Reliance Jio Infocomm Limited

Financial Statements

2019-20

INDEPENDENT AUDITOR'S REPORT

To the Members of Reliance Jio Infocomm Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of Reliance Jio Infocomm Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2020, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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 accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2020, its profit including other comprehensive income, the statement of 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 (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone 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 together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current year. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit matter	Auditors' response
Revenue recognition The accounting policies for revenue recognition are set out in Note B.2 (i) to the standalone financial statements. Revenue is a key audit matter due to the volume of the transactions, high degree of IT systems involvement and considering that certain revenue streams and tariff schemes rolled out by the Company could involve exercise of judgments and estimates regarding application of the revenue recognition accounting standards.	Our audit procedures included the following: • 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. • 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. • Tested collections, the reconciliation between revenue per the billing system and the financial records, supporting documentation for manual journal entries posted in revenue. • Assessed the reasonableness of significant judgements and estimates exercised by the management regarding the application of revenue recognition accounting standard with respect to certain revenue streams and tariff schemes, inter-alia in respect of Ind AS 115.

Key Audit matter	Auditors' response
Capitalisation of Property Plant and Equipment (PPE)/ Intangible assets and amortization / depreciation of spectrum and related tangible assets The accounting policies for PPE and Intangible Assets, are set out in Notes B.2 (b) and B.2 (d) to the standalone financial statements. Capitalisation of PPE and intangible assets is a key audit matter, as it is a material account balance. While the Company continues to augment wireless network capacity, the wireline telecommunication project was capitalised during the year. PPE and Intangibles are capitalized when they are ready for use as intended by the management. 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. Determination of timing of capitalization and rate of amortization / depreciation involve significant judgement and estimates and use of technology.	Our audit procedures included the following: • Tested the design, implementation and operating effectiveness of controls in respect of - o timing of the capitalization with the source documentation and o selection, appropriateness and reasonableness of the Key Performance Indicators (KPI's) used for capitalization of the wireline project. • Involved the internal - o Telecom specialists to assess the appropriateness and reasonableness of the KPI's determined for capitalisation of the wireline project and o IT specialists to test the IT environment over the relevant application systems used in monitoring the KPI's. • 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. • 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. • Substantive testing procedures included, verifying necessary authorisations for capitalization of items of PPE and Intangible assets, testing supporting documentation for consumption of capital goods inventory and verifying the mathematical accuracy of computation of amortization/ depreciation charge for the year.

Key Audit matter	**Auditors' response**
Implementation of Ind AS 116 – Leases Ind AS 116 on Leases (the "Standard") have been applied by the Company from the current year. Note B.2 (c) in the significant accounting policies describes the policy of the Company in this regard. Implementation of the Standard has a significant impact on the asset and liability position of the Company and involves review and evaluation of significant contractual arrangements to determine if the arrangement qualifies to be a lease. Identification of a lease also involves Judgment in assessing whether the arrangement involves both asset lease and services. Application of the Standard involves judgement in assessing whether an arrangement is scoped out of the purview of the Standard by virtue of – • it not involving an identified asset, • composite arrangements which involve both, an element of service and an identified asset and • variable lease arrangements which do not require recognition of a Right of Use asset and a corresponding lease liability.	Our audit procedures included the following: • Tested the design, implementation and operating effectiveness of controls in respect of review of the Company's contractual arrangements to identify those which fall under the purview of the Standard, determining the application of the Standard to the relevant contractual arrangements. • Involved the internal subject matters experts, inter-alia telecom specialists, accounting standard specialists to review the judgments exercised by the management in determining the application of the Standard. • Performed substantive testing of the computation of the Right of Use asset (RoU) and lease liability, amortization of the RoU and the corresponding finance cost as well as impact on taxation. • Reviewed the accounting policy on leases included in the standalone financial statements and tested the disclosures mandated by the Standard made in the financial statements.
Transfer of identified liabilities pursuant to the Scheme of arrangement (the "Scheme") The Scheme approved by the Honourable National Company Law Tribunal for transfer of certain identified liabilities from appointed date of 16th December, 2019, to Reliance Industries Limited (the ultimate holding company), is a significant transaction for the year which materially impacts the Balance Sheet as at the year end Refer Note 39 of the standalone financial statements for details of the transaction and the accounting treatment thereof.	Our audit procedures included the following: • Evaluated the design, implementation and operating effectiveness of the controls with respect to: o Determination of the accounting treatment of the Scheme, including identification and de-recognition of the liabilities in terms of the Scheme, Ind AS 109 and other applicable Accounting Standards. • Substantive testing procedures included: o Verifying accounting of the transaction in accordance with the approved Scheme and applicable accounting standards and testing the related disclosures in the standalone financial statements.

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 in the annual report for the year ended 31st March, 2020, but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone 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 standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the 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.

Responsibilities of Management and Those Charged with Governance for the Standalone 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 standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the 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 of 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 standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone 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.

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

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone 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 standalone 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 standalone 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 control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, 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 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 standalone 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 standalone financial statements, including the disclosures, and whether the standalone 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 standalone financial statements of the current year 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 of India in terms of sub-section (11) of section 143 of the Act, we give in the "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.
   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 books of account.
   d) In our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards specified under section 133 of the Act, read with Rules 7 of the Companies (Accounts) Rules, 2014.
   e) On the basis of the written representations received from the directors as on 31st March, 2020 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 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 over financial reporting 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 / provided 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 standalone financial statements as referred to in Note 32(I)(i) to the standalone 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 **Chaturvedi & Shah LLP**
Chartered Accountants
(Registration No.101720W/W100355)

R. Koria
Partner
Membership No. 035629
UDIN: 20035629AAAACQ1597

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

Abhijit A. Damle
Partner
Membership No. 102912
UDIN: 20102912AAAACA9707

Mumbai, 30th April, 2020

ANNEXURE "A" TO THE INDEPENDENT AUDITORS' 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 standalone financial statements for the year ended 31st March, 2020)

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 standalone 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 31st March, 2020 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 31st March, 2020 which have not been deposited on account of any dispute. The details of dues of customs duty, as at 31st March, 2020, which have not been deposited on account of a dispute, are as follows:

Name of Statute	Name of Dues	Amount (Rs. In crore)	Period for which dispute relates to	Forum where dispute is pending
Customs Act, 1962	Custom Duty	1,041.56	2014-15, 2015-16, 2016-17 & 2017-18	Deputy Commissioner / Commissioner of Customs
Customs Act, 1962	Custom Duty	52.24	2014-15, 2015-16, 2016-17 & 2017-18	CESTAT, Mumbai
Customs Act, 1962	Custom Duty	439.97	2014-15, 2015-16, 2016-17, 2017-18, 2018-19 & 2019-20	ADG-DRI Adjudication, Mumbai

viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to banks and government and dues to debenture holders.

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 standalone 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 **Chaturvedi & Shah LLP**
Chartered Accountants
(Registration No.101720W/W100355)

R. Koria
Partner
Membership No. 035629
UDIN: 20035629AAAACQ1597

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

Abhijit A. Damle
Partner
Membership No. 102912
UDIN: 20102912AAAACA9707

Mumbai, 30th April, 2020

ANNEXURE "B" TO THE INDEPENDENT AUDITORS' 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 standalone financial statements for the year ended 31st March, 2020)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Reliance Jio Infocomm Limited ("the Company") as of 31st March, 2020 in conjunction with our audit of the standalone 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 over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting 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 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 over financial reporting 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 over financial reporting 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 over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 standalone 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 over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting 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 standalone 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 standalone financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, 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 over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting 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 over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Chaturvedi & Shah LLP**
Chartered Accountants
(Registration No.101720W/W100355)

R. Koria
Partner
Membership No. 035629
UDIN: 20035629AAAACQ1597

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

Abhijit A. Damle
Partner
Membership No. 102912
UDIN: 20102912AAAACA9707

Mumbai, 30th April, 2020

Balance Sheet as at 31st March, 2020

(₹ in crore)

Particulars	Notes	As at 31st March, 2020	As at 31st March, 2019
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	1	**1,02,864**	74,633
Capital Work-in-Progress	1	**21,176**	30,965
Intangible Assets	1	**60,563**	59,367
Intangible Assets Under Development	1	**82**	3,643
Financial Assets			
Investments	2	**1,108**	1,108
Other Financial Assets	3	**3**	2
Deferred Tax Assets (Net)	4	**1,546**	3,427
Other Non-Current Assets	5	**25,920**	9,111
Total Non-Current Assets		**2,13,262**	**1,82,256**
Current Assets			
Financial Assets			
Investments	6	**1,381**	155
Trade Receivables	7	**1,609**	873
Cash and Cash Equivalents	8	**7,066**	17
Other Bank Balances	9	**414**	412
Other Financial Assets	10	**1,067**	534
Other Current Assets	11	**16,906**	11,533
Total Current Assets		**28,443**	**13,524**
Total Assets		**2,41,705**	**1,95,780**
EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	12	**45,000**	45,000
Other Equity	13	**1,25,956**	(4,600)
Total Equity		**1,70,956**	**40,400**
Liabilities			
Non-Current Liabilities			
Financial Liabilities			
Borrowings	14	**-**	65,613
Other Financial Liabilities	15	**13,490**	9,998
Deferred Payment Liabilities	16	**18,839**	18,839
Total Non-Current Liabilities		**32,329**	**94,450**
Current Liabilities			
Financial Liabilities			
Borrowings	17	**23,242**	3,601
Trade Payables Due to	18		
Micro and Small Enterprises		**38**	11
Other than Micro and Small Enterprises		**4,662**	3,245
Other Financial Liabilities	19	**4,957**	48,523
Deferred Payment Liabilities	16	**-**	1,370
Other Current Liabilities	20	**5,462**	4,075
Provisions	21	**59**	105
Total Current Liabilities		**38,420**	**60,930**
Total Liabilities		**70,749**	**1,55,380**
Total Equity and Liabilities		**2,41,705**	**1,95,780**
Significant Accounting Policies			
See accompanying Notes to the Financial Statements	1 to 45		

As per our Report of even date

For Chaturvedi & Shah LLP
Chartered Accountants
Firm Regn. No.: 101720W / W-100355

R. Koria
Partner
Membership No: 35629

For Deloitte Haskins & Sells LLP
Chartered Accountants
Firm Regn. No.: 117366W / W-100018

