, guaranteed by Reliance Industries Limited.

(₹ in crore)		
<b>9 Bank balances other than covered in Cash and Cash Equivalents</b>	<b>As at 31st March, 2021</b>	<b>As at 31st March, 2020</b>
Fixed Deposits with Banks	111	114
Other Earnarked Bank Balances	300	300
<b>Total</b>	<b>411</b>	<b>414</b>

9.1 Fixed Deposits with Banks of ₹ 35 crore (Previous year of ₹ 38 crore) have been pledged with government authorities and ₹ 76 crore (Previous year ₹ 76 crore) have been pledged against bank guarantee issued to Department of Telecommunication (DOT).

(₹ in crore)		
<b>10 Other Financial Assets - Current</b>	<b>As at 31st March, 2021</b>	<b>As at 31st March, 2020</b>
Interest accrued on Fixed Deposits	17	15
Others	597	1,052
<b>Total</b>	<b>614</b>	<b>1,067</b>

10.1 Others include Contractual / Unbilled receivables.

(₹ in crore)		
<b>11 Other Current Assets (Unsecured and Considered Good)</b>	<b>As at 31st March, 2021</b>	<b>As at 31st March, 2020</b>
Balance with GST Authorities	15,300	13,320
Upfront Fibre payment	544	869
Advance to Vendors	1,983	2,100
Others	1,575	617
<b>Total</b>	<b>19,402</b>	<b>16,906</b>

11.1 Others include prepaid expenses.

## Notes to the Financial Statements for the year ended 31st March, 2021

		(₹ in crore)	
12 Share Capital		As at 31st March, 2021	As at 31st March, 2020
<b>Authorised Share Capital :</b>			
45,00,00,00,000	Equity Shares of ₹ 10 each	45,000	45,000
(45,00,00,00,000)			
1,15,00,00,00,000	Preference Shares of ₹ 10 each	1,15,000	1,15,000
(1,15,00,00,00,000)			
	<b>Total</b>	<b>1,60,000</b>	<b>1,60,000</b>
<b>Issued, Subscribed and Paid up:</b>			
45,00,00,00,000	Equity Shares of ₹ 10 each fully paid up	45,000	45,000
(45,00,00,00,000)			
	<b>Total</b>	<b>45,000</b>	<b>45,000</b>

Figures in bracket represents Previous Year's figure.

### 12.1 Terms/rights attached to equity shares :

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts in proportion to the number of equity shares held by them.

### 12.2 The reconciliation of the number of shares outstanding is set out below:

Particulars	As at 31st March, 2021		As at 31st March, 2020	
	No.of Shares	₹ in crore	No.of Shares	₹ in crore
Equity shares at the beginning of the year	45,00,00,00,000	45,000	45,00,00,00,000	45,000
Add: Issue of Shares	-	-	-	-
<b>Equity shares at the end of the year</b>	<b>45,00,00,00,000</b>	<b>45,000</b>	<b>45,00,00,00,000</b>	<b>45,000</b>

### 12.3 The details of shareholders holding more than 5% shares in the Company including those held by Holding Company and Subsidiaries of Holding Company:

Name of Shareholder	As at 31st March, 2021		As at 31st March, 2020	
	No of Shares	% held	No of Shares	% held
Jio Platforms Limited (Holding Company)	45,00,00,00,000	100.00%	45,00,00,00,000	100.00%

## Notes to the Financial Statements for the year ended 31st March, 2021

		(₹ in crore)	
13 Other Equity		As at 31st March, 2021	As at 31st March, 2020
<b>Instrument classified as Equity</b>			
<b>Optionally Convertible Preference Shares (OCPS)</b>			
0.1% Non Cumulative OCPS Series-I	125		125
9% Non Cumulative OCPS Series-V	4,000		4,000
0.01% Non Cumulative OCPS Series-VI	1,05,000		1,05,000
		<b>109,125</b>	<b>1,09,125</b>
<b>Reserves and Surplus</b>			
<b>Securities Premium</b>			
As per last Balance Sheet	16,000		-
Add: On issue of shares	-		16,000
<b>Balance at end of year</b>		<b>16,000</b>	<b>16,000</b>
<b>Retained Earnings</b>			
As per last Balance Sheet	831		(4,725)
Add: Profit for the year	12,015		5,562
Add: Other Comprehensive Income arising from Remeasurement of Defined Benefit Plan, net of Income tax	2		(6)
<b>Balance at end of year</b>		<b>12,848</b>	<b>831</b>
<b>Total</b>		<b>1,37,973</b>	<b>1,25,956</b>

### 13.1 0.1% 12,50,00,000 Non Cumulative Optionally Convertible Preference Shares (“OCPS-Series-I”) of ₹ 10 each, fully paid up

#### Terms/rights attached to Preference Shares :

The amount subscribed/paid on each OCPS are convertible into 2 (Two) Equity Shares of ₹ 10 each at any time at the option of the Company but in any case not later than June 29, 2030 and in the event the shares are not converted, these will be redeemed at any time at the option of the Company at ₹ 20 each but not in any case later than June 29, 2030.

### 13.2 9% Non Cumulative Optionally Convertible Preference Shares (“OCPS-Series-V”) of ₹ 10 each, fully paid up

#### Terms/rights attached to Preference Shares :

The amount subscribed/paid on each OCPS are either redeemable at ₹ 50 or convertible into 5 (Five) Equity Shares of ₹ 10 each at any time at the option of the Company, but not later than 10 years from the date of allotment of the OCPS (i.e. 7th June, 2019).

#### The reconciliation of the number of shares outstanding is set out below:

		(₹ in crore)		
Particulars	As at 31st March, 2021		As at 31st March, 2020	
	No. of Shares	Amount	No. of Shares	Amount
Preference shares at the beginning of the year	4,00,00,00,000	4,000	-	-
Add: Issue of Shares	-	-	4,00,00,00,000	4,000
<b>Preference shares at the end of the year</b>	<b>4,00,00,00,000</b>	<b>4,000</b>	<b>4,00,00,00,000</b>	<b>4,000</b>

## Notes to the Financial Statements for the year ended 31st March, 2021

### 13.3 0.01% Non Cumulative Optionally Convertible Preference Shares (“OCPS-Series-VI”) of ₹ 10 each, fully paid up

#### Terms/rights attached to Preference Shares :

Each OCPS shall be converted into 1 (One) Equity Share of ₹ 10 each at any time at the option of the Company but not later than 10 years from the date of allotment of OCPS (i.e. 18th December, 2019). If not converted, each OCPS shall be redeemed at ₹ 20 at the end of the Term. Provided however, each OCPS can be redeemed at any time along with proportionate premium.

