RELIANCE JIO INFOCOMM UK LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2017

REGISTERED NUMBER: 08630000

Independent Auditor's Report to the members of Reliance Jio Infocomm UK Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Reliance Jio Infocomm UK Limited (the 'company') which comprise:

- the income statement;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 13.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs(UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the director's use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the director has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Other information

The director is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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 respect of these matters.

Independent Auditor's Report to the members of Reliance Jio Infocomm UK Limited (continued)

Responsibilities of directors

As explained more fully in the director's responsibilities statement, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the director 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 the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the director's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the director's report has been prepared in accordance with applicable legal requirements.

  In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the director was not entitled to prepare the financial statements in accordance with the small Companies regime and take advantage of the small Companies' exemptions in preparing the director's report and from the requirement to prepare a strategic report.

We have nothing to report in respect of these matters.

Peter McDermott FCA (Senior Statutory Auditor)

For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
6 April 2018

Income Statement for the year ended 31st December 2017

	Note	Year ended 31 December 2017 £	Year ended 31 December 2016 £
Revenue from operations		4,262,737	993,394
Cost of Indefeasible Right of Use Asset for sale		-	(162,207)
Other operating expenses	3	(4,082,958)	(848,848)
Profit/(Loss) before taxation		179,779	(17,661)
Income tax	5	(18,302)	-
Profit/(Loss) for the year		161,477	(17,661)

All amounts relate to continuing operations. There were no recognised gains and losses for 2017 and 2016 other than those included in the Income Statement.

Balance Sheet As at 31st December 2017

	Note	2017 £	2016 £
Non-current assets			
Property, plant and equipment	6	3,706,899	2,763,353
Intangible assets	7	657,028	782,488
		4,363,927	3,545,841
Current assets			
Trade receivables	8	2,146,779	555,683
Other current assets	8	74,123	648,537
Cash and bank balances		404,731	469,174
		2,625,633	1,673,394
Total assets		6,989,560	5,219,235
Deferred tax liabilities		(18,302)	-
Current liabilities			
Trade and other payables	9	(1,394,732)	(2,304,186)
Net current assets		1,230,901	(630,792)
Net assets		5,576,526	2,915,049
Equity			
Share capital	10	5,500,000	3,000,000
Retained earnings/(losses)	11	76,526	(84,951)
Equity attributable to owners of the Company		5,576,526	2,915,049

These financial statements have been prepared in accordance with the provisions applicable to Companies subject to the small Companies' regime.

The financial statements of Reliance Jio Infocomm UK Limited (registered number 08630000) were approved by the Board and authorised for issue on 6 April 2018. They were signed on its behalf by

Saji Varghese
Director

Statement of changes in Equity For the year ended 31st December 2017

	Note	Share capital £	Retained earnings £	Total £
Balance at 1 January 2016		800,000	(67,290)	732,710
Loss for the year ended 31 December 2016		-	(17,661)	(17,661)
Total comprehensive income for the year			(17,661)	(17,661)
Issue of share capital		2,200,000	-	2,200,000
Balance at 31 December 2016		3,000,000	(84,951)	2,915,049
Profit for the year ended 31 December 2017	11	-	161,477	161,477
Total comprehensive income for the year		-	161,477	161,477
Issue of share capital	10	2,500,000	-	2,500,000
Balance at 31 December 2017		5,500,000	76,526	5,576,526

Notes to the Financial Statements for the year ended 31st December 2017

1. Significant accounting policies

Reliance Jio Infocomm UK Limited (the Company) is a Company incorporated in the United Kingdom with its principal place of business and registered office at 8th Floor, 105 Wigmore Street, London W1U 1QY under the Companies Act. The group accounts of Reliance Industries Limited are available to the public and can be obtained as set out in note 13.

The principal accounting policies are summarised below. They have all been applied consistently throughout the year ended 31 December 2017.

Basis of preparation

The financial statements have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101) and in accordance with applicable accounting standards. As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to presentation of a cash flow statement, standards not yet effective and related party transactions. Where required, the equivalent disclosures are given in the group accounts of Reliance Industries Limited whose consolidated financial statements include those of the Company and are publicly available and can be obtained as set out in note 13.

The financial statements have been prepared under the historical cost convention.

Going concern

The Director has a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, the Director continues to adopt the going concern basis of accounting in preparing the annual financial statements.

Changes in Accounting policies and disclosures

There are no IFRS or IFRIC interpretations that are effective for the first time this financial year which have a material impact on the Company.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business, net of discounts, VAT and other sales-related taxes. Revenue is reduced for estimated rebates and other similar allowances.

Rendering of services

Revenue from a contract to provide services, including IP Transit and Voice is recognised over the period services are rendered.

Property, plant and equipment

Plant and equipment are carried at cost, less accumulated depreciation and any accumulated impairment losses. Plant and equipment in the course of construction for production, supply and administrative purpose is carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing cost capitalised in accordance with company's accounting policy. Depreciation commences when the assets are ready for their intended use.