Abhijit A. Damle
Partner
Membership No.: 102912

Rajneesh Jain
Chief Financial Officer
PAN: ABFPJ1815L

Jyoti Jain
Company Secretary
Membership No.: A18825

Place: Mumbai
Date: April 30, 2020

For and on behalf of the Board

Mukesh D. Ambani	Chairman	DIN: 00001695
Manoj H. Modi	Director	DIN: 00056207
Akash M. Ambani	Director	DIN: 06984194
Isha M. Ambani	Director	DIN: 06984175
Sanjay Mashruwala	Managing Director	DIN: 01259774
Mahendra Nahata	Director	DIN: 00052898
Mathew Oommen	Director	DIN: 07176548
Pankaj M. Pawar	Director	DIN: 00085077
Kiran M. Thomas	Director	DIN: 02242745
Adil Zainulbhai	Director	DIN: 06646490
Prof. Dipak C. Jain	Director	DIN: 00228513
Prof. Mohanbir S. Sawhney	Director	DIN: 07136864
Ranjit V. Pandit	Director	DIN: 00782296
Shumeet Banerji	Director	DIN: 02787784

Statement of Profit and Loss for the year ended 31st March, 2020

(₹ in crore)

Particulars	Notes	2019-20	2018-19
INCOME			
Revenue from Operations	22	**54,316**	40,663
Other Income	23	**87**	6
Total Income		**54,403**	**40,669**
EXPENSES			
Network Operating Expenses	24	**16,930**	11,338
Access Charges	25	**5,795**	6,032
License Fees/Spectrum Charges		**5,720**	4,159
Employee Benefits Expense	26	**1,463**	1,658
Finance Costs (Net)	27	**6,617**	4,148
Depreciation and Amortisation Expense	1	**7,396**	6,398
Selling and Distribution Expenses		**1,277**	1,150
Other Expenses	28	**1,564**	1,230
Total Expenses		**46,762**	**36,113**
Profit Before Exceptional Items & Tax		**7,641**	4,556
Exceptional Items (Net of Tax)	38	**146**	-
Profit Before Tax		**7,495**	4,556
Tax EXPENSES			
Current Tax		**-**	982
Deferred Tax		**1,933**	610
Profit for the year		**5,562**	2,964
OTHER COMPREHENSIVE INCOME			
(i) Items that will not be reclassified to Profit or Loss		**(8)**	6
(ii) Income tax relating to items that will not be reclassified to Profit or Loss		**2**	(2)
Total Other Comprehensive Income for the year (Net of tax)		**(6)**	4
Total Comprehensive Income for the year		**5,556**	2,968
EARNINGS PER EQUITY SHARE OF FACE VALUE OF ₹ 10 EACH			
Basic (in Rupees)	29	**1.24**	**0.66**
Diluted (in Rupees)	29	**0.59**	**0.27**
Significant Accounting Policies			
See accompanying Notes to the Financial Statements	1 to 45		

As per our Report of even date

For Chaturvedi & Shah LLP
Chartered Accountants
Firm Regn. No.: 101720W / W-100355

R. Koria
Partner
Membership No: 35629

For Deloitte Haskins & Sells LLP
Chartered Accountants
Firm Regn. No.: 117366W / W-100018

Abhijit A. Damle
Partner
Membership No.: 102912

Rajneesh Jain
Chief Financial Officer
PAN: ABFPJ1815L

Jyoti Jain
Company Secretary
Membership No.: A18825

Place: Mumbai
Date: April 30, 2020

For and on behalf of the Board

Mukesh D. Ambani	Chairman	DIN: 00001695
Manoj H. Modi	Director	DIN: 00056207
Akash M. Ambani	Director	DIN: 06984194
Isha M. Ambani	Director	DIN: 06984175
Sanjay Mashruwala	Managing Director	DIN: 01259774
Mahendra Nahata	Director	DIN: 00052898
Mathew Oommen	Director	DIN: 07176548
Pankaj M. Pawar	Director	DIN: 00085077
Kiran M. Thomas	Director	DIN: 02242745
Adil Zainulbhai	Director	DIN: 06646490
Prof. Dipak C. Jain	Director	DIN: 00228513
Prof. Mohanbir S. Sawhney	Director	DIN: 07136864
Ranjit V. Pandit	Director	DIN: 00782296
Shumeet Banerji	Director	DIN: 02787784

Statement of Changes in Equity for the year ended 31st March, 2020

A. Equity Share Capital

(₹ in crore)

Balance as at 1st April, 2018	Change during the year 2018-19	Balance as at 31st March, 2019	Change during the year 2019-20	Balance as at 31st March, 2020
45,000	-	45,000	-	**45,000**

B. Other Equity

(₹ in crore)

Particulars	Instruments classified as Equity			Reserves and Surplus		Total
	0.1% Non Cumulative Optionally Convertible Preference Share Capital, fully paid up	9% Non Cumulative Optionally Convertible Preference Share Capital, fully paid up*	0.01% Non Cumulative Optionally Convertible Preference Shares Capital, fully paid up**	Securities Premium	Retained Earnings	
AS ON 31ST MARCH, 2019						
Balance at the beginning of the reporting period i.e. 1st April, 2018	125	13,000	-	52,000	(7,192)	57,933
Profit for the year	-	-	-	-	2,964	2,964
Adjustment on account of Demerger	-	-	-	-	(501)	(501)
Other Comprehensive Income for the year	-	-	-	-	4	4
Cancellation of Preference shares (Refer Note 40)	-	(13,000)	-	(52,000)	-	(65,000)
Balance at the end of the reporting period i.e. 31st March, 2019	**125**	**-**	**-**	**-**	**(4,725)**	**(4,600)**
AS ON 31ST MARCH, 2020						
Balance at the beginning of the reporting period i.e. 1st April, 2019	125	-	-	-	(4,725)	(4,600)
Profit for the year	-	-	-	-	5,562	5,562
Other Comprehensive Income for the year	-	-	-	-	(6)	(6)
Issue of Preference shares	-	4,000	1,05,000	16,000	-	1,25,000
Balance at the end of the reporting period i.e. 31st March, 2020	**125**	**4,000**	**1,05,000**	**16,000**	**831**	**1,25,956**

* Issued and Allotted 400 crore 9% Non-Cumulative Optionally Convertible Preference Shares ('OCPS') (Series-V) of ₹ 10/- each for cash, at a premium of ₹ 40 per OCPS aggregating ₹ 20,000 crore to Reliance Industries Limited, the Ultimate holding company.

** Issued and Allotted 10,500 crore 0.01% Non-Cumulative Optionally Convertible Preference Shares ('OCPS') (Series-VI) of ₹ 10/- each for cash to Jio Platforms Limited, the holding company

As per our Report of even date

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Shumeet Banerji	Director	DIN: 02787784

Cash Flow Statement for the year ended 31st March, 2020

		2019-20	(₹ in crore) 2018-19
A	**CASH FLOW FROM OPERATING ACTIVITIES:**		
	Profit Before Exceptional Items & Tax as per Statement of Profit and Loss	**7,641**	4,556
	Less: Exceptional Item (Refer Note 38)	**(195)**	-
	Profit Before Tax as per Statement of Profit and Loss	**7,446**	4,556
	Adjusted for:		
	Depreciation and Amortisation Expense	**7,396**	6,398
	Effect of Exchange Rate Change	**58**	9
	Interest Income	**-**	(4)
	Gain on Investments (Net)	**(83)**	-
	Loss on Sale/Discard of Property, Plant and Equipment (Net)	**1**	5
	Finance Costs (Net)	**6,617**	4,148
	Operating Profit before Working Capital Changes	**21,435**	15,112
	Adjusted for:		
	Trade and Other Receivables	**(6,805)**	(8,836)
	Trade and Other Payables*	**3,119**	1,350
	Cash Generated from Operations	**17,749**	7,626
	Taxes Paid (Net)	**(1,167)**	(968)
	Net Cash flow from Operating Activities	**16,582**	6,658
B	**CASH FLOW FROM INVESTING ACTIVITIES:**		
	Purchase of Property, Plant and Equipment and Intangible Assets*	**(51,771)**	(43,845)
	Proceeds from disposal of Property, Plant and Equipment	**967**	6
	Upfront Fibre Payments	**(16,439)**	-
	Purchase of Investments	**(1,02,638)**	(47,905)
	Proceeds from Sale of Investments	**1,01,503**	48,030
	Investment in Subsidiaries	**-**	(93)
	Interest Income	**10**	15
	Fixed Deposits/Escrow account with Banks	**(2)**	(384)
	Net Cash flow (used in) Investing Activities	**(68,370)**	**(44,176)**
C	**CASH FLOW FROM FINANCING ACTIVITIES:**		
	Proceeds from issue of Preference Share Capital	**1,25,000**	-
	Proceeds from Borrowings- Non-Current	**8,343**	68,012
	Repayment of Borrowings- Non-Current	**(14,770)**	(11,472)
	Payment towards transfer of Borrowings-Non-Current*	**(66,987)**	-
	Borrowings- Current (Net)	**19,641**	(9,661)
	Repayment of Deferred Payment Liabilities	**(1,370)**	(870)
	Repayment of lease Liabilities	**(672)**	-
	Finance Cost Paid	**(10,348)**	(9,165)
	Net Cash flow from Financing Activities	**58,837**	36,844
	Net Increase/(Decrease) in Cash and Cash Equivalents	**7,049**	(674)
	Opening Balance of Cash and Cash Equivalents	**17**	691
	Closing Balance of Cash and Cash Equivalents (Refer Note 8)	**7,066**	17

* Includes cash outflows aggregating ₹ 104,365 crore being consideration paid to Reliance Industries Limited (Ultimate Holding Company) for transfer of identified liabilities pursuant to Scheme of Arrangement approved by National Company Law Tribunal (NCLT) (Refer Note 39).

Cash Flow Statement for the year ended 31st March, 2020

Changes in liabilities arising from financing activities

(₹ in crore)

	1st April, 2019	Cash flow*	Non cash			31st March, 2020
			Foreign Exchange movement	Finance costs including amortisation	Transfer on Account of demerger/ Slump sale	
Borrowings - Non-Current (Refer Notes 14 and 39)	72,611	(73,414)	803	-	-	-
Borrowings - Current (Refer Note 17)	3,601	19,641	-	-	-	23,242
	76,212	**(53,773)**	**803**	**-**	**-**	**23,242**

(₹ in crore)

	1st April 2018	Cash flow	Foreign Exchange movement	Finance costs including amortisation	Transfer on Account of demerger/ Slump sale (Refer Note 40)	31st March 2019
Borrowing - Non current (Refer Note 14)	45,129	56,540	893	(395)	(29,556)	72,611
Borrowing - Current (Refer Note 17)	13,262	(9,661)	-	-	-	3,601
	58,391	**46,879**	**893**	**(395)**	**(29,556)**	**76,212**

* Borrowings- Non-Current Includes ₹ 66,987 crore paid as consideration for transfer of liabilities to Reliance Industries Limited (Ultimate Holding Company) (Refer Note 39)

As per our Report of even date

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Place: Mumbai
Date: April 30, 2020

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Ranjit V. Pandit	Director	DIN: 00782296
Shumeet Banerji	Director	DIN: 02787784

Notes to the Financial Statements for the year ended 31st March, 2020

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 101, Saffron, Nr. Centre Point, Panchawati 5 Rasta, Ambawadi, Ahmedabad, Gujarat – 380006 India. The Company’s Holding Company is Jio Platforms Limited (w.e.f 13th Dec 2019 onwards) 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 has applied Indian Accounting Standard (Ind AS) 116 leases, to its leases using prospective approach, effective annual reporting period beginning 1st April 2019 and applied the standard to its leases from this date. Ind AS 116 ‘Leases’ is effective for annual periods beginning after 1st April 2019.