The reconciliation of the number of shares outstanding is set out below:

(₹ in crore)

Particulars	As at 31st March, 2021		As at 31st March, 2020	
	No. of Shares	Amount	No. of Shares	Amount
Preference shares at the beginning of the year	1,05,00,00,00,000	1,05,000	-	-
Add: Issue of Shares	-	-	1,05,00,00,00,000	1,05,000
<b>Preference shares at the end of the year</b>	<b>1,05,00,00,00,000</b>	<b>1,05,000</b>	<b>1,05,00,00,00,000</b>	<b>1,05,000</b>

### 13.4 The details of Preference shareholders holding more than 5% shares in the Company including those held by Holding Company:

OCPS Series-I/V/VI : 100% shares are held by Jio Platforms Limited (Holding Company)

Note: The voting rights on the OCPS Series-I/V/VI are as prescribed under the provisions of the Companies Act, 2013.

(₹ in crore)

14 Borrowings	As at 31st March, 2021		As at 31st March, 2020	
	Non-Current	Current	Non-Current	Current
<b>Unsecured - At Amortised Cost</b>				
Term Loans				
From Others*	364	57	-	-
<b>Total</b>	<b>364</b>	<b>57</b>	<b>-</b>	<b>-</b>

\* Loan from CISCO at average Interest Rate of 4.39% repayable in next 5 years.

Maturity Profile of Unsecured Term Loans From Others are as set out below:

(₹ in crore)

Description	Non-Current		Current
	2-5 Years		1 year
Term Loans from Cisco	364		57

## Notes to the Financial Statements for the year ended 31st March, 2021

			(₹ in crore)	
15 Other Financial Liabilities - Non-Current	As at 31st March, 2021		As at 31st March, 2020	
Interest accrued but not due on Deferred Payment Liabilities (Refer Note 16.1)	9,554		7,035	
Creditors for Capital Expenditure	758		896	
Lease Liability (Refer Note 40)	4,833		5,559	
<b>Total</b>	<b>15,145</b>		<b>13,490</b>	

					(₹ in crore)	
16 Deferred Payment Liabilities	As at 31st March, 2021		As at 31st March, 2020			
	Non-Current	Current	Non-Current	Current		
<b>Unsecured</b>						
Payable to Department of Telecommunication ("DoT")	18,837	-	18,839	-		
<b>Total</b>	<b>18,837</b>	<b>-</b>	<b>18,839</b>	<b>-</b>		

- 16.1 Upto 31st March, 2017, the Company had won the auction for spectrum aggregating to 580.3 MHz (DL+UL). The Company had opted for deferred payment for a specified portion of the auction price. The deferred payment liability recognised in the financial statements was payable in 16 annual instalments after a moratorium of two years. During the previous year, the Company opted for deferment of instalments due for the years 2020-2021 and 2021- 2022, in response to such one-time option provided by DoT, whereby, the revised instalments are payable only from FY 2022-2023, without any increase in the existing time period specified for making the instalment payments.

			(₹ in crore)	
17 Borrowings - Current	As at 31st March, 2021		As at 31st March, 2020	
<b>Unsecured - At Amortised Cost</b>				
Rupee Loans - Commercial Paper*	10,775		23,242	
<b>Total</b>	<b>10,775</b>		<b>23,242</b>	

\*Maximum amount outstanding at any time during the year was ₹ 28,674 crore (Previous Year ₹ 32,154 crore).

			(₹ in crore)	
18 Trade Payables Due to	As at 31st March, 2021		As at 31st March, 2020	
Micro and Small Enterprises	6		38	
Other than Micro and Small Enterprises	2,233		4,662	
<b>Total</b>	<b>2,239</b>		<b>4,700</b>	

- 18.1 There are no overdue to Micro, Small and Medium Enterprises as at 31st March, 2021.



## Notes to the Financial Statements for the year ended 31st March, 2021

(₹ in crore)		
19 Other Financial Liabilities - Current	As at 31st March, 2021	As at 31st March, 2020
Current maturities of Borrowings - Non-Current (Refer Note 14)	57	-
Interest accrued but not due on Borrowings	27	171
Creditors for Capital Expenditure	6,783	3,459
Lease Liability (Refer Note 40)	885	779
Other Payables	334	548
<b>Total</b>	<b>8,086</b>	<b>4,957</b>

19.1 Other Payables includes employee dues and security deposit received from customers.

(₹ in crore)		
20 Other Current Liabilities	As at 31st March, 2021	As at 31st March, 2020
Revenue received in advance	5,779	4,994
Other Payables	3,293	468
<b>Total</b>	<b>9,072</b>	<b>5,462</b>

20.1 Other Payables include statutory dues.

(₹ in crore)		
21 Provisions - Current	As at 31st March, 2021	As at 31st March, 2020
Provisions for Employee Benefits (Refer Note 30)*	72	59
<b>Total</b>	<b>72</b>	<b>59</b>

\*The provision for employee benefit includes annual leave entitlement accrued.

(₹ in crore)		
22 Revenue from Operations	2020-21	2019-20
Value of Services	82,409	63,983
Less: GST recovered	(12,521)	(9,667)
<b>Total</b>	<b>69,888</b>	<b>54,316</b>

22.1 The entire balance in the revenue received in advance account at the beginning of the current year and in the previous year has been recognised as revenue during the current year and the previous year respectively.

All contracts of the Company with its customers have an original duration of one year or less. Accordingly, the Company has applied the practical expedient as given in IND AS 115, considering which, it is not required to disclose the information about its remaining performance obligations in terms of the said Standard.

## Notes to the Financial Statements for the year ended 31st March, 2021

		(₹ in crore)	
<b>23</b>	<b>Other Income</b>	<b>2020-21</b>	<b>2019-20</b>
	Interest Income from Fixed Deposits	9	-
	Gain on Investments (Net)	473	83
	Interest on Income Tax Refund	22	-
	Other Non-Operating Income	44	4
	<b>Total</b>	<b>548</b>	<b>87</b>
		(₹ in crore)	
<b>24</b>	<b>Network Operating Expenses</b>	<b>2020-21</b>	<b>2019-20</b>
	Rent / Service Charges	8,762	7,734
	Power and Fuel	7,726	6,707
	Repairs and Maintenance	1,740	1,109
	Other Network Cost*	3,830	1,380
	<b>Total</b>	<b>22,058</b>	<b>16,930</b>
	*Includes Fiber Usage Charges		
		(₹ in crore)	
<b>25</b>	<b>Access Charges</b>	<b>2020-21</b>	<b>2019-20</b>
	Access Charges	4,631	5,795
	<b>Total</b>	<b>4,631</b>	<b>5,795</b>
		(₹ in crore)	
<b>26</b>	<b>Employee Benefits Expense</b>	<b>2020-21</b>	<b>2019-20</b>
	Salaries and Wages	1,189	1,312
	Contribution to Provident and Other Funds	76	70
	Staff Welfare Expenses	72	81
	<b>Total</b>	<b>1,337</b>	<b>1,463</b>
		(₹ in crore)	
<b>27</b>	<b>Finance Costs</b>	<b>2020-21</b>	<b>2019-20</b>
	Interest Expenses	3,223	5,966
	Interest on Lease Liabilities	617	651
	<b>Total</b>	<b>3,840</b>	<b>6,617</b>

