

RELIANCE JIO INFOCOMM USA INC
FINANCIAL STATEMENTS
2016-17

Independent Auditors' Report

To the Board of Directors
Reliance Jio Infocomm USA Inc

Report on the Financial Statements

We have audited the accompanying financial statements of Reliance Jio Infocomm USA, Inc ("the Company"), which comprise the Balance Sheet as at December 31, 2016, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the preparation of these financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS'), prescribed under section 133 of the Companies Act, 2013 ("the Act").

This responsibility also includes maintenance of adequate accounting records 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit of the financial statements in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India (ICAI). 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.

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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give a true and fair view in conformity with the accounting principles generally accepted in India, including the Ind AS, of the state of affairs (financial position) of the Company as at December 31, 2016, and its loss (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

We further 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) The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm Registration No. 117366W / W - 100018)

Abhijit A. Damle
(Partner)

Membership No. 102912

Mumbai, dated: 22nd April, 2017

Balance Sheet as at 31st December, 2016

Particulars	Notes	(in USD)		
		As at 31st December, 2016	As at 31st December, 2015	As at 1st January, 2015
ASSETS				
Non - Current assets				
Property, Plant and Equipment	1	1,49,48,411	95,290	1,22,880
Capital work-in-progress	2	-	1,50,14,531	1,07,58,161
Intangible assets	3	-	-	2,31,206
Financial Assets				
Investments	4	1,40,08,546	1,50,01,231	50,00,000
Total Non-Current assets		2,89,56,957	3,01,11,052	1,61,12,247
Current assets				
Financial Assets				
Trade receivables	5	23,04,225	-	-
Cash and cash equivalents	6	1,27,039	12,847	2,78,828
Other Financial Assets	7	1,34,430	-	-
		25,65,694	12,847	2,78,828
Other Current Assets	8	4,76,461	2,37,312	2,29,113
Total Current assets		30,42,155	2,50,159	5,07,941
Total Assets		3,19,99,112	3,03,61,211	1,66,20,188
EQUITY AND LIABILITIES				
Equity				
Equity Share Capital	9	3,45,47,664	3,24,97,664	1,76,42,664
Other Equity	10	(28,48,111)	(24,59,363)	(15,40,555)
Total equity		3,16,99,553	3,00,38,302	1,61,02,109
Liabilities				
Current Liabilities				
Financial Liabilities				
Other financial liabilities	11	2,28,594	2,92,821	5,15,377
		2,28,594	2,92,821	5,15,377
Other Current liabilities	12	70,965	30,088	2,702
Total current liabilities		2,99,559	3,22,909	5,18,079
Total Equity and Liabilities		3,19,99,112	3,03,61,211	1,66,20,188
Corporate Information and Significant Accounting Policies				
Notes to the Financial Statement	1-22			

As per our report of even date

For Deloitte Haskins & Sells LLP
Chartered Accountants

Abhijit A. Damle
Partner
Membership No.102912

Mumbai
Dated : 22nd April, 2017

For and on behalf of the board

Director

Texas
Dated: 21st April, 2017

Statement of Profit and Loss for the year ended 31st December, 2016

	Notes	2016	(in USD) 2015
INCOME			
Revenue from Operations	13	30,59,703	-
Other Income	14	7	-
Total Income		30,59,710	-
EXPENSES			
Employee Benefits Expense	15	15,66,648	1,93,548
Depreciation and Amortisation Expense		6,43,754	2,65,136
Operating and Other expenses	16	12,38,057	4,60,123
Total Expenses		34,48,459	9,18,807
Loss for the year		(3,88,749)	(9,18,807)
Other Comprehensive Income			
Total Other Comprehensive Income		-	-
Total Comprehensive Income for the year		(3,88,749)	(9,18,807)
Earnings per equity share of USD 0.01 each	18		
Basic (in USD)		(0.0001)	(0.0003)
Diluted (in USD)		(0.0001)	(0.0003)
Corporate Information and Significant Accounting Policies Notes to the Financial Statement	1-22		