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The gain or loss arising on the disposal or retirement of an item of plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss. Fully depreciated assets still in use are retained in the financial statements.

Depreciation of property, plant and equipment

Depreciation of tangible fixed assets is charged so as to write off the cost of assets, other than assets under construction, using the straight line method over their estimated useful lives, as follows:

Plant and machinery	15 years

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over the contractual life to which we can use that Asset.

Notes to the Financial Statements for the year ended 31st December 2017

Gains or losses arising from de-recognition 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 profit or loss when the asset is de-recognised.

Indefeasible Right of Use asset	15 years

Taxation

Current tax

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Foreign currency

The company’s accounting records are maintained in Pounds Sterling (GBP) and transactions in foreign currencies during the year have been translated into GBP at rates prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

Any income or expense on account of exchange difference either on settlement or on translation is recognised in the income statement.

Pension costs

For defined contribution schemes the amount attributable to pension cost payable is capitalised in the books to the extent it is provided as on 31 May 2016 where the respective recipients were working on capital projects. With effect from 1 June 2016, all pension costs have been charged to Income Statement. Differences between contributions payable in the year and contributions actually paid are shown as accruals in the balance sheet.

Financial Instruments

Financial assets and financial liabilities are recognised on the Company’s balance sheet when the company becomes a party to the contractual provisions of the instrument.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period. Income and expense is recognised on an effective interest basis for debt instruments.

Financial assets

Loans and receivables

Trade and other receivables are initially recognised at fair values plus transaction costs and subsequently measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest method, except for short-term balances when the effect of discounting is immaterial.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been impacted.

Objective evidence of impairment could include:

- Significant financial difficulty of the issuer or counterparty; or

Notes to the Financial Statements for the year ended 31st December 2017

- Default or delinquency in interest or principal payments; or
- It is probable that the borrower or debtor will enter bankruptcy or financial re-organisation.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 30 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of receivables where the carrying amount is reduced through the use of an allowance account. When a receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the financial assets at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

<u>Derecognition of financial assets</u>

The company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the company neither transfers or retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the company retains substantially all the risks and rewards of ownership of a transferred financial asset, the company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial assets and liabilities are not offset in the balance sheet. Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 1, the Director is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The only significant judgement made by the Director relates to the useful lives of property, plant and equipment.

Useful lives of property, plant and equipment

As described above, the Company reviews the estimated useful lives of property, plant and equipment at the end of each reporting period. During the current year, the director determined that there should be no changes in the useful lives of property, plant and equipment.

There are no other judgement that the director consideres to be on a critical nature. The Company does not have and key sources of estimation uncertainity.

Notes to the Financial Statements for the year ended 31st December 2017

3. Other Operating expenses

	Year ended 31 December 2017 £	Year ended 31 December 2016 £
Employee Benefit Expenses	133,794	93,642
Depreciation and amortisation	305,327	49,068
IP Transit Cost	1,294,324	281,226
Voice charges	1,746,965	60,785
Professional fees	15,581	5,701
Payment to Auditor	15,000	10,000
Insurance	12,321	5,806
Colocation Charges	434,938	318,550
Repairs & Maintenance	53,188	10,498
Foreign Exchange losses	47,600	-
General expenditure	23,920	13,572
	4,082,958	848,848

Auditor's remuneration

Fees payable to Deloitte LLP and their associates for the audit of the Company's annual accounts were £15,000 (2016: £10,000).

4. Directors' Emoluments and Staff costs

The average monthly number of employees (excluding the directors) during the year was 1 (2016: 1).

His aggregate remuneration comprised:

	Year ended 31 December 2017 £	Year ended 31 December 2016 £
Wages and salaries	111,000	115,625
Social security costs	14,469	14,837
Pension costs	8,325	10,625
	133,794	141,087

The director did not receive any remuneration from the company during the year (2016: £nil).

5. Tax

	Year ended 31 December 2017 £	Year ended 31 December 2016 £
Corporation tax:		
UK corporation tax at 19.00% (2016: 20.00%)	-	-
Deferred tax	18,302	-
	18,302	-

Notes to the Financial Statements for the year ended 31st December 2017

Corporation tax is calculated at 19.00% (2016: 20.00%) of the profit for the year. The charge for the year can be reconciled to the profit in the income statement as follows:

	Year ended 31 December 2017 £	**Year ended 31 December 2016** £
Profit / (Loss) before tax	179,779	(17,660)
Tax at the UK corporation tax rate of 19.00 % (2016: 20.00 %)	34,158	(3,532)
Tax effect of expenses that are not deductible in determining taxable profit	-	(31,526)
Change in unrecognised deferred tax assets	-	35,058
Brought forward unrecognised deferred tax assets	(21,231)	-
Adjustment to prior year Deferred Tax Assets	5,375	-
Tax expense for the year	18,302	-

At 31 December 2016, the company had accumulated tax losses in excess of other temporary timing differences resulting in a net deferred tax asset of £21,231. This was not recognised because it was uncertain that there would be future taxable profits against which the losses could be set off. At 31 December 2017, other temporary timing differences exceed losses available, resulting in a net deferred tax liability of £18,302.