## Notes to the Financial Statements for the year ended 31st March, 2021

		(₹ in crore)	
<b>28</b>	<b>Other Expenses</b>	<b>2020-21</b>	<b>2019-20</b>
	Professional Fees	1,003	574
	Payment to Auditors (Refer Note 36)	6	6
	Insurance	77	41
	Net (Gain) / Loss on Foreign Currency Transactions	(76)	73
	Corporate Social Responsibility (Refer Note 37)	88	38
	Infrastructure Usages Charges	469	101
	Provision for Doubtful Debts / Written off (Net)	34	8
	Customer Service Expenses	136	212
	Bank Charges	60	184
	Rates and Taxes	54	49
	Travelling Expenses	45	85
	Loss on Sale / Discard of Property, Plant and Equipment	-	1
	General Expenses	126	192
	<b>Total</b>	<b>2,022</b>	<b>1,564</b>
<b>29</b>	<b>Earnings Per Share (EPS)</b>	<b>2020-21</b>	<b>2019-20</b>
	<b>Face Value per Equity Share (₹)</b>	<b>10</b>	<b>10</b>
	<b>Basic Earnings per Share (₹)</b>	<b>2.67</b>	<b>1.24</b>
	Net Profit after Tax as per Statement of Profit and Loss attributable to Equity Shareholders (₹ in crore)	12,015	5,562
	Weighted Average number of Equity Shares used as denominator for calculating Basic EPS	45,00,00,000	45,00,00,000
	<b>Diluted Earnings per Share (₹)</b>	<b>0.71</b>	<b>0.59</b>
	Net Profit after Tax as per Statement of Profit and Loss attributable to Equity Shareholders (₹ in crore)	12,015	5,562
	Weighted Average number of Equity Shares used as denominator for calculating Diluted EPS	1,70,25,00,000	94,77,18,57,923
	<b>Reconciliation of weighted average number of shares outstanding</b>		
	Weighted Average number of Equity Shares used as denominator for calculating Basic EPS	45,00,00,000	45,00,00,000
	Weighted Average number of Potential Equity Shares on account of OCPS	1,25,25,00,000	49,77,18,57,923
	Weighted Average number of Equity Shares used as denominator for calculating Diluted EPS	1,70,25,00,000	94,77,18,57,923

## Notes to the Financial Statements for the year ended 31st March, 2021

### 30 As per Indian Accounting Standard (Ind As) 19 “Employee Benefits” the disclosures as defined are given below (Refer Note 26):

#### Defined Contribution Plans

Contribution to Defined Contribution Plans, recognised as expense for the year is as under :

Particulars	(₹ in crore)	
	2020-21	2019-20
Employer’s Contribution to Provident Fund	35	50
Employer’s Contribution to Superannuation Fund (Current Year ₹ 22,47,642 and Previous Year ₹ 19,19,967)	0	0
Employer’s Contribution to Pension Fund	22	25

#### Defined Benefit Plan

##### I) Reconciliation of opening and closing balances of Defined Benefit Obligation

Particulars	(₹ in crore)	
	Gratuity (Funded)	
	2020-21	2019-20
Defined Benefit Obligation at beginning of the year	71	130
Liability Transferred Out	-	(89)
Current Service Cost	19	20
Interest Cost	5	6
Actuarial (Gain) / Loss	(3)	8
Benefits Paid*	(4)	(4)
Defined Benefit Obligation at end of the year	88	71

\* Includes benefits of ₹ 3 crore (Previous Year ₹ 4 crore) paid by the Company.

##### II) Reconciliation of opening and closing balances of fair value of Plan Assets

Particulars	(₹ in crore)	
	Gratuity (Funded)	
	2020-21	2019-20
Fair value of Plan Assets at beginning of the year	71	130
Assets Transferred Out	-	(89)
Return on Plan Assets	5	10
Employer Contribution	13	20
Benefits Paid (Previous Year ₹ 31,32,571)	(1)	(0)
Fair value of Plan Assets at end of the year	88	71

##### III) Reconciliation of fair value of Assets and Obligations

Particulars	(₹ in crore)	
	Gratuity (Funded)	
	As at 31st March 2021	As at 31st March 2020
Fair value of Plan Assets	88	71
Present value of Obligation	88	71
Amount recognised in Balance Sheet	-	-

## Notes to the Financial Statements for the year ended 31st March, 2021

### IV) Expenses recognised during the year

Particulars	(₹ in crore)	
	Gratuity (Funded)	
	2020-21	2019-20
<b>In Income Statement</b>		
Current Service Cost	19	20
Interest Cost	5	6
Return on Plan Assets	(5)	(10)
<b>Net Cost</b>	<b>19</b>	<b>16</b>
<b>In Other Comprehensive Income (OCI)</b>		
Actuarial (Gain) / Loss	(3)	8
Return on Plan Assets (Current Year ₹ 2,35,433 and Previous Year (₹ 5,23,036))	0	(0)
<b>Net (Income) / Expense for the year recognised in OCI</b>	<b>(3)</b>	<b>8</b>

### V) Investment Details:

Particulars	As at 31st March, 2021		As at 31st March, 2020	
	₹ in crore	% invested	₹ in crore	% invested
	Insurance Policies	88	100	71

### VI) Actuarial Assumptions

Mortality Table (IALM)	Gratuity (Funded)	
	2020-21	2019-20
	2012-14 (Ultimate)	2012-14 (Ultimate)
Discount rate (per annum)	6.95%	6.84%
Expected rate of return on Plan Assets (per annum)	6.95%	6.84%
Rate of escalation in salary (per annum)	6.00%	6.00%
Rate of employee turnover (per annum)	2.00%	2.00%

The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.

The expected rate of return on Plan Assets is determined considering several applicable factors, mainly the composition of Plan assets held, assessed risks, historical results of return on Plan Assets and the Company's policy for Plan Assets Management.

## Notes to the Financial Statements for the year ended 31st March, 2021

**VII)** The expected contributions for Defined Benefit Plan for the next financial year will be in line with FY 2020-21.

### **VIII) Sensitivity Analysis**

Significant Actuarial Assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and employee turnover. The sensitivity analysis below, have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The result of Sensitivity analysis is given below:

(₹ in crore)

Particulars	As at 31st March, 2021		As at 31st March, 2020	
	Decrease	Increase	Decrease	Increase
Change in rate of discounting (delta effect of +/- 0.5%)	6	(5)	5	(4)
Change in rate of salary increase (delta effect of +/- 0.5%)	(5)	6	(4)	5
Change in rate of employee turnover (delta effect of +/- 0.5%) (Current Year Decrease ₹ 18,20,722 and Increase ₹ 16,98,817; Previous Year Decrease ₹ 9,20,602 and Increase ₹ 8,42,821)	(0)	0	(0)	0

These plans typically expose the Company to Actuarial Risks such as: Investment Risk, Interest Risk, Longevity Risk and Salary Risk.

