

RELIANCE JIO MESSAGING SERVICES PRIVATE LIMITED
(Formerly known as Reliance Jio Electronics Private Limited)

**Reliance Jio Messaging Services
Private Limited**

(Formerly known as Reliance Jio Electronics Private Limited)

**FINANCIAL ACCOUNTS
2014-15**

Independent Auditor's Report

TO THE MEMBERS OF RELIANCE JIO MESSAGING SERVICES PRIVATE LIMITED

Report on the Standalone Financial Statements

1. We have audited the accompanying standalone financial statements of **RELIANCE JIO MESSAGING SERVICES PRIVATE LIMITED** (Formerly known as Reliance JioElectronics Private Limited) ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("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 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, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
4. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.
6. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

7. 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 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, 2015, and its loss and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

8. 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.

RELIANCE JIO MESSAGING SERVICES PRIVATE LIMITED
(Formerly known as Reliance Jio Electronics Private Limited)

- (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement 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 Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors as on 31st March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) 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 does not have any pending litigations which would impact its financial position.
 - ii. The Company does not have any foreseeable losses on long-term contracts including derivative contracts, if any, in respect of which any provision is required to be made under the applicable law and Accounting Standards.
 - iii. There are no amounts that are required to be transferred to the Investor Education and Protection Fund by the Company.

For **PATHAK H. D. & ASSOCIATES**
Chartered Accountants
(Firm's Registration No. 107783W)

Mukesh D Mehta
Partner
Membership No.43495

Mumbai, dated 15th April, 2015

Balance Sheet as at 31st March, 2015

		(Amount in ₹)	
	Note	As at 31st March, 2015	As at 31st March, 2014
I EQUITY AND LIABILITIES			
1 Shareholders' funds			
Share Capital	4	55,00,000	5,00,000
Reserves and Surplus	5	<u>(41,43,726)</u>	<u>(61,798)</u>
		13,56,274	4,38,202
2 Current Liabilities			
Other Current Liabilities	6	<u>39,045</u>	<u>14,045</u>
		39,045	14,045
TOTAL		<u>13,95,319</u>	<u>4,52,247</u>
II ASSETS			
1 Non-Current Assets			
Long Term Loans and Advances	7	<u>50,000</u>	<u>90,000</u>
		50,000	90,000
2 Current Assets			
Current Investments	8	12,00,000	-
Cash and Cash Equivalents	9	1,45,072	<u>3,62,247</u>
Short-Term Loans and Advances	10	<u>247</u>	<u>-</u>
		13,45,319	3,62,247
TOTAL		<u>13,95,319</u>	<u>4,52,247</u>
Significant Accounting Policies	1		
Notes to the Financial Statements	2-15		

As per our Report of even date

For **Pathak H D & Associates**
Chartered Accountants
Firm Registration No: 107783W

Mukesh D Mehta
Partner
Membership No. 43495

For and on behalf of the Board

Akash M. Ambani
Director
DIN 06984194

Pankaj M. Pawar
Director
DIN 00085077

Rajendra M. Kamath
Director
DIN 01115052

Chaitali Sengupta
Director
DIN 07091774

Place: Mumbai
Date: 15th April, 2015

Statement of Profit and Loss for the year ended 31st March, 2015

			(Amount in ₹)
	Note	2014-15	2013-14
INCOME			
I	Other Income	11	2,355
	Total Revenue		29
		<u>2,355</u>	<u>29</u>
EXPENDITURE			
II	Other Expenses	12	40,84,283
	Total Expenses		61,827
		<u>40,84,283</u>	<u>61,827</u>
III	Loss for the year/period		(40,81,928)
			(61,798)
IV	Earnings per equity share of face value of ₹ 10 each		
	i Basic (Non - Annualised)	13	(35.69)
	ii Diluted (Non - Annualised)	13	(2.16)
	Significant Accounting Policies	1	(35.69)
	Notes to the Financial Statements	2-15	(2.16)