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 –

Expected to be realised or intended to be sold or consumed in normal operating cycle;

Expected to be realised within twelve months after the reporting period, or

Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

It is expected to be settled in normal operating cycle;

It is due to be settled within twelve months after the reporting period, or

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.

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.

Notes to the Financial Statements for the year ended 31st March, 2020

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 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.

Notes to the Financial Statements for the year ended 31st March, 2020

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).

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).

Notes to the Financial Statements for the year ended 31st March, 2020

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 ECL is used.

ii. Financial Liabilities

A. Initial recognition and Measurement

All Financial Liabilities are recognized 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 amortized 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.

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.

Notes to the Financial Statements for the year ended 31st March, 2020

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

Effective from 1st April,2018 the Company has adopted Ind AS-115 “Revenue from contracts with customers” using the cumulative catch-up method, applied to contracts that were not completed as on 1st April, 2018. 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.

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.

Notes to the Financial Statements for the year ended 31st March, 2020

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 foreign currency borrowings and that are directly attributable to the acquisition or construction of qualifying assets, are capitalized as cost of assets. Additionally, exchange gains or losses on foreign currency borrowings taken prior to April 1, 2016 which are related to the acquisition or construction of qualifying assets are adjusted in the carrying cost of such 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 an 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.

Notes to the Financial Statements for the year ended 31st March, 2020

(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 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.

Notes to the Financial Statements for the year ended 31st March, 2020

(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-recovery.

(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 (including litigations) 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.

(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.

Notes to the Financial Statements for the year ended 31st March, 2020

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 01-04-2019	Additions /Adjust-ments	Deductions /Adjust-ments^	As at 31-03-2020	As at 01-04-2019	For the Year#	Deductions /Adjust-ments^	As at 31-03-2020	As at 31-03-2020	As at 31-03-2019
Property, Plant and Equipment:										
Own Assets (A)										
Land	1,857	5	-	1,862	-	-	-	-	1,862	1,857
Leasehold Improvements	184	134	-	318	1	11	-	12	306	183
Buildings	975	128	1	1,102	29	32	1	60	1,042	946
Buildings-Temporary Structures	2	0	-	2	2	0	-	2	0	0
Plant and Equipments	74,954	25,753	463	1,00,244	3,619	3,323	43	6,899	93,345	71,335
Office Equipments	49	0	0	49	20	2	0	22	27	29
Furniture and Fixtures	36	19	13	42	12	3	1	14	28	24
Vehicles	27	-	-	27	14	3	-	17	10	13
Total (A)	**78,084**	**26,039**	**477**	**1,03,646**	**3,697**	**3,374**	**45**	**7,026**	**96,620**	**74,387**
Right-of-Use Assets (B)										
Land	283	-	-	283	37	8	-	45	238	246
Plant and Equipments	-	7,010	-	7,010	-	1,004	-	1,004	6,006	-
Total (B)	**283**	**7,010**	**-**	**7,293**	**37**	**1,012**	**-**	**1,049**	**6,244**	**246**
Total (C=A+B)	**78,367**	**33,049**	**477**	**1,10,939**	**3,734**	**4,386**	**45**	**8,075**	**1,02,864**	**74,633**
***Intangible assets**										
Spectrum/License Fee~	58,153	2,750	-	60,903	2,920	2,485	-	5,405	55,498	55,233
Software	4,472	1,057	-	5,529	426	495	-	921	4,608	4,046
Indefeasible right to use (IRU)	100	399	-	499	12	30	-	42	457	88
Others	0	-	-	0	0	-	-	0	0	0
Total (D)	**62,725**	**4,206**	**-**	**66,931**	**3,358**	**3,010**	**-**	**6,368**	**60,563**	**59,367**
Total (C + D)	**1,41,092**	**37,255**	**477**	**1,77,870**	**7,092**	**7,396**	**45**	**14,443**	**1,63,427**	**1,34,000**
Previous Year	**1,59,548**	**43,043**	**61,498**	**1,41,092**	**4,019**	**6,425**	**3,352**	**7,092**	**1,34,000**	
CAPITAL WORK-IN-PROGRESS									**21,176**	30,965
INTANGIBLE ASSETS UNDER DEVELOPMENT									**82**	3,643

* Other than internally generated.

\# Depreciation for the year includes depreciation of Nil (Previous year ₹ 27 crore) capitalised during the year. Thus the net amount of ₹ 7,396 crore (Previous year ₹ 6,398 crore) has been considered in Statement of Profit and Loss.

^ Previous year figure include assets/depreciation/amortisation transferred pursuant to Composite Scheme of Arrangement (Refer Note 40).

"0" represents the amount below the denomination threshold.

~ The remaining amortisation period of Spectrum/ License fee as at 31st March, 2020 ranges between 1 to 17 years.

Notes to the Financial Statements for the year ended 31st March, 2020

1.1 The Company has capitalised its wireline project and 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) ₹ 6,243 crore (Previous Year ₹ 9,613 crore) on account of capital goods inventory.

(b) ₹ 692 crore (Previous Year ₹ 5,076 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 ₹ 313 crore (net loss) [Previous Year ₹ 537 crore (net loss)] on account of exchange difference during the year.

1.4 For Assets pledged as security - Refer Note no. 14.1

(₹ in crore)

2 Investments - Non-Current	As at 31st March, 2020		As at 31st March, 2019	
	Shares	**Amount**	**Shares**	Amount
Investments measured at Cost				
In Equity Shares of Subsidiary Companies				
Unquoted, fully paid up				
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 Ltd of GBP 1 each	**60,00,000**	**52**	60,00,000	52
Total Investments measured at cost		**1,108**		1,108
Aggregate amount of Unquoted Investments		**1,108**		1,108

(₹ in crore)

2.1 Category wise Investments - Non-Current	As at 31st March, 2020	As at 31st March, 2019
Financial assets measured at Cost	**1,108**	1,108
Total Investments - Non-Current	**1,108**	1,108

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 Ltd.	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, 2020	As at 31st March, 2019
Fixed Deposits with Banks	**3**	2
Total	**3**	2

3.1 Fixed Deposits with Banks have been pledged with Government Authorities

Notes to the Financial Statements for the year ended 31st March, 2020

4 Deferred Tax Assets (Net)

a. **The movement on the deferred tax account is as follows:**

(₹ in crore)

	As at 31st March, 2020	As at 31st March, 2019
At the start of the year	**3,427**	4,037
Charge to Statement of Profit and Loss	**(1,883)**	(610)
Charge to Other Comprehensive Income	**2**	-
At the end of year	**1,546**	3,427

Component of Deferred tax asset / (liabilities)

(₹ in crore)

	As at 31st March, 2019	(Charge) / Credit to Statement of Profit and Loss and Other Comprehensive Income	**As at 31st March, 2020**
Deferred tax asset / (liabilities) in relation to:			
Property, Plant and Equipment and Intangible Assets	(9,842)	(1,459)	**(11,301)**
Carried Forward Losses	13,238	(2,008)	**11,230**
Financial Assets/Financial Liabilities	1	1,595	**1,596**
Provisions	30	(9)	**21**
Total	3,427	**(1,881)**	**1,546**

b. **Income tax recognised in Statement of Profit and Loss**

(₹ in crore)

	Year ended 31st March, 2020	Year ended 31st March, 2019
Current Tax	**-**	982
Deferred Tax	**1,883**	610
Total Income Tax expenses recognised in the current year	**1,883**	1,592

The income tax expenses for the year can be reconciled to the accounting profit as follows:

(₹ in crore)

	Year ended 31st March, 2020	Year ended 31st March, 2019
Profit before Tax	**7,445**	4,556
Applicable Tax Rate	**25.17%**	34.94%
Computed Tax Expense	**1,873**	1,592
Tax effect of:		
Expenses Disallowed	**10**	-
Tax Expenses recognised in Statement of Profit and Loss	**1,883**	1,592
Effective Tax Rate	**25.30%**	34.94%

(₹ in crore)

	Year ended 31st March, 2020	Year ended 31st March, 2019
c. **Income tax recognised in Other Comprehensive Income**	(2)	2
Total income tax expenses recognised in the current year	**(2)**	2

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

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, 2020

(₹ in crore)

		As at 31st March, 2020	As at 31st March, 2019
5	**Other Non-Current Assets (Unsecured and Considered Good)**		
	Capital Advances	**310**	346
	Security Deposits	**2,465**	1,229
	Advance Income Tax (Net of Provision)	**1,185**	18
	Balance with GST Authorities	**4,448**	6,548
	Upfront Fibre payment	**15,570**	-
	Others	**1,942**	970
	Total	**25,920**	9,111

5.1 Others include Amount paid under protest.

(₹ in crore)

	As at 31st March, 2020	As at 31st March, 2019
Advance Income Tax (Net of Provision)		
At start of year	**18**	34
Current tax	**-**	(982)
Others #	**-**	(2)
Tax paid (Net) during the year	**1,167**	968
At end of year	**1,185**	18

Pertain to Provision for tax on Other Comprehensive Income.