**Investment Risk** - The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds.

**Interest Risk** - A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan debt investments.

**Longevity Risk** - The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

**Salary Risk** - The present value of the defined plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

### **31 Related Parties Disclosures**

(I) As per Ind AS 24, the disclosures of transactions with the related parties are given below:

#### **List of related parties with whom transactions have taken place and relationships:**

Sr. No.	Name of the Related Party	Relationship
1	Reliance Industries Limited	Ultimate Holding Company
2	Jio Platforms Limited	Holding Company
3	Reliance Jio Infocomm Pte Limited	Subsidiary Company
4	Reliance Jio Infocomm USA Inc.	
5	Reliance Jio Infocomm UK Limited	
6	Reliance Jio Global Resources LLC	

## Notes to the Financial Statements for the year ended 31st March, 2021

Sr. No.	Name of the Related Party	Relationship
7	Reliance Industrial Investments and Holdings Limited	Fellow Subsidiary
8	Reliance Retail Limited	
9	Reliance Corporate IT Park Limited	
10	Reliance Projects & Property Management Services Limited	
11	Reliance SMSL Limited	
12	Reliance Payment Solutions Limited	
13	Reliance Petro Marketing Limited	
14	Reliance Commercial Dealers Limited	
15	Reliance Brands Limited	
16	Reliance Clothing India Private Limited	
17	C-Square Info Solutions Private Limited	
18	Reliance Gas Lifestyle India Private Limited	
19	Reliance Lifestyle Holdings Limited	
20	Reliance Retail Insurance Broking Limited	
21	Reliance Sibur Elastomers Private Limited	
22	Rhea Retail Private Limited	
23	Model Economic Township Limited	
24	Indiawin Sports Private Limited	
25	TV18 Broadcast Limited*	
26	Viacom18 Media Private Limited*	
27	Network18 Media & Investments Limited*	
28	AETN18 Media Private Limited*	
29	E-Eighteen.com Ltd*	
30	Radisys Corporation^	
31	Jio Estonia OU^	
32	Radisys India Private Limited	
33	Den Broadband Limited (Formerly Den Broadband Private Limited)	
34	Den Networks Limited	
35	Hathway Cable And Datacom Limited	
36	Hathway Digital Limited (Formerly Hathway Digital Private Limited)	
37	Genesis Colors Limited	
38	Reliance Brands Luxury Fashion Private Limited (Formerly Genesis Luxury Fashion Private Limited)	
39	GLF Lifestyle Brands Private Limited	
40	Greycells18 Media Limited*	
41	Kanhatech Solutions Limited	
42	SankhyaSutra Labs Limited	

## Notes to the Financial Statements for the year ended 31st March, 2021

Sr. No.	Name of the Related Party	Relationship
43	Saavn Media Limited (Formerly Saavn Media Private Limited)	Fellow Subsidiary
44	Reliance Eminent Trading & Commercial Private Limited	
45	Reliance Progressive Traders Private Limited	
46	Reliance Prolific Traders Private Limited	
47	Reliance Vantage Retail Limited	
38	IndiaCast Media Distribution Private Limited*	
49	Shri Kannan Departmental Store Private Limited	
50	Asteria Aerospace Private Limited	
51	Tesseract Imaging Limited	
52	Indiavidual Learning Limited	
53	New Emerging World Of Journalism Private Limited	
54	Reliance BP Mobility Limited	
55	Jio Haptik Technologies Limited	
56	Reliance Gas Pipelines Limited	
57	Jamnagar Utilities and Power Private Limited	Associates of Ultimate Holding Company
58	GTPL Broadband Private Limited	
59	GTPL Hathway Limited	
60	Big Tree Entertainment Private Limited	
61	Eenadu Television Private Limited	
62	Reliance Industrial Infrastructure Limited	
63	Canali India Private Limited	Joint Venture of Ultimate Holding Company
64	IBN Lokmat News Private Limited	
65	Brooks Brothers India Private Limited	
66	Diesel Fashion India Reliance Private Limited	
67	Football Sports Development Limited	
68	Jio Payments Bank Limited	
69	Ryohin-Keikaku Reliance India Private Limited	
70	Zegna South Asia Private Limited	
71	Reliance-Vision Express Private Limited	
72	Marks and Spencer Reliance India Private Limited	
73	Alok Industries Limited	
74	Ubona Technologies Private Limited*	Key Managerial Personnel
75	RISE Worldwide Limited (Formerly known as IMG Reliance Limited)	
76	Shri Sanjay Mashruwala	
77	Shri Rajneesh Jain	Enterprise over which Key Managerial Personnel of the Ultimate Holding Company are able to exercise significant influence
78	Shri Jyoti Jain	
79	Reliance Foundation	Post Employment Benefit
80	Reliance Jio Infocomm Limited Employees Gratuity Fund	

\* Control by Independent Media Trust of which Reliance Industries Limited, the Ultimate Holding Company is the sole beneficiary.

^ The above entities includes related parties where the relationship existed for the part of the previous year.



## Notes to the Financial Statements for the year ended 31st March, 2021

### (II) Transactions during the year with related parties:

(₹ in crore)

Sr. No.	Nature of Transactions (Excluding Reimbursements)	Ultimate Holding Company	Holding Company	Subsidiaries	Fellow Subsidiaries	Associate/JV of the Ultimate Holding Company	Key Managerial Personnel	Others	Total
1	Purchase of Property, Plant and Equipment and Intangible Assets	86	-	-	166	-	-	-	252
		-	-	(17)	(232)	-	-	-	(249)
2	Sale of Property, Plant and Equipment and Intangible Assets	-	127	-	239	-	-	-	366
		(537)	-	-	(414)	-	-	-	(951)
3	Sale of Investment	-	-	-	-	-	-	-	-
		(155)	-	-	-	-	-	-	(155)
4	Issue of Preference Shares including securities premium	-	-	-	-	-	-	-	-
		(20,000)	(1,05,000)	-	-	-	-	-	(1,25,000)
5	Transfer of Liabilities under scheme arrangement and consideration paid (Refer note 39)	851	-	-	-	-	-	-	851
		(1,05,502)	-	-	-	-	-	-	(1,05,502)
6	Loan Repaid	-	-	-	-	-	-	-	-
		(9,194)	-	-	-	-	-	-	(9,194)
7	Revenue received in advance	-	-	-	74,108	-	-	-	74,108
		-	-	-	(57,608)	-	-	-	(57,608)
8	Revenue from Operations	35	3	511	424	15	-	-	988
		(20)	-	(347)	(209)	(3)	-	-	(579)
9	Network Operating Expenses	5	215	126	41	-	-	-	387
		-	-	(121)	(48)	-	-	-	(169)
10	Access Charges	-	-	88	-	-	-	-	88
		-	-	(97)	-	-	-	-	(97)
11	Employee Benefits Expense	-	-	-	-	-	-	13	13
		-	-	-	-	-	-	(20)	(20)
12	Payment to Key Managerial Personnel	-	-	-	-	-	9	-	9
		-	-	-	-	-	(9)	-	(9)
13	Business Support Services / Professional Fees	-	282	21	301	-	-	-	604
		(32)	-	(21)	(197)	-	-	-	(250)
14	Infrastructure Usages Charges	-	-	-	493	-	-	-	493
		-	-	-	(101)	-	-	-	(101)
15	Customer Service Expenses	-	-	-	136	-	-	-	136
		-	-	-	(208)	-	-	-	(208)
16	Commission on Customer Acquisition and Recharges	-	-	-	1,376	-	-	-	1,376
		-	-	-	(799)	-	-	-	(799)
17	Selling and Distribution Expenses	-	-	-	-	-	-	-	-
		-	-	-	(6)	-	-	-	(6)
18	Guarantee Charges	6	-	-	-	-	-	-	6
		(78)	-	-	-	-	-	-	(78)
19	Finance Cost	-	-	-	-	-	-	-	-
		(276)	-	-	-	-	-	-	(276)
20	General Expenses	-	-	-	57	-	-	-	57
		-	-	-	(126)	-	-	-	(126)
21	Donation	-	-	-	-	-	-	88	88
		-	-	-	-	-	-	(38)	(38)