As per our Report of even date

For Pathak H D & Associates
Chartered Accountants
Firm Registration No: 107783W

Mukesh D Mehta
Partner
Membership No. 43495

Place: Mumbai
Date: 15th April, 2015

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Director
DIN 07091774

Cash Flow Statement for the period ended 31st March, 2015

	(Amount in ₹)	
	2014-15	2013-14
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax as per Statement of Profit and Loss	(40,81,928)	(61,798)
Adjusted for:		
Preliminary Expenses		7,200
Fees for increase in authorised share capital	1,85,000	12,000
	<u>1,85,000</u>	<u>19,200</u>
Operating Loss before Working Capital Changes	(38,96,928)	(42,598)
Adjusted for		
Trade and Other Receivables	39,753	(90,000)
Trade and Other Payables	25,000	14,045
	<u>64,753</u>	<u>(75,955)</u>
Cash Generated from Operations	(38,32,175)	(1,18,553)
Taxes Paid	-	-
Net cash used in Operating Activities (A)	(38,32,175)	(1,18,553)
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Investments	(12,00,000)	-
Net Cash used in Investing Activities (B)	(12,00,000)	-
C CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of Share Capital	50,00,000	5,00,000
Payment of Preliminary Expenses	-	(7,200)
Fees for increase in Authorised Share Capital	(1,85,000)	(12,000)
Proceeds from Short Term Borrowings	-	5,00,000
Repayment of Short Term Borrowings	-	(5,00,000)
Net Cash from Financing Activities (C)	48,15,000	4,80,800
Net Increase/ (Decrease) in Cash and Cash Equivalents (A+B+C)	(2,17,175)	3,62,247
Opening Balance of Cash and Cash Equivalents	3,62,247	-
Closing Balance of Cash and Cash Equivalents	1,45,072	3,62,247

As per our Report of even date

For **Pathak H D & Associates**
Chartered Accountants
Firm Registration No: 107783W

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Place: Mumbai
Date: 15th April, 2015

Notes to Financial Statements for the period from 2014-15

1 SIGNIFICANT ACCOUNTING POLICIES

A BASIS OF PREPARATION OF FINANCIAL STATEMENTS

These financial statements have been prepared to comply with Accounting Principles Generally accepted in India (Indian GAAP), the Accounting Standards notified under the relevant provisions of the Companies Act, 2013.

The financial statements are prepared on accrual basis under the historical cost convention. The financial statements are presented in Indian rupees.

B USE OF ESTIMATES

The preparation of financial statements in conformity with Indian GAAP requires judgements, estimates and assumptions to be made that affect the reported amount of assets and liabilities, disclosure of contingent liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known/materialised.

C INVESTMENTS

Current Investments are carried at lower of cost and quoted/fair value, computed category-wise. Longterm investments are stated at cost. Provision for diminution in the value of long-term investments is made only if such a decline is other than temporary.

D REVENUE RECOGNITION

- (i) Revenue from services is recognized only when risks and rewards are transferred to the customer, it can be reliably measured and it is reasonable to expect ultimate collection as and when services are provided. The revenue is recognised net of
- (ii) Interest Income is recognized on a time proportion basis taking into account the amount outstanding and the interest rate applicable.
- (iii) Dividend income is recognized when right to receive payment is established.

E INCOME TAXES

Tax expense comprises of current tax and deferred tax. Current tax is measured at the amount expected to be paid to the tax authorities, using the applicable tax rates. Deferred income tax reflect the current period timing differences between taxable income and accounting income for the period and reversal of timing differences of earlier years/period. Deferred tax assets are recognised only to the extent that there is a reasonable certainty that sufficient future income will be available except that deferred tax assets, in case there are unabsorbed depreciation or losses, are recognised if there is virtual certainty that sufficient future taxable income will be available to realise the same.

Deferred tax assets and liabilities are measured using the tax rates and tax law that have been enacted or substantively enacted by the Balance Sheet date.

F PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provision is recognised in the accounts when there is a present obligation as a result of past event(s) and it is probable that amount flow of resources will be required to settle the obligation and are liable estimate can be made. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

Contingent liabilities are disclosed unless the possibility of outflow of resources is remote.

Contingent assets are neither recognised nor disclosed in the financial statements.

Notes to Financial Statements for the period from 2014-15

- 2 The current financial year of the company is comprising of a period of 12 months from April' 14 to March' 15, as against previous period which was comprising of 23rd Jan' 13, being the date of incorporation of the company to 31st March' 14 and hence to that extent the figures of current year are not comparable with previous period.
- 3 The name of the company has been changed from Reliance Jio Electronics Private Limited to Reliance Jio Messaging Services Private Limited with effect from 25th February, 2015.