As per our report of even date

For Deloitte Haskins & Sells LLP
Chartered Accountants

Abhijit A. Damle
Partner
Membership No.102912

Mumbai
Dated : 22nd April, 2017

For and on behalf of the board

Director

Texas
Dated: 21st April, 2017

Cash Flow Statement for the year ended 31st December, 2016

	2016	(in USD) 2015
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Loss before tax as per Statement of Profit and Loss	(3,88,749)	(9,18,807)
Adjusted for:		
Depreciation and Amortization Expense	6,43,754	2,65,136
Operating Profit / (Loss) before Working Capital Changes	2,55,005	(6,53,671)
Adjusted for		
Trade and Other Receivables	(26,77,804)	(8,199)
Trade and Other Payables	(23,350)	(1,95,170)
	<u>(27,01,154)</u>	<u>(2,03,369)</u>
Net cash (used) in Operating Activities (A)	(24,46,149)	(8,57,040)
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets (Including Capital Work in progress)	(4,82,344)	(42,62,710)
Purchase of Non Current Investments	(5,02,016)	(55,02,015)
Investment in subsidiary	-	(44,99,216)
Withdrawal of Additional paid in Capital from Subsidiary	14,94,701	-
Net Cash from/(used in) Investing Activities (B)	5,10,341	(1,42,63,941)
C CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issuance of share capital	20,50,000	1,48,55,000
Net Cash from Financing Activities (C)	20,50,000	1,48,55,000
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	1,14,192	(2,65,981)
Opening Balance of Cash and Cash Equivalents	12,847	2,78,828
Closing Balance of Cash and Cash Equivalents (Refer Note 6)	1,27,039	12,847
Corporate Information and Significant Accounting Policies Notes to the Financial Statement	1-22	

As per our report of even date

For Deloitte Haskins & Sells LLP
Chartered Accountants

Abhijit A. Damle
Partner
Membership No.102912

Mumbai
Dated : 22nd April, 2017

For and on behalf of the board

Director

Texas
Dated: 21st April, 2017

Statement of Changes in Equity for the year ended 31st December, 2016

(A) Equity Share Capital	(in USD)
Balance at 1st January, 2015	10
Changes in equity share capital during the year	-
Balance at 31st December, 2015	10
Changes in equity share capital during the year	3,45,47,654
Balance at 31st December, 2016	3,45,47,664

(B) Other Equity

Particulars	Reserves and Surplus		
	Additional Paid in Capital	Retained Earnings	Total
As on 1st January 2015			
Balance at the beginning of the reporting period	26,49,990	(2,23,819)	24,26,171
Changes in additional paid in capital during the year	1,49,92,664	-	1,49,92,664
Total Comprehensive Income for the year	-	(13,16,736)	(13,16,736)
	1,76,42,654	(15,40,555)	1,61,02,099
As on 31st December 2015			
Balance at the beginning of the reporting period	1,76,42,654	(15,40,555)	1,61,02,099
Changes in additional paid in capital during the year	1,48,55,000	-	1,48,55,000
Total Comprehensive Income for the year	-	(9,18,807)	(9,18,807)
	3,24,97,654	(24,59,362)	3,00,38,292
As on 31st December, 2016			
Balance at the beginning of the reporting period	3,24,97,654	(24,59,362)	3,00,38,292
Changes in additional paid in capital during the year	(3,24,97,654)	-	(3,24,97,654)
Total Comprehensive Income for the year	-	(3,88,749)	(3,88,749)
	-	(28,48,111)	(28,48,111)

As per our report of even date

For Deloitte Haskins & Sells LLP
Chartered Accountants

Abhijit A. Damle
Partner
Membership No.102912

Mumbai
Dated : 22nd April, 2017

For and on behalf of the board

Director

Texas
Dated: 21st April, 2017

Notes on Financial Statements for the year ended 31st December, 2016

A CORPORATE INFORMATION

Reliance Jio Infocomm USA, Inc. (the Company) was incorporated on 5 June 2013 with The Office of the Secretary of State, Texas. The corporate office of the Company is located at 5600 Tennyson Parkway, Suite 120, Plano, TX – 75024. The Company is a 100% subsidiary of Reliance Jio Infocomm Limited (RJIL), India and is incorporated for the execution and development of the International Long Distance (ILD) and content business of RJIL, the holding Company.