## Notes to the Financial Statements for the year ended 31st March, 2021

(₹ in crore)

Sr. No.	Balances as at 31st March, 2021	Ultimate Holding Company	Holding Company	Subsidiaries	Fellow Subsidiaries	Associate/JV of the Ultimate Holding Company	Key Managerial Personnel	Others	Total
1	Investments	-	-	1,108	-	-	-	-	1,108
		-	-	(1,108)	-	-	-	-	(1,108)
2	Equity Share Capital	-	45,000	-	-	-	-	-	45,000
		-	(45,000)	-	-	-	-	-	(45,000)
3	Preference Share Capital#	-	1,25,125	-	-	-	-	-	1,25,125
		-	(1,25,125)	-	-	-	-	-	(1,25,125)
4	Trade and Other Payables	1	113	93	186	-	-	-	393
		(37)	-	(86)	(94)	-	-	-	(217)
5	Trade and Other Receivables	13	3	61	222	0	-	-	299
		(19)	-	(36)	(269)	-	-	-	(324)

# Including Securities Premium

**Note:** "0" represents the amounts below the denomination threshold.**Note:** Figures in bracket represents Previous Year's amount.**(III) Disclosure in respect of major related party transactions during the year:**

(₹ in crore)

Sr. No.	Particulars	Relationship	2020-21	2019-20
1	<b>Purchase of Property, Plant and Equipment and Intangible Assets</b>			
	Reliance Industries Limited	Ultimate Holding Company	86	-
	Reliance Jio Infocomm Pte Limited	Subsidiary	-	17
	Reliance Retail Limited	Fellow Subsidiary	57	138
	Radisys Corporation	Fellow Subsidiary	46	42
	Reliance Projects & Property Management Services Limited	Fellow Subsidiary	63	30
	Reliance Corporate IT Park Limited	Fellow Subsidiary	-	22
2	<b>Sale of Property, Plant and Equipment and Intangible Assets</b>			
	Reliance Industries Limited	Ultimate Holding Company	-	537
	Jio Platforms Limited	Holding Company	127	-
	Reliance Retail Limited	Fellow Subsidiary	239	414
3	<b>Sale of Investment</b>			
	Reliance Industries Limited	Ultimate Holding Company	-	155

## Notes to the Financial Statements for the year ended 31st March, 2021

(₹ in crore)

Sr. No.	Particulars	Relationship	2020-21	2019-20
4	<b>Issue of Preference Shares</b>			
	Reliance Industries Limited (Including Securities Premium)	Ultimate Holding Company	-	20,000
	Jio Platforms Limited	Holding Company	-	1,05,000
5	<b>Transfer of Liabilities under scheme arrangement and consideration paid (Refer note 39)</b>			
	Reliance Industries Limited	Ultimate Holding Company	851	1,05,502
6	<b>Loan Repaid</b>			
	Reliance Industries Limited	Ultimate Holding Company	-	9,194
7	<b>Revenue received in advance</b>			
	Reliance Retail Limited	Fellow Subsidiary	74,108	57,608
8	<b>Revenue from Operations</b>			
	Reliance Industries Limited	Ultimate Holding Company	35	20
	Jio Platforms Limited	Holding Company	3	-
	Reliance Jio Infocomm USA Inc.	Subsidiary	126	109
	Reliance Jio Infocomm UK Limited	Subsidiary	103	149
	Reliance Jio Infocomm Pte Limited	Subsidiary	282	89
	Reliance Projects & Property Management Services Limited	Fellow Subsidiary	242	0
	Reliance Corporate IT Park Limited	Fellow Subsidiary	8	88
	Den Broadband Limited	Fellow Subsidiary	10	7
	Den Networks Limited	Fellow Subsidiary	22	4
	Hathway Cable And Datacom Limited	Fellow Subsidiary	41	33
	Hathway Digital Limited	Fellow Subsidiary	16	2
	Reliance Retail Limited	Fellow Subsidiary	33	31
	Reliance SMSL Limited	Fellow Subsidiary	44	36
	Reliance Payment Solutions Limited	Fellow Subsidiary	0	0
	Reliance Gas Pipelines Limited	Fellow Subsidiary	0	0
	Reliance Petro Marketing Limited	Fellow Subsidiary	0	0
	Reliance Commercial Dealers Limited	Fellow Subsidiary	0	0
	Reliance Industrial Investments and Holdings Limited	Fellow Subsidiary	0	0
	Model Economic Township Limited	Fellow Subsidiary	0	0
	Indiawin Sports Private Limited	Fellow Subsidiary	0	0

## Notes to the Financial Statements for the year ended 31st March, 2021

(₹ in crore)