4 SHARE CAPITAL

Authorised Share Capital		(Amount in ₹)	
		As at 31st March, 2015	As at 31st March, 2014
10,00,000 (50,000)	Equity Shares of ₹ 10 each	1,00,00,000	5,00,000
Total		1,00,00,000	5,00,000
Issued, Subscribed and Paid up:			
5,50,000 (50,000)	Equity Shares of ₹ 10 each fully paid up	55,00,000	5,00,000
Total		55,00,000	5,00,000

4.1 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.

4.2 Reconciliation of number of shares outstanding at the beginning and at the end of the year/period:

Particulars	Equity Shares			
	As at 31st March, 2015		As at 31st March, 2014	
	No. of Shares	Amount in ₹	No. of Shares	Amount in ₹
No. of shares at the beginning of the year/period	50,000	5,00,000	-	-
Add: Equity Shares issued and allotted during the period	5,00,000	50,00,000	50,000	5,00,000
No. of shares at the end of the year/period	5,50,000	55,00,000	50,000	5,00,000

4.3 Details of Shareholders holding more than 5% shares in the company including those held by Holding company:

	Equity Shares			
	As at 31st March, 2015		As at 31st March, 2014	
	No. of Shares	% holding	No. of Shares	% holding
Reliance Industries Limited (Holding Company)	5,50,000	100%	-	-
Reliance Industrial Investments and Holdings Limited (Holding company till 12th January, 2015)	-	-	25,500	51%
Reliance Tankages Private Limited (Reliance Elastomers Private Limited amalgamated with Reliance Tankages Private Limited)	-	-	24,500	49%

Notes to Financial Statements for the period from 2014-15

	As at 31st March, 2015	As at 31st March, 2014
(Amount in ₹)		
5 RESERVES AND SURPLUS		
Surplus in the Statement of Profit and Loss		
As per Last Balance Sheet	(61,798)	-
Add: Loss for the year / period	<u>(40,81,928)</u>	<u>(61,798)</u>
	<u>(41,43,726)</u>	<u>(61,798)</u>
Total	<u><u>(41,43,726)</u></u>	<u><u>(61,798)</u></u>

	As at 31st March, 2015	As at 31st March, 2014
(Amount in ₹)		
6 OTHER CURRENT LIABILITIES		
Other Payable *	<u>39,045</u>	<u>14,045</u>
Total	<u><u>39,045</u></u>	<u><u>14,045</u></u>

* Comprises of Expenses payable.

Disclosures relating to amount unpaid as at year end together with interest paid/payable to Micro, Small and Medium Enterprises under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) have been determined based on the available information with the company and are as under:

	As at 31st March, 2015	As at 31st March, 2014
(Amount in ₹)		
1. Principal amount due and remaining unpaid	-	-
2. Interest due thereon as on 31st March 2015	-	-
3. Interest paid by the Company on all delayed payments under the MSMED Act.	-	-
4. Payment made beyond the appointed day during the year	-	-
5. Interest due and payable for the period of delay other than (3) above	-	-
6. Interest accrued and remaining unpaid	-	-
7. Further Interest remaining due and payable in succeeding years	-	-

Notes to Financial Statements for the period from 2014-15

	As at 31st March, 2015	(Amount in ₹) As at 31st March, 2014
7 LONG TERM LOANS AND ADVANCES (Unsecured and considered good)		
Deposits	50,000	90,000
Total	<u>50,000</u>	<u>90,000</u>
		(Amount in ₹)
8 CURRENT INVESTMENTS (Carried at lower of cost and fair value)	As at 31st March, 2015	As at 31st March, 2014
Investment in Mutual Funds - Unquoted, Fully Paid up		
555 Units (Previous Year NIL) SBI-Premier Liquid Fund - Growth Option (Face value of ₹ 1,000 each)	12,00,000	-
	<u>12,00,000</u>	<u>-</u>
Aggregate value of Unquoted Investment	12,00,000	-
		(Amount in ₹)
9 CASH AND CASH EQUIVALENTS	As at 31st March, 2015	As at 31st March, 2014
Balance with a Bank in Current Account	1,45,072	3,62,247
Total	<u>1,45,072</u>	<u>3,62,247</u>
		(Amount in ₹)
10 SHORT TERM LOANS AND ADVANCES (Unsecured and considered good)	As at 31st March, 2015	As at 31st March, 2014
Other Loans and Advances*	247	-
Total	<u>247</u>	<u>-</u>

* Other Loans and Advances comprises of CENVAT credit pending for credit availment.