B SIGNIFICANT ACCOUNTING POLICIES

B.1 STATEMENT OF COMPLIANCE

The financial statements of the Company have been prepared to comply with the Indian Accounting Standards ('Ind AS') notified under section 133 of the Companies Act, 2013 read together with the Companies (Indian Accounting Standards) Rules, 2015. Upto the year ended December 31, 2015, the Company prepared its financial statements in accordance with the requirement of previous GAAP, which includes Standards notified under the Companies (Accounting Standards) Rules, 2006. These are the Company's first Ind AS financial statements. The date of transition of Ind AS in 1st January, 2015. Refer Note D for the details of first time adoption exemptions availed by the company.

B.2 BASIS OF PREPARATION AND PRESENTATION

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

B.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Property, plant and equipment:

Under the previous GAAP (erstwhile Indian GAAP), Property Plant and Equipments, were carried in the balance sheet at historical cost. The Company has elected to regard those values of property as deemed cost as at 1st January, 2015 (date of transition to Ind AS).

Property Plant and Equipments is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes purchase price, taxes and duties, labour cost and direct overheads for self-constructed assets and other direct costs incurred up to the date the asset is ready for its intended use.

Depreciation on Property Plant and Equipments is provided when the assets are ready for their intended use, on straight line method (SLM) based on the management estimated useful lives which are as under

Plant and Equipment - 15 years Computer and Equipment - 4 years Furniture and Fixtures - 7 years

(b) Impairment of non financial Assets

At each balance sheet date, the Company assesses whether there is any indication that any property, plant and equipment and intangible assets may be impaired. If any such impairment exists, the recoverable amount of an asset is estimated to determine the extent of impairment, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value, using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the statement of profit and loss.

(c) 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 on Financial Statements for the year ended 31st December, 2016

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.

(d) Leases:

Payment made under operating leases, net of lease incentives or premium received, are charged to the Profit and Loss Statement on a straight line basis over the period of the lease .

(e) Employee benefits

(i) Short Term Employee Benefits :

All employees are eligible to participate in Company sponsored 401(k) savings plan, which is voluntary defined contribution plan. The plan is designed to help employees accumulate and augment savings for retirement. Company makes a matching contributions on a portion of eligible contributions by employees and employees are vested in Company contribution per terms of the 401k plan.

(ii) Defined contribution plans :

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions. Employees are eligible to participate in Company sponsored insurance programs that covers welfare of the employees and their eligible family members. Company bears the expense of premium in entirety or in portion depending on the type of insurance program and as per Company policy on employee welfare.

(f) Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in the comprehensive income or in equity. In this case, the tax is also recognised in other comprehensive income and equity.

Current tax

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

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 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 Deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and deferred taxes relate to the same taxable entity and the same taxation authority.

(g) Cash and cash equivalents

Cash and cash equivalents includes cash in hand and deposits with any qualifying financial institution repayable on demand or maturing within three months of the date of acquisition and which are subject to an insignificant risk of change in value.

(h) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

Revenue is recognised only if following conditions are satisfied:

Notes on Financial Statements for the year ended 31st December, 2016

- Revenue can be measured reliably,
- It is probable that the economic benefit associated with the transaction will flow to the Company,
- The costs incurred for the transaction and the costs to complete the transaction can be measured reliably

(g) Financial Instruments

i) Financial Assets

A. Initial recognition and measurement:

All financial assets and liabilities are initially recognized at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, which are not at fair value through profit or loss, are added to the fair value on initial recognition. Regular way purchase and sale of financial assets are recognised using trade date accounting.

B. Subsequent measurement

a) Financial assets carried at amortised cost (AC)

A financial asset is subsequently 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 at fair value through other comprehensive income (FVTOCI)

A financial asset is subsequently measured at fair value through other comprehensive income 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 are solely payments of principal and interest on the principal amount outstanding.

c) Financial assets at fair value through profit or loss (FVTPL)

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

ii) Financial liabilities

A. Initial recognition and measurement:

All financial liabilities are recognized initially at fair value and in case of loans and borrowings and payables, net of directly attributable cost. Fees of recurring nature are directly recognised in profit or loss as finance cost.