Sr. No.	Particulars	Relationship	2020-21	2019-20
	AETN18 Media Private Limited	Fellow Subsidiary	0	0
	E-Eighteen.com Limited	Fellow Subsidiary	0	0
	Network18 Media & Investments limited	Fellow Subsidiary	1	0
	Genesis Colors Limited	Fellow Subsidiary	0	0
	Reliance Brands Luxury Fashion Private Limited	Fellow Subsidiary	0	0
	Glf Lifestyle Brands Private Limited	Fellow Subsidiary	0	0
	Greycells18 Media Limited	Fellow Subsidiary	0	0
	Kanhatech Solutions Limited	Fellow Subsidiary	-	0
	Reliance Brands Limited	Fellow Subsidiary	0	0
	Reliance Clothing India Private Limited	Fellow Subsidiary	0	0
	C-Square Info Solutions Private Limited	Fellow Subsidiary	0	-
	Reliance Gas Lifestyle India Pvt Limited	Fellow Subsidiary	-	0
	Reliance Lifestyle Holdings Limited	Fellow Subsidiary	-	0
	Reliance Retail Insurance Broking Limited	Fellow Subsidiary	-	0
	Shri Kannan Departmental Store Private Limited	Fellow Subsidiary	0	-
	Indiacast Media Distribution Private Limited	Fellow Subsidiary	0	-
	SankhyaSutra Labs Limited	Fellow Subsidiary	0	-
	Indiavidual Learning Private Limited	Fellow Subsidiary	0	-
	New Emerging World Of Journalism Private Limited	Fellow Subsidiary	0	-
	Reliance BP Mobility Limited	Fellow Subsidiary	0	-
	Asteria Aerospace Private Limited	Fellow Subsidiary	0	-
	Tesseract Imaging Limited	Fellow Subsidiary	0	-
	Radisys India Private Limited	Fellow Subsidiary	0	-
	Jio Haptik Technologies Limited	Fellow Subsidiary	0	-
	Reliance Sibur Elastomers Private Limited	Fellow Subsidiary	0	0
	Rhea Retail Private Limited	Fellow Subsidiary	-	0
	Saavn Media Limited	Fellow Subsidiary	0	0
	Viacom18 Media Pvt Limited	Fellow Subsidiary	1	1
	TV18 Broadcast Limited	Fellow Subsidiary	6	4
	Jamnagar Utilities and Power Private Limited	Associate/JV of Ultimate Holding Company	-	0
	Reliance Industrial Infrastructure Limited	Associate/JV of Ultimate Holding Company	0	0
	RISE Worldwide Limited	Associate/JV of Ultimate Holding Company	0	0
	IBN Lokmat News Private Limited	Associate/JV of Ultimate Holding Company	0	0

## Notes to the Financial Statements for the year ended 31st March, 2021

(₹ in crore)

Sr. No.	Particulars	Relationship	2020-21	2019-20
	Brooks Brothers India Private Limited	Associate/JV of Ultimate Holding Company	-	0
	Diesel Fashion India Reliance Private Limited	Associate/JV of Ultimate Holding Company	-	0
	Football Sports Development Limited	Associate/JV of Ultimate Holding Company	0	0
	Jio Payments Bank Limited	Associate/JV of Ultimate Holding Company	0	0
	Reliance-Vision Express Private Limited	Associate/JV of Ultimate Holding Company	0	0
	Ryohin-Keikaku Reliance India Private Limited	Associate/JV of Ultimate Holding Company	0	0
	Zegna South Asia Private Limited	Associate/JV of Ultimate Holding Company	0	0
	GTPL Broadband Private Limited	Associate/JV of Ultimate Holding Company	11	0
	GTPL Hathway Limited	Associate/JV of Ultimate Holding Company	3	2
	Ubona Technologies Private Limited	Associate/JV of Ultimate Holding Company	1	-
	Alok Industries Limited	Associate/JV of Ultimate Holding Company	0	-
	Eenadu Television Private Limited	Associate/JV of Ultimate Holding Company	0	-
	Canali India Private Limited	Associate/JV of Ultimate Holding Company	0	-
	Big Tree Entertainment Private Limited	Associate/JV of Ultimate Holding Company	0	-
	Marks and Spencer Reliance India Private Limited	Associate/JV of Ultimate Holding Company	0	0
9	<b>Network Operating Expenses</b>			
	Jio Platforms Limited	Holding Company	215	-
	Reliance Petro Marketing Limited	Fellow Subsidiary	-	36
	Reliance BP Mobility Limited	Fellow Subsidiary	25	-
	Reliance Jio Infocomm Pte Limited	Subsidiary	126	121
	Reliance Corporate IT Park Limited	Fellow Subsidiary	-	4
	Reliance Projects & Property Management Services Limited	Fellow Subsidiary	15	8
	Reliance Industries Limited	Ultimate Holding Company	5	-

## Notes to the Financial Statements for the year ended 31st March, 2021

(₹ in crore)

Sr. No.	Particulars	Relationship	2020-21	2019-20
	Reliance Eminent Trading & Commercial Private Limited	Fellow Subsidiary	0	-
	Reliance Progressive Traders Private Limited	Fellow Subsidiary	1	-
	Reliance Prolific Traders Private Limited	Fellow Subsidiary	0	-
	Reliance Vantage Retail Limited	Fellow Subsidiary	0	-
<b>10</b>	<b>Access Charges</b>			
	Reliance Jio Infocomm USA Inc.	Subsidiary	24	23
	Reliance Jio Infocomm UK Limited	Subsidiary	13	29
	Reliance Jio Infocomm Pte Limited	Subsidiary	52	45
<b>11</b>	<b>Employee Benefits Expense</b>			
	Reliance Jio Infocomm Limited Employees Gratuity Fund	Post Employment Benefit	13	20
<b>12</b>	<b>Payment to Key Managerial Personnel</b>			
	Shri Sanjay Mashruwala	Key Managerial Personnel	6	6
	Shri Rajneesh Jain	Key Managerial Personnel	2	2
	Shri Jyoti Jain	Key Managerial Personnel	1	1
<b>13</b>	<b>Business Support Services/Professional Fees</b>			
	Reliance Industries Limited	Ultimate Holding Company	-	32
	Jio Platforms Limited	Holding Company	282	-
	Reliance Jio Infocomm USA Inc.	Subsidiary	21	21
	Reliance Corporate IT Park Limited	Fellow Subsidiary	-	44
	Reliance Projects & Property Management Services Limited	Fellow Subsidiary	300	132
	Reliance Retail Limited	Fellow Subsidiary	-	17
	Jio Estonia OU	Fellow Subsidiary	1	4
<b>14</b>	<b>Infrastructure Usages Charges</b>			
	Reliance Corporate IT Park Limited	Fellow Subsidiary	493	101
<b>15</b>	<b>Customer Service Expenses</b>			
	Reliance Corporate IT Park Limited	Fellow Subsidiary	-	54
	Reliance Projects & Property Management Services Limited	Fellow Subsidiary	136	154

## Notes to the Financial Statements for the year ended 31st March, 2021

(₹ in crore)

Sr. No.	Particulars	Relationship	2020-21	2019-20
16	<b>Commission on Customer Acquisition and Recharges</b>			
	Reliance Retail Limited	Fellow Subsidiary	1,376	799
17	<b>Selling and Distribution Expenses</b>			
	Indiawin Sports Private Limited	Fellow Subsidiary	-	6
18	<b>Guarantee Charges</b>			
	Reliance Industries Limited	Ultimate Holding Company	6	78
19	<b>Finance Cost</b>			
	Reliance Industries Limited	Ultimate Holding Company	-	276
20	<b>General Expenses</b>			
	Reliance Commercial Dealers Limited	Fellow Subsidiary	57	126
21	<b>Donation</b>			
	Reliance Foundation	Enterprise over which Key Managerial Personnel of the Ultimate Holding Company are able to exercise significant influence	88	38

Note: "0" represents the amounts below the denomination threshold.