(₹ in crore)

		As at 31st March, 2020		As at 31st March, 2019	
6	**Investments - Current**	**Shares/Unit**	**Amount**	**Shares/Unit**	**Amount**
	Investments measured at Fair value through Profit & Loss				
	In Equity Shares of Reliance Jio Infratel Private Limited (RJIPL) Unquoted, fully paid up (Face value of ₹ 1 each) (Refer Note 40)	-	-	1,05,35,00,000	105
	In Preference Shares of RJIPL Unquoted, fully paid up (Face value of ₹ 10 each) (Refer Note 40)	-	-	5,00,00,000	50
	In Mutual Fund - Unquoted				
	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	10,41,260	250	-	-
	SBI Liquid Fund Direct Plan Growth	8,04,397	250	-	-
	L&T Liquid Fund Direct Plan Growth	9,18,948	250	-	-
	Invesco India Liquid Fund Direct Plan Growth	91,867	25	-	-
	Total	**1,15,68,899**	**1,381**	**1,10,35,00,000**	**155**
	Aggregate amount of unquoted investments		1,381		155

(₹ in crore)

		As at 31st March, 2020	As at 31st March, 2019
7	**Trade Receivables (Unsecured)**		
	Considered good	**1,609**	873
	Credit impaired	**13**	15
	Less: Provision	**(13)**	(15)
	Total	**1,609**	873

Notes to the Financial Statements for the year ended 31st March, 2020

(₹ in crore)

8	Cash and Cash Equivalents	As at 31st March, 2020	As at 31st March, 2019
	Balances with Banks	**212**	17
	Others-Corporate Deposits*	**6,854**	-
	Cash and Cash Equivalents as per Balance Sheet	**7,066**	17
	Cash and Cash Equivalents as per Cash Flow Statement	**7,066**	17

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

(₹ in crore)

9	Bank balances other than covered in Cash and Cash Equivalents	As at 31st March, 2020	As at 31st March, 2019
	Fixed Deposits with Banks	**114**	112
	Other Bank Balances	**300**	300
	Total	**414**	412

9.1 Fixed Deposits with Banks of ₹ 38 crore (Previous year of ₹ 36 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).

9.2 Other Bank Balance comprise of balance lying in escrow account towards assets acquisition.

(₹ in crore)

10	Other Financial Assets - Current	As at 31st March, 2020	As at 31st March, 2019
	Interest accrued on Fixed Deposits	**15**	13
	Others	**1,052**	521
	Total	**1,067**	534

10.1 Others include Contractual / Unbilled receivables.

(₹ in crore)

11	Other Current Assets (Unsecured and considered good)	As at 31st March, 2020	As at 31st March, 2019
	Balance with GST Authorities*	**13,320**	9,540
	Upfront Fibre payment	**869**	-
	Advance to Vendors	**2,100**	1,572
	Others	**617**	421
	Total	**16,906**	11,533

11.1 Others include prepaid expenses, claim receivables.

* Includes Input tax credit / CENVAT credit pending for credit availment of ₹ 1,610 crore (Previous Year ₹ 823 crore).

Notes to the Financial Statements for the year ended 31st March, 2020

(₹ in crore)

12	Share Capital		As at 31st March, 2020	As at 31st March, 2019
	Authorised Share Capital:			
	45,00,00,00,000 (57,00,00,00,000)	Equity Shares of ₹ 10 each	**45,000**	57,000
	1,15,00,00,00,000 (13,13,00,00,000)	Preference Shares of ₹ 10 each	**1,15,000**	13,130
		Total	**1,60,000**	70,130
	Issued, Subscribed and Paid up:			
	45,00,00,00,000 (45,00,00,00,000)	Equity Shares of ₹ 10 each fully paid up	**45,000**	45,000
		Total	**45,000**	45,000

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:**

	As at 31st March, 2020		As at 31st March, 2019	
Particulars	**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	**-**	**-**	-	-
Equity shares at the end of the year	**45,00,00,00,000**	**45,000**	**45,00,00,00,000**	45,000

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, 2020**		As at 31st March, 2019	
	No. of Shares	**% held**	No. of Shares	% held
Reliance Industries Limited (Ultimate Holding Company)	-	-	44,74,74,90,000	99.44%
Jio Platforms Limited (Holding Company)	**45,00,00,00,000**	**100.00%**	-	-

Notes to the Financial Statements for the year ended 31st March, 2020

(₹ in crore)

13 Other Equity		As at 31st March, 2020		As at 31st March, 2019
Instrument classified as Equity				
Optionally Convertible Preference Shares (OCPS)				
0.1% Non Cumulative OCPS Series-I	**125**		125	
9% Non Cumulative OCPS Series-V	**4,000**		-	
0.01% Non Cumulative OCPS Series-VI	**1,05,000**		-	
		1,09,125		125
Reserves and Surplus				
Securities Premium				
As per last Balance Sheet	**-**		52,000	
Add: On issue of shares	**16,000**		-	
Less: Cancellation of Preference shares (Refer Note 40)	**-**		(52,000)	
Balance at end of Year		**16,000**		-
Retained Earnings				
As per last Balance Sheet	**(4,725)**		(7,192)	
Add: Profit for the year	**5,562**		2,964	
Add: Other Comprehensive Income arising from Remeasurement of Defined Benefit Plan, net of Income tax	**(6)**		4	
Less: Adjustment on account of Demerger (Refer Note 40)	**-**		(501)	
Balance at end of Year		**831**		(4,725)
TOTAL		**1,25,956**		(4,600)

13.1 0.1% 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)

	As at 31st March, 2020		As at 31st March, 2019	
Particulars	**No. of Shares**	**Amount**	No. of Shares	Amount
Preference shares at the beginning of the year	-	-	-	-
Add: Issue of Shares	**4,00,00,00,000**	**4,000**	-	-
Preference shares at the end of the year	**4,00,00,00,000**	**4,000**	**-**	**-**

Notes to the Financial Statements for the year ended 31st March, 2020

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 Equity Share of ₹ 10 (Rupees Ten) each at any time at the option of the Company but not later that than 10 (Ten) years from the date of allotment of OCPS (i.e. 18th December, 2019). If not converted, each OCPS shall be redeemed at ₹ 20 (Rupees Twenty) 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, 2020**		As at 31st March, 2019	
	No. of Shares	**Amount**	No. of Shares	Amount
Preference shares at the beginning of the year	-	-	-	-
Add: Issue of Shares	**1,05,00,00,00,000**	**1,05,000**	-	-
Preference shares at the end of the year	**1,05,00,00,00,000**	**1,05,000**	-	-

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

OCPS Series-II/III/IV: 9% Non cumulative OCPS Series II, III, IV: 3,00,00,00,000, 6,00,00,00,000 and 4,00,00,00,000 shares respectively were 100% held by Reliance Industries Limited (Ultimate Holding Company), cancelled on 31st March 2019. (Refer Note 40).

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 (Refer Note No 39)**	**As at 31st March, 2020**		As at 31st March, 2019	
		Non-Current	**Current**	Non-Current	Current
	(I) Secured - At Amortised Cost				
	(a) Non-Convertible Debentures	-	-	14,500	3,000
	(b) Term Loans - from Banks (Previous year ₹ 5,26,700)	-	-	-	0
		-	-	14,500	3,000
	(II) Unsecured - At Amortised Cost				
	(a) Non-Convertible Debentures	-	-	5,500	1,500
	(b) Term Loans				
	(i) From Banks	-	-	34,456	1,677
	(ii) From Others	-	-	1,963	821
	(c) Loans from related parties	-	-	9,194	-
		-	-	51,113	3,998
	Total	-	-	65,613	6,998

14.1 Non-Convertible Debentures (NCDs) referred to in 14 (I)(a) above, secured by hypothecation of the movable properties, both present and future, including movable plant and machinery, spares, tools and accessories, furniture, fixtures and vehicles, save and except the telecom licenses, spectrum, brand name, goodwill and any intellectual property rights and such of the assets that are procured through financing from Cisco Systems Capital India Private Limited, are transferred to Reliance Industries Limited (RIL), the Ultimate Holding Company, pursuant to Scheme of Arrangement approved by NCLT, with an appointed date of 16 December 2019 (Refer Note 39). The Company's movable properties as detailed above, continue to be hypothecated to secure the NCDs transferred to RIL, in terms of an understanding with RIL.

Notes to the Financial Statements for the year ended 31st March, 2020

Rate of Interest of Secured Non-Convertible Debentures are as set out below:

(₹ in crore)

Rate of Interest	As on 31st March, 2020		As on 31st March, 2019	
	Non-Current	Current	Non-Current	Current
7.97%	-	-	1,000	-
8.00%	-	-	2,500	-
8.00%	-	-	2,500	-
8.10%	-	-	-	2,250
8.10%	-	-	-	750
8.25%	-	-	3,000	-
8.32%	-	-	2,000	-
8.70%	-	-	3,500	-
Total	**-**	**-**	**14,500**	**3,000**

14.2 During the year, Company has bought back from the open market, 6,390 "8% RJIL (PPD 12)" and 4,750 "8% RJIL (PPD 13)" Secured Redeemable Non-Convertible Debentures of ₹ 10,00,000 each for cash, aggregating face value of ₹ 1,114 crore.

14.3 Secured Term loans from banks referred to in 14(I)(b) above to the extent of:

₹ Nil crore (Previous Year ₹ 0.05 crore) are secured by hypothecation of specific vehicles.

14.4 Rate of Interest of Unsecured Non-Convertible Debentures referred to in 14(II)(a) above are as set out below:

(₹ in crore)

Rate of Interest	As on 31st March, 2020		As on 31st March, 2019	
	Non-Current	Current	Non-Current	Current
8.95%	-	-	-	500
8.90%	-	-	-	1,000
8.95%	-	-	1,000	-
8.95%	-	-	1,000	-
9.25%	-	-	2,500	-
8.90%	-	-	1,000	-
Total	**-**	**-**	**5,500**	**1,500**

14.5 Payment obligations under Unsecured Loans referred to in 14(II) above to the extent of ₹ Nil (Previous Year ₹ 41,615 crore) are guaranteed by Reliance Industries Limited (Ultimate Holding Company).

(₹ in crore)

15	**Other Financial Liabilities - Non-Current**	**As at 31st March, 2020**	As at 31st March, 2019
	Interest accrued but not due on Deferred Payment Liabilities (Refer Note No 16.1)	**7,035**	4,587
	Creditors for Capital Expenditure (Refer Note No 39)	**896**	4,875
	Lease Liability (Refer Note No 41)	**5,559**	-
	Others	**-**	536
	Total	**13,490**	9,998

15.1 Others include derivative liabilities at fair value.

Notes to the Financial Statements for the year ended 31st March, 2020

(₹ in crore)

16 Deferred Payment Liabilities	As at 31st March, 2020		As at 31st March, 2019	
	Non-Current	**Current**	Non-Current	Current
Unsecured				
Payable to Department of Telecommunication ("DoT")	**18,839**	**-**	18,839	1,370
Total	**18,839**	**-**	18,839	1,370

16.1 During the year ended 31st March, 2017, 2015 and 2014, 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 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, 2020	As at 31st March, 2019
Unsecured - At amortised cost		
Bank Overdraft	**-**	66
Rupee Loans - Commercial Paper*	**23,242**	3,535
TOTAL	**23,242**	3,601

*Maximum amount outstanding at any time during the year was ₹ 32,154 crore (Previous Year ₹ 28,849 crore).