B. Subsequent measurement:

Financial liabilities are subsequently carried at amortized cost using the effective interest method. For trade and other payables including creditors for capital expenditure maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

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 future periods.

- a) **Depreciation and useful lives of property plant and equipment** Property, plant and equipment are depreciated over the estimated useful lives of the assets, after taking into account their estimated residual value. Management reviews the estimated useful lives and residual values of the assets annually in order to determine the amount of depreciation to be recorded during any reporting period. The useful lives and residual values are based on the Company's historical experience with similar assets and take into account anticipated technological changes. The depreciation for future periods is adjusted if there are significant changes from previous estimates.

Notes on Financial Statements for the year ended 31st December, 2016

- b) 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 require the application of judgement to existing facts and circumstances, which can be subject to change. Since the cash outflows can take place many years in the future, the carrying amounts of provisions and liabilities are reviewed regularly and adjusted to take account of changing facts and circumstances.
- c) 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, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or 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 transaction are taken into account, if no such transactions can be identified, an appropriate valuation model is used.

D First time adoption of Ind AS:

The Company has adopted Ind AS with effect from 1st January 2016. However the adoption of IND AS does not have any impact on the recognition and measurement of assets and liabilities recognised under previous GAAP.

Exemptions from retrospective application:

(i) Deemed cost for Property, Plant and equipment

The Company has elected to continue with the carrying value of all its property, plant and equipment recognised as at January 01, 2016 measured as per previous GAAP and use that carrying value as its deemed cost as at the transition date.

(ii) Investments in subsidiaries

The Company has elected to measure investment in subsidiaries at cost.

Notes on Financial Statements for the year ended 31st December, 2016

Description	Amount in USD												
	Gross block					Depreciation/ amortisation					Net block		
	As at 1-Jan-15	Additions/ Adjustment	As at 1-Jan-16	Additions/ Adjustment	As at 31-Dec-16	As at 1-Jan-15	Additions/ Adjustment	As at 1-Jan-16	For the year	As at 31-Dec-16	As at 31-Dec-16	As at 31-Dec-15	As at 1-Jan-15
1. Property, Plant and Equipment													
Tangible Assets :													
Own Assets :													
Plant and Equipments	-	-	-	1,51,86,770	1,51,86,770	-	-	-	5,90,720	5,90,720	1,45,96,050	-	-
Computer and Equipments*	1,09,383	6,340	1,15,723	2,13,566	3,29,289	20,986	28,422	49,408	43,670	93,078	2,36,211	66,315	88,397
Furniture and Fixtures	38,557	-	38,557	96,539	1,35,096	4,074	5,508	9,582	9,364	18,946	1,16,150	28,975	34,483
Total (A)	1,47,940	6,340	1,54,280	1,54,96,875	1,56,51,155	25,060	33,930	58,990	6,43,754	7,02,744	1,49,48,411	95,290	1,22,880
* Computer and Equipment includes Office and Telecom Equipment													
2. Capital work in progress includes project Development expenditure as detailed below:													
	2016	2015	2014										
Opening balance	1,40,85,612	99,51,923	21,72,436										
Add:-													
Salaries and Wages	60,620	37,23,364	58,32,102										
Legal and Professional charges		1,16,809	17,71,023										
Colocation charges	1,29,276	2,93,516	1,76,362										
Less :- Transferred to Plant and Equipment	1,42,75,508												
Closing balance	-	1,40,85,612	99,51,923										
3. Intangible assets :													
Software	3,85,168	-	3,85,168	-	3,85,168	1,53,962	2,31,206	3,85,168	-	3,85,168	-	2,31,206	-
Total (B)	3,85,168	-	3,85,168	-	3,85,168	1,53,962	2,31,206	3,85,168	-	3,85,168	-	-	2,31,206

(in USD)