### Balances as at 31st March, 2021

(₹ in crore)

Sr. No.	Particulars	Relationship	As at 31st March, 2021	As at 31st March, 2020
1	<b>Investments</b>			
	Reliance Jio Infocomm USA Inc.	Subsidiary	242	242
	Reliance Jio Infocomm UK Limited	Subsidiary	52	52
	Reliance Jio Infocomm Pte Limited	Subsidiary	814	814
2	<b>Equity Share Capital</b>			
	Jio Platforms Limited	Holding Company	45,000	45,000
3	<b>Preference Share Capital#</b>			
	Jio Platforms Limited	Holding Company	1,25,125	1,25,125

# Including Securities Premium

### 31.1 Compensation of Key Managerial Personnel

The remuneration of director and other member of key managerial personnel during the year was as follows:

(₹ in crore)

	2020-21	2019-20
Short-term benefits	9	9
Post employment benefits	0	0
<b>Total</b>	<b>9</b>	<b>9</b>

Note: "0" represents the amounts below the denomination threshold.

## Notes to the Financial Statements for the year ended 31st March, 2021

		(₹ in crore)	
32	<b>Contingent Liabilities and Commitments</b>	<b>2020-21</b>	2019-20
<b>(I)</b>	<b>Contingent Liabilities</b>		
(i)	Claims/disputed liabilities against the Company not acknowledged as debts*	<b>2,825</b>	2,199
(ii)	Corporate Guarantees	<b>19</b>	19
(iii)	Guarantee issued by Banks on behalf of the Company	<b>5,621</b>	4,923
* The Company has been advised that the demand is likely to be either deleted or substantially reduced and accordingly no provision is considered necessary.			
<b>(II)</b>	<b>Commitments</b>		
	Estimated amount of contracts remaining to be executed on Capital account not provided for	<b>48,823</b>	4,947

In the spectrum auction conducted by Department of Telecommunications, Government of India, in the month of March 2021, the Company has acquired the right to use spectrum in the 800/1800/2300 MHz bands for all the access service areas at a total cost of ₹ 57,123 crore. The said spectrum will be available for use in a staggered manner starting April 2021 for 20 years. The Company has opted for the deferred payment option and accordingly, paid an advance of ₹ 15,020 crore in March 2021. Pending the allocation of the spectrum by the Government of India, entire amount outstanding of ₹ 42,103 crore as at March 31, 2021, has been disclosed under capital commitments in the notes to the financial statements.

### 33. Capital Management

The Company adheres to a Disciplined Capital Management framework, the pillars of which are as follows:

- Maintain diversity of sources of financing and spreading the maturity across tenure buckets in order to minimize liquidity risk.
- Maintain AAA/A1+ rating by ensuring that the financial strength of the Balance Sheet is preserved.
- Manage financial market risks arising from foreign exchange and interest rates and minimise the impact of market volatility on earnings.
- Leverage optimally in order to maximize shareholder returns while maintaining strength and flexibility of Balance Sheet.

This framework is adjusted based on underlying macro-economic factors affecting business environment, financial market conditions and interest rates environment.

The Net Gearing Ratio at end of the reporting period was as follows.

(₹ in crore)		
Particulars	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
Gross Debt	<b>11,196</b>	23,242
Cash and Marketable Securities*	<b>(598)</b>	(8,447)
<b>Net Debt (A)</b>	<b>10,598</b>	14,795
<b>Total Equity (As per Balance Sheet) (B)</b>	<b>1,82,973</b>	1,70,956
<b>Net Gearing Ratio (A/B)</b>	<b>0.06</b>	0.09

\*Cash and Marketable Securities includes Cash and Cash Equivalents of ₹ 178 crore (Previous year ₹ 7,066 crore) and Current Investment of ₹ 420 crore (Previous Year ₹ 1,381 crore).



## Notes to the Financial Statements for the year ended 31st March, 2021

### 34. Financial Instruments

#### A. Fair Value Measurement Hierarchy

(₹ in crore)

Particulars	As at 31st March, 2021				As at 31st March, 2020			
	Carrying Amount	Level of Input used in Fair Value Measurement			Carrying Amount	Level of Input used in Fair Value Measurement		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
<b>Financial Assets*</b>								
<b>At Amortised Cost</b>								
Trade Receivables	1,410	-	-	-	1,609	-	-	-
Cash and Bank Balances	599	-	-	-	7,483	-	-	-
Other Financial Assets	614	-	-	-	1,048	-	-	-
<b>At FVTPL</b>								
Other Financial Assets	-	-	-	-	19	-	19	-
Current Investment	420	420	-	-	1,381	1,381	-	-
<b>Financial Liabilities</b>								
<b>At Amortised Cost</b>								
Borrowings	11,196	-	-	-	23,242	-	-	-
Other Financial Liabilities	23,174	-	-	-	18,447	-	-	-
Trade Payables	2,239	-	-	-	4,700	-	-	-
<b>At FVTPL</b>								
Other Financial Liabilities (Current Year ₹ 5,40,000)	0	-	0	-	-	-	-	-

\*Above does not include Investments in Subsidiaries [₹ 1,108 crore (Previous Year ₹ 1,108 crore)] measured at cost (Refer note 2.1)

The financial instruments are categorized into three levels based on the inputs used to arrive at fair value measurements as described below:

**Level 1:** Quoted prices (unadjusted) in active markets for identical assets or liabilities; and

**Level 2:** Inputs other than the quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

**Level 3:** Inputs based on unobservable market data.

#### Valuation methodology:

All financial instruments are initially recognized and subsequently re-measured at fair value as described below:

- The fair value of investment in Mutual Funds is measured at NAV.
- The fair value of Forward Foreign Exchange contracts is determined using observable forward exchange rates and yield curves at the balance sheet date.
- The fair value of the remaining financial instruments is determined using discounted cash flow analysis.
- All foreign currency denominated assets and liabilities are translated using exchange rate at reporting date.

#### B. Financial Risk Management

The different types of risks the Company is exposed to are market risk, credit risk and liquidity risk. The Company uses derivative financial instruments such as forwards and swap contracts to minimise any adverse effect on its financial performance. All such activities are undertaken within an approved Risk Management Policy framework.

## Notes to the Financial Statements for the year ended 31st March, 2021

### i) Market Risk

#### a) Foreign Currency Risk

Foreign Currency Risk is the risk that the Fair Value or Future Cash Flows of an exposure will fluctuate because of changes in foreign currency rates. Exposures can arise on account of the various assets and liabilities which are denominated in currencies other than Indian Rupee.

The following table shows foreign currency exposures in US Dollar, Euro and CHF on financial instruments at the end of the reporting period. The exposure to all other foreign currencies are not material.

