

Reliance Jio Messaging Services Limited

Notes on Financial Statements for the year ended 31st March, 2022

16.1. Compensation of Key Managerial Personnel

The compensation of director and other member of Key Managerial Personnel during the year was as follows:

	(Rs. in lakh)	
	2021-22	2020-21
i) Short-term benefits	15	15
ii) Post-employment benefits	1	1
iii) Other long term benefits	-	-
iv) Share based payments	-	-
v) Termination benefits	-	-
	16	16

17. Commitments

	As at 2021-22	As at 2020-21
Commitments		
(i) Estimated amount of contracts remaining to be executed on Capital account not provided for	-	6,600

18. Capital Management

The Company adheres to a robust Capital Management framework which is underpinned by the following guiding principles;

- Ensure financial flexibility and diversify sources of financing and their maturities to minimize liquidity risk while meeting investment requirements.
- Proactively manage group exposure in forex, interest and commodities to mitigate risk to earnings.
- Leverage optimally in order to maximize shareholder returns while maintaining strength and flexibility of the Balance sheet.

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

Gearing Ratio

The gearing ratio at end of the reporting period was as follows.

	(Rs. in lakh)	
	As at 31st Mar'22	As at 31st Mar'21
Gross Debt	-	-
Cash and cash equivalent	84,09	41
Net Debt (A)	-	-
Total Equity (As per Balance Sheet) (B)	85,94	86,05
Net Gearing (A/B) %	-	-

Note: Company is not having any debt, hence ratio is not given.

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19. Financial Instruments

Valuation

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) All foreign currency denominated assets and liabilities are translated using exchange rate at reporting date.

Fair Value Measurement Hierarchy:

(Rs. in lakh)

Particulars	As at 31st March, 2022			As at 31st March, 2021		
	Carrying Amount	Level of input used in		Carrying Amount	Level of input used in	
		Level 1	Level 2		Level 1	Level 2
Financial Assets						
At Amotised Cost						
Cash and Bank Balances	84,09	-	-	41	-	-
Other Financial Assets	2	-	-	84,02	-	-
At FVTPL						
Investments	39	39	-	38	38	-
Financial Liabilities						
At Amortised Cost						
Trade Payables	-	-	-	17	-	-
Other Financial Liabilities	3	-	-	2	-	-
At FVTPL						
Financial Derivatives	-	-	-	-	-	-

The financial instruments are categorized into two levels based on 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.

Interest Rate Risk

The exposure of the company's borrowing to interest rate changes at the end of the reporting period are as follows

(Rs. in lakh)

Interest rate exposure		
Particulars	As at 31st March, 2022	As at 31st March, 2021
Loans		
Long Term Fixed Rate Loan	-	-
Short Term Loan	-	-
Total	-	-

Note: Company is not having any borrowings, hence table is not given.

There is no impact on interest expenses for the year on 1% change in Interest rate since there are no borrowings.

Credit risk

Credit risk is the risk that a customer or counterparty to a financial instrument will fail to perform or pay amounts due causing financial loss to the company. Credit risk arises from company's activities in investments 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. Sales made to customers on credit and advances to vendors are secured through Letters of Credit, Bank Guarantees, Parent Company Guarantees and advance payments.

Liquidity Risk

Liquidity risk arises from the Company's inability to meet its cash flow commitments on time. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities. The Company will ensure that sufficient liquidity is available to meet all of its commitments by raising loans or arranging other facilities as and when required from group companies.

20. Ratio Analysis

Sr No	Particulars	2021-22	2020-21	Reason of Variance
1	Current Ratio	1,110.55	338.29	Trade payables paid during the year
2	Debt-Equity Ratio	-	-	-
3	Debt Service Coverage Ratio	NA	NA	-
4	Return on Equity Ratio	0%	0%	-
5	Inventory turnover Ratio	NA	NA	-
6	Trade Receivables Turnover Ratio	Nil	Nil	-
7	Trade Payables Turnover Ratio	2.59	2.55	-
8	Net Capital Turnover Ratio	-	-	-
9	Net Profit Ratio	-1.61	-3.64	Decrease in expense compared to last year
10	Return on Capital Employed Ratio	-0.10	0.0	-
11	Return on Investment	0%	6%	Due to change in average cash & cash equivalents.