Notes on Financial Statements for the year ended 31st December, 2016

		(in USD)					
4	Non-Current Investments	As at		As at		As at	
		31st December, 2016	31st December, 2015	31st December, 2015	1st January, 2015	31st December, 2016	1st January, 2015
		Units	Amount	Units	Amount	Units	Amount
<u>In shares of company - Unquoted Fully Paid up</u>							
*Series D Preferred Stock of USD @ \$1,000 per share of Airspan Networks Inc							
		10,000	1,00,00,000	10,000	1,00,00,000	5,000	50,00,000
Series B Preferred Stock of USD @ \$0.0001 per share of Airhop Corporation Inc							
		5,75,904	10,00,000	2,87,952	5,00,000	-	-
**Series B Preferred Stock USD @ 0.0001 USD of Airhop Corporation Inc							
		4,03,132	4,031	2,01,566	2,015	-	-
<u>In Equity Shares of wholly owned subsidiary companies - Investments Classification at Cost</u>							
<u>Unquoted, fully paid up</u>							
Reliance Jio Global Resources LLC (including additional paid in capital of USD 3,004,415)							
		50,000	30,04,515	50,000	44,99,216	-	-
	Total		1,40,08,546		1,50,01,231		50,00,000
*The Company has got an option to convert the above Series D preferred stock into common stock of the investee company at the rate 16.26016 shares of each unit of preferred stock held by the company.							
**Pursuant to exercise of share warrant.							
		(in USD)					
5	Trade Receivables (Unsecured and considered good)	As at		As at		As at	
		31st December, 2016	31st December, 2015	31st December, 2015	1st January, 2015	31st December, 2016	1st January, 2015
		Amount	Amount	Amount	Amount	Amount	Amount
	Others	23,04,225	-	-	-	-	-
	Total	23,04,225	-	-	-	-	-
		(in USD)					
6	Cash and cash equivalents	As at		As at		As at	
		31st December, 2016	31st December, 2015	31st December, 2015	1st January, 2015	31st December, 2016	1st January, 2015
		Amount	Amount	Amount	Amount	Amount	Amount
	Balances with Banks	1,27,039	12,847	12,847	2,78,828	2,78,828	2,78,828
	Total	1,27,039	12,847	12,847	2,78,828	2,78,828	2,78,828
		(in USD)					
7	Other Financial Assets	As at		As at		As at	
		31st December, 2016	31st December, 2015	31st December, 2015	1st January, 2015	31st December, 2016	1st January, 2015
		Amount	Amount	Amount	Amount	Amount	Amount
	Receivable from holding company	1,34,430	-	-	-	-	-
	Total	1,34,430	-	-	-	-	-

Notes on Financial Statements for the year ended 31st December, 2016

		(in USD)		
		As at	As at	As at
8	Other Current Assets	31st December, 2016	31st December, 2015	1st January, 2015
		Amount	Amount	Amount
	(i) Security Deposits	1,43,323	29,501	29,501
	(ii) Prepaid expenses	2,54,987	2,03,110	1,89,522
	(iii) Prepaid Insurance	6,662	4,701	10,090
	(iv) Withholding tax receivable	71,489	-	-
	Total	4,76,461	2,37,312	2,29,113

		(in USD)		
		As at	As at	As at
9	Equity Share Capital	31st December, 2016	31st December, 2015	1st January, 2015
		Amount	Amount	Amount
Authorised Share Capital :				
10,00,00,00,000	Equity Shares of USD 0.01 each fully paid up	10,00,00,000	10,00,00,000	10,00,00,000
		10,00,00,000	10,00,00,000	10,00,00,000
Issued, Subscribed and Paid up:				
3,45,47,66,449	Equity Shares of USD 0.01 each fully paid up	3,45,47,664	10	10
	Total	3,45,47,664	10	10

9.1 Terms/rights attached to equity shares :

The Company has one class of ordinary shares which carry equal voting rights, equal rights to income and distribution of assets on liquidation or otherwise.

9.2 Reconciliation of number of shares outstanding at the beginning and at the end of the year :

Particulars	Jan-Dec'16		Equity Shares 2015-16		1st January, 2015	
	No. of Shares	in USD	No. of Shares	in USD	No. of Shares	in USD
No. of shares at the beginning of the year	1,000	10	1,000	10	1,000	10
Add: Issue of Shares	3,45,47,65,449	3,45,47,654	-	-	-	-
No. of shares at the end of the year	3,45,47,66,449	3,45,47,664	1,000	10	1,000	-

9.3 Details of Shareholders holding more than 5% shares in the Company including those held by holding company and Subsidiaries of holding company