(₹ in crore)

18 Trade Payables	As at 31st March, 2020	As at 31st March, 2019
Micro enterprises and Small enterprises	**38**	11
Other than Micro enterprises and Small enterprises (Refer Note No 39)	**4,662**	3,245
Total	**4,700**	3,256

18.1 There are no overdue amounts to Micro, Small and Medium Enterprises as at 31st March, 2020 (except to the extent of amounts not due for pending compliance with contract terms) for which disclosure requirements under Micro, Small and Medium Enterprises Development Act, 2006 are applicable.

(₹ in crore)

19 Other Financial Liabilities - Current	As at 31st March, 2020	As at 31st March, 2019
Current maturities of Borrowings - Non-Current (Refer Note No 39)	**-**	6,998
Interest accrued but not due on Borrowings (Refer Note No 39)	**171**	1,490
Interest accrued but not due on Deferred Payment Liabilities (Refer Note No 16.1)	**-**	1,965
Creditors for Capital Expenditure (Refer Note No 39)	**3,459**	36,454
Lease Liability (Refer Note No 41)	**779**	-
Other Payables	**548**	1,616
Total	**4,957**	48,523

19.1 Other Payables includes employee dues, derivative liabilities at fair value and security deposit received from customers.

Notes to the Financial Statements for the year ended 31st March, 2020

(₹ in crore)

20	Other Current Liabilities	As at 31st March, 2020	As at 31st March, 2019
	Revenue received in advance	**4,994**	3,719
	Other Payables	**468**	356
	Total	**5,462**	4,075

20.1 Other Payables include statutory dues.

(₹ in crore)

21	Provisions - Current	As at 31st March, 2020	As at 31st March, 2019
	Provisions for Employee Benefits	**59**	105
	Total	**59**	105

(₹ in crore)

22	Revenue from Operations	2019-20	2018-19
	Value of Services	**63,983**	47,935
	Less: GST recovered	**(9,667)**	(7,272)
	Total	**54,316**	40,663

22.1 The entire balance in the revenue received in advance account at the beginning of the current year and 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.

22.2 The Company has started charging its subscribers for voice calls terminating on the network of other operators. Accordingly, the access charges have been presented on a gross basis for both the years presented.

(₹ in crore)

23	Other Income	2019-20	2018-19
	Interest Income from fixed deposits	**-**	4
	Gain on Investments (Net)	**83**	-
	Other Non-Operating Income	**4**	2
	Total	**87**	6

(₹ in crore)

24	Network Operating Expenses	2019-20	2018-19
	Rent / Service Charges	**7,734**	4,271
	Power and Fuel	**6,707**	5,083
	Repairs and Maintenance	**1,109**	1,696
	Other network cost*	**1,380**	288
	Total	**16,930**	11,338

*Includes Fiber usage charges

(₹ in crore)

25	Access Charges	2019-20	2018-19
	Access Charges (Refer Note No 22.2)	**5,795**	6,032
	Total	**5,795**	**6,032**

Notes to the Financial Statements for the year ended 31st March, 2020

(₹ in crore)

26	**Employee Benefits Expense**	**2019-20**	2018-19
	Salaries and Wages	**1,312**	1,496
	Contribution to Provident and Other Funds	**70**	83
	Staff Welfare Expenses	**81**	79
	Total	**1,463**	1,658

(₹ in crore)

27	**Finance Costs**	**2019-20**	2018-19
	Interest Expenses (Refer Note No 39)	**5,966**	4,148
	Interest on Lease Liabilities	**651**	-
	Total	**6,617**	4,148

27.1 Finance Costs are net of borrowing cost capitalised of ₹ 2,417 crore (Previous Year ₹ 7,370 crore)

(₹ in crore)

28	**Other Expenses**	**2019-20**	2018-19
	Professional Fees	**574**	190
	Payment to Auditors (Refer Note No 36)	**6**	4
	Net Loss on foreign currency transactions	**73**	127
	Provision for doubtful debts/Written off (Net)	**8**	2
	Customer Service Expenses	**212**	208
	Bank Charges	**184**	103
	Rates and Taxes	**49**	102
	Travelling Expenses	**85**	119
	Loss on Sale / Discard of Property, Plant and Equipment	**1**	5
	General Expenses	**372**	370
	Total	**1,564**	1,230

29	**EARNINGS PER SHARE (EPS)**	**2019-20**	2018-19
	FACE VALUE PER EQUITY SHARE (₹)	**10**	10
	BASIC EARNINGS PER SHARE (₹)	**1.24**	**0.66**
	Net Profit after Tax as per Statement of Profit and Loss attributable to Equity Shareholders (₹ in crore)	**5,562**	2,964
	Weighted Average number of Equity Shares used as denominator for calculating Basic EPS	**45,00,00,00,000**	45,00,00,00,000
	DILUTED EARNINGS PER SHARE (₹)	**0.59**	**0.27**
	Net Profit after Tax as per Statement of Profit and Loss attributable to Equity Shareholders (₹ in crore)	**5,562**	2,964
	Weighted Average number of Equity Shares used as denominator for calculating Diluted EPS	**94,77,18,57,923**	1,10,25,00,00,000
	RECONCILIATION OF WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING		
	Weighted Average number of Equity Shares used as denominator for calculating Basic EPS	**45,00,00,00,000**	45,00,00,00,000
	Weighted Average number of Potential Equity Shares on account of OCPS	**49,77,18,57,923**	65,25,00,00,000
	Weighted Average number of Equity Shares used as denominator for calculating Diluted EPS	**94,77,18,57,923**	1,10,25,00,00,000

Notes to the Financial Statements for the year ended 31st March, 2020

30 AS PER INDIAN ACCOUNTING STANDARD 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:

(₹ in crore)

Particulars	**2019-20**	2018-19
Employer's Contribution to Provident Fund	**50**	78
Employer's Contribution to Superannuation Fund	**0**	1
Employer's Contribution to Pension Fund	**25**	36

Defined Benefit Plan

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

(₹ in crore)

Particulars	**Gratuity (Funded)**	
	2019-20	2018-19
Defined Benefit Obligation at beginning of the year	**130**	100
Less: Transfers	**(89)**	-
Current Service Cost	**20**	32
Interest Cost	**6**	8
Actuarial Loss/(Gain)	**8**	(6)
Benefits Paid	**(4)**	(4)
Defined Benefit Obligation at end of the year	**71**	130

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

(₹ in crore)

Particulars	**Gratuity (Funded)**	
	2019-20	2018-19
Fair value of Plan assets at beginning of the year	**130**	100
Less: Transfers	**(89)**	-
Expected return on plan assets	**10**	8
Employer contribution	**20**	26
Benefits paid (Current year ₹ 31,32,571)	**(0)**	(4)
Fair value of Plan assets at end of the year	**71**	130
Actual Return on Plan Assets	**10**	8

III) Reconciliation of fair value of Assets and Obligations

(₹ in crore)

Particulars	**Gratuity (Funded)**	
	As at 31st March 2020	As at 31st March 2019
Fair value of Plan Assets	**71**	130
Present value of Obligation	**71**	130
Amount recognised in Balance Sheet	**-**	-

Notes to the Financial Statements for the year ended 31st March, 2020

IV) Expenses recognised during the year

(₹ in crore)

Particulars	Gratuity (Funded)	
	2019-20	2018-19
In Income Statement		
Current Service Cost	**20**	32
Interest Cost	**6**	8
Return on Plan Assets	**(10)**	(8)
Net Cost	**16**	32
In Other Comprehensive Income		
Actuarial Loss/(Gain)	**8**	(6)
Return on Plan Assets (Current year (₹ 5,23,036) and Previous year ₹ 5,30,601)	**(0)**	0
Net Income for the year recognised in OCI	**8**	(6)

V) Investment Details:

Particulars	As at 31st March, 2020		As at 31st March, 2019	
	₹ in crore	**% invested**	₹ in crore	% invested
Insurance Policies	**71**	**100**	130	100

VI) Actuarial Assumptions

Mortality Table	Gratuity (Funded)	
	2019-20	2018-19
	2006-08 (Ultimate)	2006-08 (Ultimate)
Discount rate (per annum)	**6.84%**	8.00%
Expected rate of return on Plan Assets (per annum)	**8.00%**	8.00%
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.

VII) The expected contributions for Defined Benefit Plan for the next financial year will be in line with FY 2019-20

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, 2020		As at 31st March, 2019	
	Decrease	**Increase**	Decrease	Increase
Change in rate of discounting (delta effect of +/- 0.5%)	**5**	**(4)**	8	(7)
Change in rate of salary increase (delta effect of +/- 0.5%)	**(4)**	**5**	(7)	8
Change in rate of employee turnover (delta effect of +/-0.5%) (Current year Decrease ₹ 9,20,602 and Increase ₹ 8,42,821)	**(0)**	**0**	(1)	1

Notes to the Financial Statements for the year ended 31st March, 2020

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 (From 1-4-2019 to 12-12-2019 - Holding Company)	Ultimate Holding Company
2	Jio Platforms Limited (w.e.f 13-12-2019)	Holding Company
3	Reliance Jio Infocomm Pte. Ltd.	Subsidiary Company
4	Reliance Jio Infocomm USA, Inc.	
5	Reliance Jio Infocomm UK Limited	
6	Reliance Jio Global Resources LLC	
7	Reliance Industrial Investments and Holdings Limited	Fellow Subsidiary
8	Reliance Retail Limited	
9	Reliance Corporate IT Park Limited	
10	Reliance Digital Platform and Project 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	Reliance Gas Lifestyle India Private Limited	
18	Reliance Lifestyle Holdings Limited	
19	Reliance Retail Insurance Broking Limited	
20	Reliance Sibur Elastomers Private Limited	
21	Rhea Retail Private Limted	
22	Model Economic Township Limited	
23	Indiawin Sports Private Limited	
24	TV18 Broadcast Limited*	
25	Viacom18 Media Private Limited	
26	Network18 Media & Investments Limited*	
27	Panorama Television Private Limited*	
28	AETN18 Media Private Limited*	
29	E-Eighteen.com Ltd*	

Notes to the Financial Statements for the year ended 31st March, 2020

Sr. No.	Name of the Related Party	Relationship
30	Web18 Software Services Limited	Fellow Subsidiary
31	Digital18 Media Limited*	
32	Radisys Corporation^	
33	Jio Estonia OU^	
34	Radisys India Private Limited	
35	Reliance Jio Infratel Private Limited (Up to 31st March, 2019-Refer Note 40)	
36	Jio Digital Fibre Private Limited (Up to 31st March, 2019-Refer Note 40)	
37	Den Broadband Private Limited	
38	Den Networks Limited	
39	Hathway Cable And Datacom Limited	
40	Hathway Digital Private Limited	
41	Genesis Colors Limited	
42	Genesis Luxury Fashion Private Limited	
43	GLF Lifestyle Brands Private Limited	
44	Greycells18 Media Limited	
45	Kanhatech Solutions Limited	
46	Reliance Gas Pipelines Limited	
47	Jamnagar Utilities and Power Private Limited	Associates of Ultimate Holding Company
48	GTPL Broadband Private Limited	
49	GTPL Hathway Limited	
50	Reliance Industrial Infrastructure Limited	
51	IBN Lokmat News Private Limited	Joint Venture of Ultimate Holding Company
52	Brooks Brothers India Private Limited	
53	Diesel Fashion India Reliance Private Limited	
54	FootBall Sports Development Limited	
55	Jio Payments Bank Limited	
56	Ryohin-Keikaku Reliance India Private Limited	
57	Zegna South Asia Private Limited	
58	Reliance-Vision Express Private Limited	
59	Marks And Spencer Reliance India Private Limited	
60	IMG Reliance Limited	
61	Shri Sanjay Mashruwala	Key Managerial Personnel
62	Shri Rajneesh Jain	
63	Shri Jyoti Jain	
64	Reliance Foundation	Enterprise over which Key Managerial Personnel are able to exercise significant influence
65	Reliance Jio Infocomm Limited Employees Gratuity Fund	Post Employment Benefit

* 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 year.