(₹ in crore)

Foreign Currency Exposure							
Particulars	As at 31st March, 2021				As at 31st March, 2020		
	USD	EUR	CHF	Others	USD	EUR	JPY
Borrowings	-	-	-	-	-	-	-
Trade and Other Payables	2,330	4	1	0	2,316	23	0
Trade and Other Receivables	(88)	-	-	-	(4)	0	-
<b>Derivatives</b>							
- Forwards	(110)	-	-	-	(408)	-	-
<b>Exposure</b>	<b>2,132</b>	<b>4</b>	<b>1</b>	<b>0</b>	<b>1,904</b>	<b>23</b>	<b>0</b>

Sensitivity analysis of 1% change in exchange rate at the end of reporting period

(₹ in crore)

Foreign Currency Sensitivity				
Particulars	As at 31st March, 2021		As at 31st March, 2020	
	USD	EUR	USD	EUR
<b>1% Depreciation in INR</b>	<b>(21)</b>	<b>(0)</b>	<b>(19)</b>	<b>(0)</b>
Impact on Equity	-	-	-	-
Impact on Profit or Loss	(21)	(0)	(19)	(0)
<b>1% Appreciation in INR</b>	<b>21</b>	<b>0</b>	<b>19</b>	<b>0</b>
Impact on Equity	-	-	-	-
Impact on Profit or Loss	21	0	19	0

#### b) Interest Rate Risk

The exposure of the Company's borrowings and derivatives to interest rate changes at the end of the reporting period are as follows:

(₹ in crore)

Interest Rate Exposure		
Particulars	As at 31st March, 2021	As at 31st March, 2020
<b>Borrowings</b>		
Non-Current - Fixed (Includes Current Maturities)	421	-
Current <sup>#</sup>	10,850	23,700
<b>Total</b>	<b>11,271</b>	<b>23,700</b>

<sup>#</sup> Includes ₹ 75 crore (Previous Year ₹ 458 crore) as Commercial Paper Discount.

Capitalization rate used to determine the amount of eligible borrowing cost is Nil (Previous Year 7.8% per annum)

## Notes to the Financial Statements for the year ended 31st March, 2021

### ii) Credit Risk

Credit risk is the risk that a customer or counterparty to a financial instrument fails to perform or pay the amounts due causing financial loss to the Company. Credit risk arises from Company's activities in investments, dealing in derivatives and outstanding receivables from customers.

The Company has a prudent and conservative process for managing its credit risk arising in the course of its business activities. Credit risk is actively managed through advance payments.

### iii) Liquidity Risk

Liquidity risk arises from the Company's inability to meet its cash flow commitments on the due date. The Company maintains sufficient stock of cash and committed credit facilities. The Company accesses global and local financial markets to meet its liquidity requirements. It uses a range of products and a mix of currencies to ensure efficient funding from across well-diversified markets and investor pools. Treasury monitors rolling forecasts of the Company's cash flow position and ensures that the Company is able to meet its financial obligation at all times including contingencies.

(₹ in crore)

Maturity Profile as at 31 <sup>st</sup> March, 2021							
Particulars <sup>^</sup>	Below 3 Months	3 -6 Months	6 -12 Months	1- 3 Years	3 - 5 Years	Above 5 Years	Total
<b>Borrowings</b>							
Non-Current	13	2	42	203	161	-	421
Current <sup>#</sup>	10,850	-	-	-	-	-	10,850
<b>Total</b>	<b>10,863</b>	<b>2</b>	<b>42</b>	<b>203</b>	<b>161</b>	<b>-</b>	<b>11,271</b>
<b>Derivatives Liabilities</b>							
Forwards (Current Year ₹ 5,40,000)	0	-	-	-	-	-	0
<b>Total</b>	<b>0</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0</b>

<sup>^</sup>Does not include Trade Payables (current) amounting to ₹ 2,239 crore.

<sup>#</sup>Includes ₹ 75 crore as Commercial Paper Discount.

(₹ in crore)

Maturity Profile as at 31 <sup>st</sup> March, 2020							
Particulars <sup>^</sup>	Below 3 Months	3 -6 Months	6 -12 Months	1- 3 Years	3 - 5 Years	Above 5 Years	Total
<b>Borrowings</b>							
Non-Current	-	-	-	-	-	-	-
Current <sup>#</sup>	20,575	625	2,500	-	-	-	23,700
<b>Total</b>	<b>20,575</b>	<b>625</b>	<b>2,500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>23,700</b>
<b>Derivatives Liabilities</b>							
Forwards	(8)	(7)	(4)	-	-	-	(19)
<b>Total</b>	<b>(8)</b>	<b>(7)</b>	<b>(4)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(19)</b>

<sup>^</sup>Does not include Trade Payables (current) amounting to ₹ 4,700 crore

<sup>#</sup>Includes ₹ 458 crore as Commercial Paper Discount.

### 35 Segment Reporting

The Company is mainly engaged in the business of providing Digital Services. Accordingly, the Company presently has one Digital Services segment as per the requirements of Ind AS 108 - Operating Segments.

## Notes to the Financial Statements for the year ended 31st March, 2021

### 36 Payment to Auditors as:

Particulars	(₹ in crore)	
	2020-21	2019-20
(a) Fees as Auditors	5	3
(b) Tax audit fees (Current year ₹ Nil and Previous year ₹ 25,00,000)	-	0
(c) Fees for Other Services	1	2
(d) Expenses Reimbursement (Current year ₹ 13,61,280 and Previous year ₹ 34,69,652)	0	0
<b>Total</b>	<b>6</b>	<b>6</b>

### 37 Corporate Social Responsibility (CSR)

- (a) CSR amount required to be spent as per Section 135 of the Companies Act, 2013 read with Schedule VII thereof by the company during the year is ₹ 88 Crore (Previous Year ₹ 38 Crore)
- (b) Expenditure related to CSR is ₹ 88 Crore (Previous Year ₹ 38 Crore)

Details of Amount spent towards CSR given below:

Particulars	(₹ in crore)	
	2020-21	2019-20
Rural Transformation	3	14
Health	36	-
Education	35	5
Sports For Development	-	5
Disaster Response	-	9
Arts,Culture, Heritage and Urban Renewal	-	5
COVID Response	14	-
<b>Total</b>	<b>88</b>	<b>38</b>

- (c) ₹ 88 Crore (Previous Year ₹ 38 Crore) contributed to Reliance Foundation.

- 38 In view of judgement dated 24th October, 2019 of the Honourable Supreme Court of India relating to the Adjusted Gross Revenue (AGR), the Company during the previous year had paid ₹ 195 crore towards the liability in respect of license fees/spectrum usage charges for the period 2010-11 to 2018-19 and recognized the said expense as an Exceptional item ₹ 146 crore (net of tax).

### 39. Scheme of Arrangement

During the previous year pursuant to Scheme of Arrangement (Scheme) between the Company and certain classes of its creditor, the Company has transferred certain identified liabilities together with the other related balances for a consideration of ₹ 1,05,502 crore. The Scheme was approved by the Hon'ble National Company Law Tribunal (NCLT).

During the current year, the Company has paid ₹ 851 crore to RIL towards residual and other balances in respect to of aforesaid identified liabilities.