Name of Shareholders	As at 31st December, 2016		Equity Shares As at 31st December, 2015		As at 1st January, 2015	
	No. of Shares	% holding	No. of Shares	% holding	No. of Shares	% holding
Reliance Jio Infocomm Ltd	3,45,47,66,449	100.00%	1,000	100.00%	1,000	100.00%

Notes on Financial Statements for the year ended 31st December, 2016

10 Other Equity	(in USD)		
	As at 31st December, 2016	As at 31st December, 2015	As at 1st January, 2015
Additional Paid in Capital	-	3,24,97,654	1,76,42,654
Retained Earnings	<u>(28,48,111)</u>	<u>(24,59,362)</u>	<u>(15,40,555)</u>
Total	<u>(28,48,111)</u>	<u>(3,00,38,292)</u>	<u>(1,61,02,099)</u>
Additional Paid in Capital			
As per last Balance Sheet	3,24,97,654	1,76,42,654	26,49,990
Add: Changes during the year	<u>(3,24,97,654)</u>	<u>1,48,55,000</u>	<u>1,49,92,664</u>
Balance at end of year	<u>-</u>	<u>3,24,97,654</u>	<u>1,76,42,654</u>
Retained Earnings			
As per last Balance Sheet	(24,59,362)	(15,40,555)	(2,23,819)
Add: Profit for the year	<u>(3,88,749)</u>	<u>(9,18,807)</u>	<u>(13,16,736)</u>
Balance at end of year	<u>(28,48,111)</u>	<u>(24,59,362)</u>	<u>(15,40,555)</u>
(in USD)			
11 Other financial liabilities	As at 31st December, 2016	As at 31st December, 2015	As at 1st January, 2015
	Amount	Amount	Amount
(a) Creditors for Capital Expenditure	2,28,594	2,92,821	5,15,377
Total	<u>2,28,594</u>	<u>2,92,821</u>	<u>5,15,377</u>
(in USD)			
12 Other current liabilities	As at 31st December, 2016	As at 31st December, 2015	As at 1st January, 2015
	Amount	Amount	Amount
(a) Other Payables	70,965	30,088	2,702
Total	<u>70,965</u>	<u>30,088</u>	<u>2,702</u>
(in USD)			
13 Revenue from Operations	2016		2015
	2016		2015
Sale of Services	30,59,703		-
Total	<u>30,59,703</u>		<u>-</u>
(in USD)			
14 Other Income	2016		2015
	2016		2015
Interest Income	7		-
Total	<u>7</u>		<u>-</u>

Notes on Financial Statements for the year ended 31st December, 2016

	2016	(in USD) 2015
15 Employee Benefits Expense		
Salaries and Wages	15,66,648	1,93,548
Total	15,66,648	1,93,548
16 Operating & Other expenses	2016	(in USD) 2015
Other Expenses		
Colocation charges	2,70,688	-
Bandwidth charges	2,13,380	-
Voice Charges	26,977	-
Legal and Professional Fees	1,36,455	25,714
Telephone	16,076	20,780
Travel	68,221	42,986
Payment to Auditors	13,000	11,000
General administration expenses	2,92,057	1,81,631
Rent	1,93,992	1,71,238
Insurance	7,211	6,774
Total	12,38,057	4,60,123
17	Previous year figures have been reworked, regrouped, re-arranged and reclassified where ever necessary to make them comparable with those of current year.	
18 Earnings Per Share (EPS)	2016	2015
<u>Basic Earning Per Share</u>		
i. Loss for the year as per Profit and Loss Statement (in USD)	(3,88,749)	(9,18,807)
ii. Weighted Average number of equity shares used as denominator for calculating EPS	3,45,47,66,449	3,45,47,66,449
iii. Basic and Diluted Earnings per share (USD)	(0.0001)	(0.0003)
iv. Face Value per equity share (USD)	0.01	0.01

19 Related Party Disclosures

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

Sr. No.	Name of the Related Party	Relationship
1	Reliance Industries Limited	Ultimate Holding Company
2	Reliance Jio Infocomm Limited	Holding Company
3	Reliance Jio Global Resources LLC (w.e.f. 15th January, 2015)	Subsidiary Company
4	Reliance Jio Infocomm Pte Limited	Fellow Subsidiary