On 8 July 2015 the UK chancellor made an announcement to reduce the rate of corporation tax to 19% from April 2017 and ultimately to 18% by April 2019. The effects of these substantively enacted rate changes have beenreflected in these financial statements. The full impact of the further changes proposed have yet to be fully ascertained but it is expected that the Company will have a lower UK effective tax rate on future profits

6. Property, plant and equipment

	Plant and machinery £	**Construction work-in-progress** £	**Total** £
Cost:			
At 1 January 2016	-	831,614	831,614
Additions	-	1,974,863	1,974,863
Transfers to Plant and Machinery	2,806,477	(2,806,477)	-
At 31 December 2016	2,806,477	-	2,806,477
Additions/Adjustments	-	1,201,518	1,201,518
Transfers to Plant and Machinery	1,201,518	(1,201,518)	-
At 31 December 2017	4,007,995	-	4,007,995
Accumulated depreciation:			
At 1 January 2016	-	-	-
Depreciation for the year	(43,124)	-	(43,124)
At 31 December 2016	(43,124)	-	(43,124)
Depreciation for the year	(257,972)	-	(257,972)
At 31 December 2017	(301,096)	-	(301,096)
Carrying amount:			
At 31 December 2017	3,706,899	-	3,706,899
At 31 December 2016	2,763,353	-	2,763,353

Notes to the Financial Statements for the year ended 31st December 2017

7. Intangible assets

	Rights-to-use capacity £	**Total £**
At 1 December 2016	-	-
Additions	788,432	788,432
At 31 December 2016	788,432	788,432
Additions/Adjustments	(78,105)	(78,105)
At 31 December 2017	710,327	710,327
Accumulated amortisation:		
At 1 December 2016	-	-
Charge for the year	(5,944)	(5,944)
At 31 December 2016	(5,944)	(5,944)
Additions/Adjustments	(47,355)	(47,355)
At 31 December 2017	(53,299)	(53,299)
Carrying amount:		
At 31 December 2017	657,028	657,028
At 31 December 2016	782,488	782,488

The amortisation expense has been included in the line item "depreciation and amortisation expense' in other operating expenses in the Income Statement. The intangible assets represent 'Indefeasible Right to Use' optical fibre cable. The remaining amortisation period is approximately 14 years.

8 Trade and Other Receivables

	2017 £	2016 £
Trade Receivables (payable within 30 to 45 days from invoice date)		
Holding company	300,273	-
Fellow Subsidiary	1,064,303	555,683
Others	782,303	-
Other Current Assets		
VAT Receivable	71,883	483,313
Amount owed by group undertakings	-	164,068
Prepayments	2,241	1,156
Total Current assets	2,220,903	1,204,220

9. Current liabilities

	2017 £	2016 £
Trade payables	760,011	261,677
Other Payables	367,515	151,227
Creditors for social security costs	1,417	-
Accruals	265,789	1,891,282
Amounts falling due within one year	1,394,732	2,304,186

Notes to the Financial Statements for the year ended 31st December 2017

10. Authorised share capital

	2017	2016
	£	£
Authorised, Issued and fully paid:		
5,500,000 ordinary shares of £1 each (2016: 3,000,000 ordinary shares of £1 each)	5,500,000	3,000,000

2,500,000 shares were issued to Reliance Jio Infocomm Limited and fully paid in the year ending 31 December 2017. These were approved by the Board on 30 Mar 2017 and 21 April 2017.

The Company has one class of ordinary shares which carry no right to fixed income.

11. Retained earnings

	£
Balance at 1 January 2016	(67,290)
Net profit for the year ended 31 December 2016	(17,661)
Balance at 31 December 2016	(84,951)
Net Profit for the year ended 31 December 2017	161,477
Balance at 31 December 2017	76,526

12. Capital Commitments

Capital expenditure contracted for as at the end of the reporting period but not recognised in the financial statements are as follows:

	2017	2016
	£	£
Commitments for the acquisition of plant and equipment	987,144	1,256,292

13. Immediate parent and ultimate controlling party

The Company's immediate parent Company and controlling party is Reliance Jio Infocomm Limited, a Company incorporated in India and having registered address at 9th Floor, Maker Chambers IV, 222, Nariman Point, Mumbai 400021,India. The ultimate parent company which includes the Company and for which group accounts are prepared, is Reliance Industries Limited, a Company incorporated in India. The group accounts for Reliance Industries Limited can be obtained from 3rd Floor, Maker Chambers IV, 222, Nariman Point, Mumbai 400 021, India.