Notes to the Financial Statements for the year ended 31st March, 2020

(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	**-** (172)	**-** -	**17** (42)	**232** (1,408)	**-** -	**-** -	**-** -	**249** (1,622)
2	Sale of Property, Plant and Equipment and Intangible Assets	**537** -	**-** -	**-** -	**414** -	**-** -	**-** -	**-** -	**951** -
3	Purchase / Subscription of Investment	**-** -	**-** -	**-** (93)	**-** -	**-** -	**-** -	**-** -	**-** (93)
4	Sale of Investment	**155** -	**-** -	**-** -	**-** -	**-** -	**-** -	**-** -	**155** -
5	Issue of Preference Shares including securities premium	**20,000** -	**1,05,000** -	**-** -	**-** -	**-** -	**-** -	**-** -	**1,25,000** -
6	Cancellation of Preference Shares by way of Constructive Payment	**-** (65,000)	**-** -	**-** -	**-** -	**-** -	**-** -	**-** -	**-** (65,000)
7	Transfer of Liabilities under scheme arrangement and consideration paid (Refer note 14.1 and 39)	**1,05,502** -	**-** -	**-** -	**-** -	**-** -	**-** -	**-** -	**1,05,502** -
8	Loan Taken	**-** (30,250)	**-** -	**-** -	**-** -	**-** -	**-** -	**-** -	**-** (30,250)
9	Loan Repaid	**9,194** (1,500)	**-** -	**-** -	**-** -	**-** -	**-** -	**-** -	**9,194** (1,500)
10	Revenue received in advance	**-** -	**-** -	**-** -	**57,608** (45,371)	**-** -	**-** -	**-** -	**57,608** (45,371)
11	Revenue from Operations	**20** (26)	**-** -	**347** (238)	**209** (54)	**3** (1)	**-** -	**-** -	**579** (319)
12	Network Operating expense	**-** -	**-** -	**121** (145)	**48** (350)	**-** -	**-** -	**-** -	**169** (495)
13	Access Charges	**-** -	**-** -	**97** (53)	**-** -	**-** -	**-** -	**-** -	**97** (53)
14	Employee Benefits Expense	**-** -	**-** -	**-** -	**-** -	**-** -	**-** -	**20** (26)	**20** (26)
15	Payment to Key Managerial Personnel	**-** -	**-** -	**-** -	**-** -	**-** -	**9** (8)	**-** -	**9** (8)
16	Business Support Services/Professional Fees	**32** (123)	**-** -	**21** (23)	**298** (258)	**-** -	**-** -	**-** -	**351** (404)
17	Customer Service Expenses	**-** -	**-** -	**-** -	**208** (208)	**-** -	**-** -	**-** -	**208** (208)
18	Commission on Customer Acquisition and Recharges	**-** -	**-** -	**-** -	**799** (712)	**-** -	**-** -	**-** -	**799** (712)

Notes to the Financial Statements for the year ended 31st March, 2020

(₹ in crore)

Sr. No.	Nature of Transactions (Excluding Reimbursements)	Ultimate Holding Company	Holding Company	Subsiditaries	Fellow Subsidiaries	Associate/JV of the Ultimate Holding Company	Key Managerial Personnel	Others	Total
19	Selling and Distribution Expenses	**-** -	**-** -	**-** -	**6** -	**-** -	**-** -	**-** -	**6** -
20	Bank Charges	**78** (51)	**-** -	**-** -	**-** -	**-** -	**-** -	**-** -	**78** (51)
21	Finance Cost	**276** (186)	**-** -	**-** -	**-** -	**-** -	**-** -	**-** -	**276** (186)
22	General Expenses	**-** -	**-** -	**-** -	**126** (68)	**-** -	**-** -	**-** -	**126** (68)
23	Donation	**-** -	**-** -	**-** -	**-** -	**-** -	**-** -	**38** (6)	**38** (6)

(₹ in crore)

Sr. No.	Balances as at 31st March, 2020	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	**-** (44,747)	**45,000** -	**-** -	**-** -	**-** -	**-** -	**-** -	**45,000** (44,747)
3	Preference Share Capital#	**-** -	**1,25,125** -	**-** -	**-** (125)	**-** -	**-** -	**-** -	**1,25,125** (125)
4	Trade and Other Payables	**37** (179)	**-** -	**86** (50)	**94** (2,927)	**-** -	**-** -	**-** -	**217** (3,156)
5	Trade and Other Receivables	**19** (2)	**-** -	**36** (33)	**269** (27)	**-** -	**-** -	**-** -	**324** (62)
6	Loan taken	**-** (9,194)	**-** -	**-** -	**-** -	**-** -	**-** -	**-** -	**-** (9,194)
7	Corporate Guarantees taken	**-** (59,036)	**-** -	**-** -	**-** -	**-** -	**-** -	**-** -	**-** (59,036)

including Securities Premium

Notes to the Financial Statements for the year ended 31st March, 2020

(III) DISCLOSURE IN RESPECT OF MAJOR RELATED PARTY TRANSACTIONS DURING THE YEAR:

(₹ in crore)

Sr. No.	Particulars	Relationship	2019-20	2018-19
1	**Purchase of Property, Plant and Equipment and Intangible Assets**			
	Reliance Industries Limited	Ultimate Holding Company	**-**	172
	Reliance Jio Infocomm Pte Ltd	Subsidiary	**17**	42
	Reliance Retail Limited	Fellow Subsidiary	**138**	160
	Radisys Corporation	Fellow Subsidiary	**42**	7
	Reliance Digital Platform and Project Service Limited	Fellow Subsidiary	**30**	-
	Reliance Corporate IT Park Limited	Fellow Subsidiary	**22**	1,241
2	**Sale of Property, Plant and Equipment and Intangible Assets**			
	Reliance Industries Limited	Ultimate Holding Company	**537**	-
	Reliance Retail Limited	Fellow Subsidiary	**414**	
3	**Purchase/Subscription of Investment**			
	Reliance Jio Infocomm UK Limited	Subsidiary	**-**	5
	Reliance Jio Infocomm Pte. Ltd.	Subsidiary	**-**	88
4	**Sale of Investment**			
	Reliance Industries Limited	Ultimate Holding Company	**155**	-
5	**Issue of Preference Shares**			
	Reliance Industries Limited (Including securities Premium)	Ultimate Holding Company	**20,000**	-
	Jio Platforms Limited	Holding Company	**1,05,000**	-
6	**Cancellation of Preference Shares by way of Constructive Payment**			
	Reliance Industries Limited	Ultimate Holding Company	**-**	65,000
7	**Transfer of Liabilities under scheme arrangement and consideration paid (Refer note 14.1 and 39)**			
	Reliance Industries Limited	Ultimate Holding Company	**1,05,502**	-
8	**Loan Taken**			
	Reliance Industries Limited	Ultimate Holding Company	**-**	30,250
9	**Loan Repaid**			
	Reliance Industries Limited	Ultimate Holding Company	**9,194**	1,500
10	**Revenue received in advance**			
	Reliance Retail Limited	Fellow Subsidiary	**57,608**	45,371
11	**Revenue from Operations**			
	Reliance Industries Limited	Ultimate Holding Company	**20**	26
	Reliance Jio Infocomm USA, Inc.	Subsidiary	**109**	77
	Reliance Jio Infocomm UK Limited	Subsidiary	**149**	80
	Reliance Jio Infocomm Pte. Ltd.	Subsidiary	**89**	82

Notes to the Financial Statements for the year ended 31st March, 2020

(₹ in crore)

Sr. No.	Particulars	Relationship	2019-20	2018-19
	Reliance Corporate IT Park Limited	Fellow Subsidiary	**88**	7
	Den Broadband Private Limited	Fellow Subsidiary	**7**	-
	Den Networks Limited	Fellow Subsidiary	**4**	-
	Hathway Cable And Datacom Limited	Fellow Subsidiary	**33**	-
	Hathway Digital Private Limited	Fellow Subsidiary	**2**	-
	Reliance Retail Limited	Fellow Subsidiary	**31**	6
	Reliance SMSL Limited	Fellow Subsidiary	**36**	39
	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**	-
	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**	-
	AETN18 Media Private Limited	Fellow Subsidiary	**0**	0
	Digital18 Media Limited	Fellow Subsidiary	**-**	0
	E-Eighteen.com Limited	Fellow Subsidiary	**0**	0
	Network18 Media & Investments limited	Fellow Subsidiary	**0**	0
	Panorama Television Private Limited	Fellow Subsidiary	**-**	0
	Genesis Colors Limited	Fellow Subsidiary	**0**	**-**
	Genesis Luxury Fashion Private Limited	Fellow Subsidiary	**0**	**-**
	Glf Lifestyle Brands Private Limited	Fellow Subsidiary	**0**	**-**
	Greycells18 Media Limited	Fellow Subsidiary	**0**	**-**
	Kanatech Solutions Limited	Fellow Subsidiary	**0**	**-**
	Reliance Brands Limited	Fellow Subsidiary	**0**	**-**
	Reliance Clothing India Private Limited	Fellow Subsidiary	**0**	**-**
	Reliance Digital Platform & Project Services Limited	Fellow Subsidiary	**0**	**-**
	Reliance Gas Lifestyle India Pvt Ltd	Fellow Subsidiary	**0**	**-**
	Reliance Lifestyle Holdings Limited	Fellow Subsidiary	**0**	**-**
	Reliance Retail Insurance Broking Limited	Fellow Subsidiary	**0**	**-**
	Reliance Sibur Elastomers Private Limited	Fellow Subsidiary	**0**	**-**
	Rhea Retail Private Limited	Fellow Subsidiary	**0**	**-**
	Saavn Media Private Limited	Fellow Subsidiary	**0**	**-**
	Viacom18 Media Pvt Ltd	Fellow Subsidiary	**1**	**-**
	TV18 Broadcast Limited	Fellow Subsidiary	**4**	0
	Jamnagar Utilities and Power Private Limited (Formerly known as Reliance Utilities and Power Private Limited)	Associate/JV of Ultimate Holding Company	**0**	0
	Reliance Industrial Infrastructure Limited	Associate/JV of Ultimate Holding Company	**0**	0
	IMG Reliance Limited	Associate/JV of Ultimate Holding Company	**0**	0
	IBN Lokmat News Private Limited	Associate/JV of Ultimate Holding Company	**0**	0
	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**	-