20.1 Formulae for computation of ratios are as follows:

Sr. No.	Particulars	Formula
1	Current Ratio	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$
2	Debt-Equity Ratio	$\frac{\text{Total Debt}}{\text{Total Equity}}$
3	Debt Service Coverage Ratio	$\frac{\text{Earnings before Interest, Tax and Exceptional Items}}{(\text{Interest Expense} + \text{Principal Repayments made during the period for long term loans})}$
4	Return on Equity Ratio	$\frac{\text{Profit After Tax (Attributable to Owners)}}{\text{Average Net Worth}}$
5	Inventory turnover Ratio	$\frac{\text{Cost of Goods Sold}}{\text{Average Inventories of Finished Goods, Stock-in-Process and Stock-in-Trade}}$
6	Trade Receivables Turnover Ratio	$\frac{\text{Value of Sales \& Services}}{\text{Average Trade Receivables}}$
7	Trade Payables Turnover Ratio	$\frac{\text{Cost of Materials Consumed (after adjustment of RM Inventory) + Purchases of Stock-in-Trade + Other Expenses}}{\text{Average Trade Payables}}$
8	Net Capital Turnover Ratio	$\frac{\text{Value of Sales \& Services}}{\text{Net Worth}}$
9	Net Profit Ratio	$\frac{\text{Profit After Tax}}{\text{Value of Sales \& Services}}$
10	Return on Capital Employed Ratio	$\frac{\text{Net Profit After Tax + Deferred Tax Expense/(Income) + Finance Cost (-) Other Income (-) Share of Profit / (Loss) of Associates and Joint Ventures}}{\text{Average Capital Employed}}$
11	Return on Investment	$\frac{\text{Other Income (Excluding Dividend)}}{\text{Average Cash, Cash Equivalents \& Other Marketable Securities}}$

21. Segment Reporting

The company is involved in activities relating to development of content and other digital services. The Company has single segment as per the requirements of Ind AS 108 for "Operating Segment ". The assets and liabilities of the Company as on 31st March, 2022 predominantly relate to this segment.

22. DETAILS OF LOANS GIVEN, INVESTMENTS MADE AND GUARANTEE GIVEN COVERED U/S 186 (4) OF THE COMPANIES ACT, 2013.

No investments are made, no loans and guarantees are given by the Company as at 31st March, 2022 (Previous year NIL)

23. Payment to Auditors

	(Rs. in lakh)	
	2021-22	2020-21
i Statutory Audit Fees	1	1
ii Certification and Consultation Fees	1	1
Total	2	2

24. Other Statutory Information

- (i) As per section 248 of the Companies Act, 2013, there are no balances outstanding with struck off companies.
- (ii) The Company have not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

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(a) Directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or

(b) Provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

(iii) The Company have not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

(a) Directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

(b) Provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(iv) The Company does not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income-tax Act, 1961.

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

26. Approval of Financial Statements

The financial statements were approved for issue by board of directors on 07th April, 2022.

As per our Report of even date

For Pathak H. D. & Associates LLP
Chartered Accountants
Firm Registration No : 107783W/ W100593

For and on behalf of the Board

Gopal Chaturvedi
Partner
Membership No. 090903

Damodaran Satish Kumar
Director

Rahul Mukherjee
Director

Divya Bharat Alwani
Director

Ketan Pravinchandra Mody
Chief Financial Officer

Date: 07th April, 2022

Rahul Razdan
Chief Executive Officer

Thriveni Shetty
Company Secretary