Notes to Financial Statements for the period from 2014-15

		(Amount in ₹)
	2014-15	2013-14
11 OTHER INCOME		
Interest on Fixed Deposit	2,355	29
Total	<u>2,355</u>	<u>29</u>
		(Amount in ₹)
	2014-15	2013-14
12 OTHER EXPENSES		
Rates & taxes	40,46,941	37,330
Payment to Auditors	25,000	14,045
General expenses	12,342	3,252
Preliminary Expenses	-	7,200
Total	<u>40,84,283</u>	<u>61,827</u>

Notes to Financial Statements for the period ended 31st March'15

	2014-15	2013-14
13 Earning Per Share (EPS)		
i. Net Profit / (Loss) after tax as per Statement of Profit and Loss attributable to Equity Shareholders (Amount in ₹)	(40,81,928)	(61,798)
ii. Weighed Average number of equity shares used as denominator for Calculated EPS	1,14,384	28,568
iii. Basic and Diluted earning per share (Non- Annualised) (Amount in ₹)	(35.69)	(2.16)
iv. Face Value per equity share (Amount in ₹)	10	10

14 Related Party Disclosures

(i) List of related parties with whom transactions have taken place and relationship:-

Name of the Related Party	Relationship
Reliance Industries Limited	Holding Company (w.e.f. 13th January, 2015)
Reliance Industrial Investments and Holdings Limited	Fellow Subsidiary (Holding Company till 12th January, 2015)
Reliance Tankages Private Limited (Earlier Reliance Elastomers Private Limited since amalgamated with Reliance Tankages Private Limited w.e.f. 18th July, 2014)	Fellow Subsidiary (Associate Company till 17th July, 2014)
Reliance Strategic Investments Limited	Fellow Subsidiary

(ii) Transactions with related parties for the year/period:

					(Amount in ₹)
Sr. No.	Nature of Transactions with Related Parties (excluding reimbursements)	Holding Company	Associate	Fellow Subsidiary	Total
1	Allotment of Equity Share Capital	50,00,000 (2,55,000)	- (2,45,000)	- -	50,00,000 (5,00,000)
2	Loan taken	-	-	-	-
		-	-	(5,00,000)	(5,00,000)
3	Loan repaid	-	-	-	-
		-	-	(5,00,000)	(5,00,000)
Balances as at 31st March, 2015					
4	Equity Share Capital	55,00,000 (2,55,000)	- (2,45,000)	- -	55,00,000 (5,00,000)

Figures in bracket represent previous year's amount

Notes to Financial Statements for the period ended 31st March'15

(iii) Disclosure in respect of Related Party Transactions during the year/period: (Amount in ₹)

Sr. No.	Particulars	Relationship	2014-15	2013-14
1	Shares issued and allotted			
	Reliance Industries Limited	Holding Company	50,00,000	-
	Reliance Elastomers Private Limited	Associate	-	2,45,000
	Reliance Industrial Investments and Holdings Limited	Fellow Subsidiary	-	2,55,000
2	Loan taken			
	Reliance Strategic Investments Limited	Fellow Subsidiary	-	5,00,000
3	Loan repaid			
	Reliance Strategic Investments Limited	Fellow Subsidiary	-	5,00,000

15 Segment Reporting

The Company has not yet commenced Commercial Operations and hence the disclosure as per Accounting Standard-17" Segment Reporting" issued by the Institute of Chartered Accountants of India and prescribed by Companies (Accounting Standards) Rules, 2006 are not applicable.

As per our Report of even date

For **Pathak H D & Associates**
Chartered Accountants
Firm Registration No: 107783W

Mukesh D Mehta
Partner
Membership No. 43495

Place: Mumbai
Date: 15th April, 2015

For and on behalf of the Board

Akash M. Ambani
Director
DIN 06984194

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