Notes to the Financial Statements for the year ended 31st March, 2020

(₹ in crore)

Sr. No.	Particulars	Relationship	2019-20	2018-19
	Football Sports Development Limited	Associate/JV of Ultimate Holding Company	**0**	-
	Jio Payments Bank Limited	Associate/JV of Ultimate Holding Company	**0**	-
	Reliance Vision Express Private Limited	Associate/JV of Ultimate Holding Company	**0**	-
	Ryohin-keikaku Reliance India Private Limited	Associate/JV of Ultimate Holding Company	**0**	-
	Zegna South Asia Private Limited	Associate/JV of Ultimate Holding Company	**0**	-
	Gtpl Broadband Private Limited	Associate/JV of Ultimate Holding Company	**0**	-
	Gtpl Hathway Limited	Associate/JV of Ultimate Holding Company	**2**	-
	Marks And Spencer Reliance India Private Limited	Associate/JV of Ultimate Holding Company	**0**	0
12	**Network Operating expense**			
	Reliance Petro Marketing Limited	Fellow Subsidiary	**36**	257
	Reliance Jio Infocomm Pte. Ltd.	Subsidiary	**121**	145
	Reliance Corporate IT Park Limited	Fellow Subsidiary	**4**	93
	Reliance Digital Platform and Project Services Limited	Fellow Subsidiary	**8**	-
13	**Access Charges**			
	Reliance Jio Infocomm USA, Inc.	Subsidiary	**23**	22
	Reliance Jio Infocomm UK Limited	Subsidiary	**29**	10
	Reliance Jio Infocomm Pte. Ltd.	Subsidiary	**45**	21
14	**Employee Benefits Expense**			
	Reliance Jio Infocomm Limited Employees Gratuity Fund	Post Employment Benefit	**20**	26
15	**Payment to Key Managerial Personnel**			
	Shri Sanjay Mashruwala	Key Managerial Personnel	**6**	6
	Shri Rajneesh Jain	Key Managerial Personnel	**2**	2
	Shri Jyoti Jain	Key Managerial Personnel	**1**	0
16	**Business Support Services/Professional Fees**			
	Reliance Industries Limited	Ultimate Holding Company	**32**	123
	Reliance Jio Infocomm USA Inc	Subsidiary	**21**	23
	Reliance Corporate IT Park Limited	Fellow Subsidiary	**145**	232
	Reliance Digital Platform and Project Service Limited	Fellow Subsidiary	**132**	-
	Reliance Retail Limited	Fellow Subsidiary	**17**	25
	Jio Estonia OU	Fellow Subsidiary	**4**	1
17	**Customer Service Expenses**			
	Reliance Corporate IT Park Limited	Fellow Subsidiary	**54**	208
	Reliance Digital Platform and Project Service Limited	Fellow Subsidiary	**154**	-

Notes to the Financial Statements for the year ended 31st March, 2020

(₹ in crore)

Sr. No.	Particulars	Relationship	2019-20	2018-19
18	**Commission on Customer Acquisition and Recharges**			
	Reliance Retail Limited	Fellow Subsidiary	**799**	712
19	**Selling and Distribution Expenses**			
	Indiawin Sports Private Limited	Fellow Subsidiary	**6**	-
20	**Guarantee Charges**			
	Reliance Industries Limited	Ultimate Holding Company	**78**	51
21	**Finance Cost**			
	Reliance Industries Limited	Ultimate Holding Company	**276**	186
22	**General Expenses**			
	Reliance Commercial Dealers Limited	Fellow Subsidiary	**126**	68
23	**Donation**			
	Reliance Foundation	Enterprise over which Key Managerial Personnel are able to exercise significant influence	**38**	6

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

31.1 Compensation of Key Management Personnel

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

(₹ in crore)

	2019-20	2018-19
Short-term benefits	**9**	8
Post employment benefits*	**0**	0
Other long term benefits*	**-**	-
Share based payments	**-**	-
Termination benefits	**-**	-
Total	**9**	8

* Does not include provision for Gratuity and Compensated Absences as they are determined on an actuarial basis for all the employees together.

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

(₹ in crore)

32	CONTINGENT LIABILITIES AND COMMITMENTS	2019-20	2018-19
(I)	**CONTINGENT LIABILITIES**		
	(i) Claims/disputed liabilities against the Company not acknowledged as debts	**2,199**	1,231
	(ii) Corporate Guarantees	**19**	19
	(iii) Guarantee issued by Banks on behalf of the Company	**4,923**	4,487
	The disputed liabilities are not likely to have any material effect on financial position of the Company.		
(II)	**COMMITMENTS**		
	Estimated amount of contracts remaining to be executed on Capital account not provided for	**4,947**	11,368

Notes to the Financial Statements for the year ended 31st March, 2020

33. CAPITAL MANAGEMENT

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

a) Maintain diversity of sources of financing and spreading the maturity across tenure buckets in order to minimize liquidity risk.

b) Maintain 'CRISIL A1+' and 'CARE A1+' ratings by CRISIL Limited and Care Ratings Limited Manage financial market risks arising from foreign exchange and interest rates, and minimise the impact of market volatility on earnings.

c) 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 31st March, 2020**	As at 31st March, 2019
Gross Debt	**23,242**	76,212
Cash and Marketable Securities*	**(8,447)**	(17)
Net Debt (A)	**14,795**	76,195
Total Equity (As per Balance Sheet) (B)	**1,70,956**	40,400
Net Gearing Ratio (A/B)	**0.09**	1.89

*Cash and Marketable Securities includes Cash and Cash Equivalents of ₹ 7,066 crore (Previous year ₹ 17 crore) and Current Investment of ₹ 1,381 crore (Previous Year ₹ NIL)

34. FINANCIAL INSTRUMENTS

A. FAIR VALUE MEASUREMENT HIERARCHY: (₹ in crore)

Particulars	**As at 31st March, 2020**				As at 31st March, 2019			
	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
Financial Assets*								
At Amortised Cost								
Trade Receivables	1,609	-	-	-	873	-	-	-
Cash and Bank Balances	7,480	-	-	-	429	-	-	-
Other Financial Assets	1,051	-	-	-	514	-	-	-
At FVTPL								
Other Financial Assets	19	-	19	-	23	-	23	-
Current Investment	1,381	1,381	-	-	155	-	-	155
Financial Liabilities								
At Amortised Cost								
Borrowings	23,242	-	-	-	76,212	-	-	-
Other Financial Liabilities	18,447	-	-	-	49,997	-	-	-
Trade Payables	4,700	-	-	-	3,256	-	-	-
At FVTPL								
Other Financial Liabilities	-	-	-	-	1,526	-	1,526	-

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

Notes to the Financial Statements for the year ended 31st March, 2020

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:

a) The fair value of investment in Mutual Funds is measured at NAV.

b) The fair value of Interest Rate Swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.

c) The fair value of Forward Foreign Exchange contracts and Currency Swaps is determined using observable forward exchange rates and yield curves at the balance sheet date.

d) The fair value of the remaining financial instruments is determined using discounted cash flow analysis.

e) 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.

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 Japanese Yen 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, 2020**			As at 31st March, 2019		
	USD	**EUR**	**JPY**	USD	EUR	JPY
Borrowings	**-**	**-**	**-**	32,329	1,165	3,337
Trade and Other Payables	**2,316**	**23**	**0**	8,705	79	0
Trade and Other Receivables	**(4)**	**0**	**-**	(7)	0	-
Derivatives						
- Forwards	**(408)**	**-**	**-**	(30,729)	(1,165)	(3,337)
- Currency Swaps	**-**	**-**	**-**	(7,041)	-	-
Exposure	**1,904**	**23**	**0**	3,257	79	0

Sensitivity analysis of 1% change in exchange rate at the end of reporting period (₹ in crore)

Foreign Currency Sensitivity				
Particulars	**As at 31st March, 2020**		As at 31st March, 2019	
	USD	**EUR**	USD	EUR
1% Depreciation in INR	**(19)**	**(0)**	(32)	(0)
Impact on Equity	-	-	(19)	-
Impact on Profit or Loss	(19)	0	(13)	0
1% Appreciation in INR	**19**	**0**	32	0
Impact on Equity	-	-	19	-
Impact on Profit or Loss	19	0	13	0

Notes to the Financial Statements for the year ended 31st March, 2020

b) Interest Rate Risk

The Company's exposure to the risk of changes in market interest rate relates to the floating rate debt obligations and derivative products taken to mitigate 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)

Particulars	Interest Rate Exposure	
	As at 31st March, 2020	As at 31st March, 2019
Borrowings		
Non-Current – Floating (Includes Current Maturities)*	-	36,830
Non-Current - Fixed (Includes Current Maturities)*	-	36,479
Current#	23,700	3,666
Total	**23,700**	**76,975**
Derivatives		
Currency rate swaps	-	(7,041)
Total	**-**	**(7,041)**

* Includes NIL (Previous Year ₹ 699 crore) as Prepaid Finance Charges

includes ₹ 458 crore (Previous Year ₹ 64 crore) as Commercial Paper Discount.

Sensitivity analysis of 1% change in Interest rate:

(₹ in crore)

Particulars	Interest Rate Sensitivity			
	As at 31st March, 2020		As at 31st March, 2019	
	Up Move	**Down Move**	Up Move	Down Move
Impact on Equity	-	-	(192)	192
Impact on Profit or Loss	-	-	(64)	64
Total Impact	-	-	(256)	256

Capitalization rate used to determine the amount of eligible borrowing cost is 7.8% per annum (Previous Year 8.08% per annum)

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.