Notes on Financial Statements for the year ended 31st December, 2016

Transactions during the year with related parties - Jan'16 - Dec'16					(in USD)
Sr. No.	Nature of Transactions (excluding reimbursements)	Holding Company	Subsidiary	Fellow Subsidiary	Total
1	Purchase / Subscription of Investment	-	(14,94,701)	-	(14,94,701)
		-	(44,99,216)	-	(44,99,216)
2	Equity Shares issued and allotted	20,50,000	-	-	20,50,000
		(1,48,55,000)	-	-	(1,48,55,000)
3	IP Transit billing	-	-	18,70,092	18,70,092
		-	-	-	-
4	Voice billing	2,163	-	-	2,163
		-	-	-	-
5	Voice cost	24,544	-	-	24,544
		-	-	-	-
6	Services Rendered	11,84,092	-	-	11,84,092
		-	-	-	-
Balances as at 31st December, 2016					(in USD)
7	Trade Receivable	5,82,910	-	17,12,977	22,95,887
		-	-	-	-
8	Equity Share Capital	3,45,47,664	-	-	3,45,47,664
		(10)	-	-	(10)
9	Additional paid in Capital	-	-	-	-
		(3,24,97,654)	-	-	3,24,97,654
10	Investment	-	30,04,515	-	30,04,515
		-	(44,99,216)	-	(44,99,216)

Note : Figures in brackets represent previous year's amounts.

Disclosure in Respect of Material Related Party Transactions during the year :				(in USD)
Particulars	Relationship	2016	2015	
1 Purchase / Subscription of Investment				
Reliance Jio Global Resource LLC	Subsidiary	(14,94,701)	44,99,216	
Sub total		(14,94,701)	44,99,216	
2 Additional Paid in Capital issued and allotted				
Reliance Jio Infocomm Limited	Holding	20,50,000	1,48,55,000	
Sub total		20,50,000	1,48,55,000	
3 IP Transit billing				
Reliance Jio Infocomm Pte Limited	Fellow Subsidiary	18,70,092	-	
Sub total		18,70,092	-	
4 Voice billing				
Reliance Jio Infocomm Limited	Holding	2,163	-	
Sub total		2,163	-	

Notes on Financial Statements for the year ended 31st December, 2016

Disclosure in Respect of Material Related Party Transactions during the year :			(in USD)	
Particulars	Relationship	2016	2015	
5 Voice cost				
Reliance Jio Infocomm Limited	Holding	24,544	-	
Sub total		24,544	-	
6 Services Rendered				
Reliance Jio Infocomm Limited	Holding	11,84,092	-	
Sub total		11,84,092	-	
Balances as at 31st December, 2016			(in USD)	
Particulars	Relationship	2016	2015	
1 Trade Receivable				
Reliance Jio Infocomm Pte Limited	Fellow Subsidiary	17,12,977	-	
Reliance Jio Infocomm Limited	Holding	5,82,910	-	
Sub total		22,95,887	-	
2 Equity Share Capital				
Reliance Jio Infocomm Limited	Holding	3,45,47,664	10	
Sub total		3,45,47,664	10	
3 Investment				
Reliance Jio Global Resource LLC	Subsidiary	30,04,515	44,99,216	
Sub total		30,04,515	44,99,216	

20 Leases

Operating lease relate to lease of Office building on cancellable basis . The company does not have an option to purchase the leased office building at the expiry of lease period.

	(Amount in USD)	
<u>Payment recognised as an expense</u>	2016	2015
Minimum lease payment	1,93,992	1,71,238
Total	1,93,992	1,71,238

21 Segment Information

The Company is incorporated for the execution and development of international long distance and content business of Reliance Jio Infocomm Limited, the holding company. Consequently there is a single business segment.

22 The Financial statements are approved for the issue by the Board of Directors at their meeting conducted on April 22, 2017.

As per our report of even date

For Deloitte Haskins & Sells LLP
Chartered Accountants

Abhijit A. Damle
Partner
Membership No.102912

Mumbai
Dated : 22nd April, 2017

For and on behalf of the board

Director

Texas
Dated: 21st April, 2017