Notes to the Financial Statements for the year ended 31st March, 2020

(₹ in crore)

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

^ Does not include Trade Payables (current) amounting to ₹ 4,700 crore
# Includes ₹ 458 crore as Commercial Paper Discount.

(₹ in crore)

Maturity Profile as at 31st March, 2019							
Particulars	**Below 3 Months**	**3 -6 Months**	**6 -12 Months**	**1- 3 Years**	**3 - 5 Years**	**Above 5 Years**	**Total**
Borrowings							
Non-Current*	3,718	543	2,783	24,993	18,284	22,988	73,309
Current#	3,666	-	-	-	-	-	3,666
Total	**7,384**	**543**	**2,783**	**24,993**	**18,284**	**22,988**	**76,975**
Derivatives Liabilities							
Forwards	208	397	505	23	0	0	1,133
Currency Swaps	-	-	(53)	483	(37)	0	393
Total	**208**	**397**	**452**	**506**	**(37)**	**0**	**1,526**

^ Does not include Trade Payables (current) amounting to ₹ 3,256 crore
* Includes ₹ 699 crore as Prepaid Finance Charges
# Includes ₹ 64 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.

(₹ in crore)

36 PAYMENT TO AUDITORS AS:	**2019-20**	2018-19
(a) Statutory Audit Fees	**2**	2
(b) Tax Audit Fees (₹ 25,00,000 and Previous Year ₹ 25,00,000)	**0**	0
(c) Certification Fees	**3**	2
(d) Expenses Reimbursed (₹ 34,69,652 and Previous Year ₹ 4,53,378)	**0**	0
Total	**6**	4

Notes to the Financial Statements for the year ended 31st March, 2020

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 2019-20 is ₹ 38 crore (Previous Year ₹ 7 Crore)

(b) Expenditure related to CSR is ₹ 38 crore (Previous Year ₹ 7 crore)

Details of Amount spent towards CSR given below:

(₹ in crore)

Particulars	**2019-20**	2018-19
Rural Transformation	**14**	-
Health	**-**	4
Education	**5**	2
Sports For Development	**5**	-
Disaster Response	**9**	-
Urban Renewal	**1**	1
Arts, Culture and Heritage	**4**	-
Total	**38**	7

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 year has 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

The Board of Directors of the Company at their meeting held on 25th October 2019 approved a Scheme of Arrangement (the Scheme) between the Company and certain classes of its creditors including debenture holders for transfer of certain identified liabilities aggregating upto ₹ 1,04,365 crore for an equal amount of consideration to be transferred to Reliance Industries Limited (RIL) (the Ultimate Holding Company).

The creditors including debenture holders of the Company approved the Scheme on 30th January 2020. The Scheme has been approved by the Ahmedabad bench of Hon'ble National Company Law Tribunal (NCLT) vide its Order dated 13th March 2020 and the certified copy of the Order approving the Scheme has been filed with the Registrar of Companies on 18th March 2020. The Scheme has an Appointed Date of 16th December 2019 (opening of business hours).

ACCOUNTING TREATMENT

Upon the Scheme coming into effect and with effect from the appointed date, Reliance Jio Infocomm Limited has derecognised the identified liabilities in its books of account as per Ind AS 109 – Financial Instruments and other applicable standards, as detailed below:

(₹ in crore)

Liabilities	**Amount**
External Commercial Borrowings & Export Credit Agency	44,294
Secured Private Placement Debentures	13,386
Unsecured Private Placement Debentures	6,500
CISCO loan	2,807
Creditors	37,378
Total	**1,04,365**

The Company has accounted the consideration discharged for the transfer of the aforesaid identified liabilities together with other balances in respect of the aforesaid identified liabilities by payment of ₹ 1,05,502 crore to RIL.

REIMBURSEMENT OF LIABILITIES PURSUANT TO SCHEME OF ARRANGEMENT

In terms of the approved Scheme, during the period between Appointed date 16th December 2019 and 31st March 2020, being the date until which, any specific liability forming part of identified liabilities, arising thereof is transferred, recorded and or

Notes to the Financial Statements for the year ended 31st March, 2020

effected, in favour of RIL, in the record of Appropriate authority, lenders, creditors, the Company continued to service the identified liabilities on their respective due dates, including by way of payment of interest and repayment of principal. Such payments made by the Company are in terms of the Scheme, and are deemed to be made, for and on behalf of RIL. RIL has reimbursed the aggregate amounts so spent by the Company for servicing the identified liabilities.

40. COMPOSITE SCHEME OF ARRANGEMENT

Pursuant to the Composite Scheme of Arrangement ("the Scheme"), with appointed date as close of business hours on 31st March 2019, amongst the Company, Jio Digital Fibre Private Limited ("JDFPL"), Reliance Jio Infratel Private Limited ("RJIPL") and their respective Shareholders and Creditors sanctioned by the Ahmedabad bench of the Hon'ble National Company Law Tribunal vide its Order dated 20th March 2019, following effect has been considered in standalone financial for the year ended 31st March 2019.

a. Cancellation of Preference Shares - Reduction of preference share capital of ₹ 13,000 crore and securities premium of ₹ 52,000 crore pursuant to cancellation of 1300,00,00,000 preference shares of ₹ 10 each, with an equal amount of ₹ 65,000 crore was credited to borrowings.

b. Demerger of Optic Fibre Cable Undertaking - All assets and liabilities of the Optic Fibre Cable Undertaking were derecognised at their respective carrying values with the excess of assets over liabilities of ₹ 501 crore on such de-recognition was debited to the retained earnings.

c. Transfer of Tower Infrastructure Undertaking - All assets and liabilities pertaining to the Tower Infrastructure Undertaking were derecognised at their respective carrying values. The consideration of ₹ 250 crore was discharged by RJIPL by issuance of equity shares of ₹ 200 crore and preference shares of ₹ 50 crore of RJIPL to the Company.

41. LEASE DISCLOSURES

a. The Company has arrangements with Infrastructure Providers for telecom towers which includes a lease. The average lease term ranges between 3-10 years.

b. The discount rate used by the Company 9.5% (incremental borrowing rate) which is applied to all lease liabilities recognised in the balance sheet.

c. The total cash outflow for leases for the year amount to ₹ 1,323 crore (excluding variable lease payment)

d. Lease Liabilities – Maturity Analysis (undiscounted)

(₹ in crore)

Particulars	Amount
Not later than 1 year	1,382
Later than 1 year and not later than 5 years	5,266
Later than 5 years	2,214
Total	**8,862**

e. The Company, as a lessee, has arrangements for telecom towers involving fully variable lease payments, in its capacity as an anchor tenant. The variability is because the quantum of lease expense is predicated upon the revenues that the lessor earns from sources other than the Company. The expense for the current year relating to variable lease payments not included in the measurement of lease liabilities is ₹ 1,481 crore.

f. Reconciliation between the future minimum lease rental commitments towards non-cancellable operating leases reported as at March 31, 2019 compared to the lease liability as accounted as at April 1, 2019.

(₹ in crore)

Particulars	Amount
Operating lease commitments disclosed as at March 31, 2019	28,151
(Less)/Add Impact of:	
Less - Non-lease components in terms of Ind AS 116	(18,923)
Add - Lease component pertaining to incremental lease commitment	396
Discounting using the lessee's incremental borrowing rate	(2,991)
Lease liability recognised as at April 1, 2019 in terms of Ind AS 116	**6,633**
Of which are:	
Current lease liabilities	743
Non-current lease liabilities	5,890
	6,633

42. The outbreak of Coronavirus (COVID-19) pandemic globally and in India is causing significant disturbance and slowdown of economic activity. On 24th March 2020, the Government of India ordered a nationwide lockdown for 21 days and it was further extended up to 03rd May 2020, to prevent community spread of COVID-19 in India resulting in significant reduction in economic activities.

The Company is the largest telecom service provider in India. The services of the Company are largely pre-paid. The Company operates on a single distributor model. Reliance Retail Limited, fellow subsidiary is the sole distributor for across the country. The Company encourages online recharges which have witnessed upswing over the past years and which have been further accentuated consequent to the present lock-down environment. With the entire country working from home, the Company is expected to witness increase in the data consumption with a consequent increase in the revenue in the short to medium term depending upon the situation. The Company has completed its investment cycle with the wireline business being capitalized as at 31st March 2020. Consequently, the Company does not have plans for any substantial capital expenditure in the medium-term horizon. As stated in the note 39, through a Court approved Scheme, Company has transferred majority of its debt to its Ultimate Holding Company, Reliance Industries Limited, thereby reducing its outlay on payment of interest and repayment of principal substantially. The Company borrowings going forward would be restricted to current liabilities except for additional spectrum which may be acquired. In view of the foregoing, the Company does not expect any significant challenges emanating out of COVID-19, particularly in the next 12 months. The key unknown continues to be the Company's ability to retain and increase is subscriber base which can have an impact on the revenues and the Company's profitability.

43. The figures for the corresponding previous year have been regrouped / rearranged wherever necessary, to make them comparable.

44. The figures for the current year are not comparable with those for the previous year considering the impact of the Schemes referred to in Note 39 and 40 above.

45. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved for issue by Board of Directors on 30th April 2020.

As per our Report of even date

For Chaturvedi & Shah LLP
Chartered Accountants
Firm Regn. No.: 101720W / W-100355

R. Koria
Partner
Membership No: 35629

For Deloitte Haskins & Sells LLP
Chartered Accountants
Firm Regn. No.: 117366W / W-100018

Abhijit A. Damle
Partner
Membership No.: 102912

Rajneesh Jain
Chief Financial Officer
PAN: ABFPJ1815L

Jyoti Jain
Company Secretary
Membership No.: A18825

Place: Mumbai
Date: April 30, 2020

For and on behalf of the Board

Mukesh D. Ambani	Chairman	DIN: 00001695
Manoj H. Modi	Director	DIN: 00056207
Akash M. Ambani	Director	DIN: 06984194
Isha M. Ambani	Director	DIN: 06984175
Sanjay Mashruwala	Managing Director	DIN: 01259774
Mahendra Nahata	Director	DIN: 00052898
Mathew Oommen	Director	DIN: 07176548
Pankaj M. Pawar	Director	DIN: 00085077
Kiran M. Thomas	Director	DIN: 02242745
Adil Zainulbhai	Director	DIN: 06646490
Prof. Dipak C. Jain	Director	DIN: 00228513
Prof. Mohanbir S. Sawhney	Director	DIN: 07136864
Ranjit V. Pandit	Director	DIN: 00782296
Shumeet Banerji	Director	DIN: 02787784