

Nxtra Data Limited

Ind AS Financial Statements

March 2019

Nxtra Data Limited

Ind AS Financial Statements – March 2019

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Independent Auditor's Report

Ind AS Financial Statements

Nxtra Data Limited
Balance Sheet
(All amounts are in millions of Indian Rupee)

	Notes	As of	
		March 31, 2019	March 31, 2018#
Assets			
Non-current assets			
Property, plant and equipment	6	5,318	5,624
Capital work-in-progress	6	2,916	324
Intangible assets		0	1
Financial assets			
- Investments	7	4	4
Income tax assets (net)		346	468
Deferred tax assets (net)	8	435	310
Other non-current assets	9	314	656
		9,333	7,387
Current assets			
Financial assets			
- Trade receivables	10	5,934	1,718
- Cash and cash equivalents	11	41	8
- Others	12	49	18
Other current assets	9	262	118
		6,286	1,862
Total assets		15,619	9,249
Equity and liabilities			
Equity			
Share capital	13	90	90
Other equity		378	(96)
		468	(6)
Non-current liabilities			
Financial liabilities			
- Others	15	71	63
Deferred revenue		49	62
Provisions	16	21	10
		141	135
Current liabilities			
Financial liabilities			
- Borrowings	17	8,268	3,941
- Trade payables	18		
-total outstanding dues of micro enterprises and small enterprises		4	-
-total outstanding dues of creditors other than micro enterprises and small enterprises		1,654	1,669
- Others	15	4,886	3,100
Deferred revenue		87	240
Provisions	16	6	7
Current tax liabilities (net)		-	56
Other current liabilities		105	107
		15,010	9,120
Total liabilities		15,151	9,255
Total equity and liabilities		15,619	9,249

#Refer note 5

The accompanying notes form an integral part of these financial statements.

As per our report of even date
For Deloitte Haskins & Sells LLP
Chartered Accountants
(Firm's Registration No: 117366W / W-100018)

For and on behalf of the Board of Directors of Nxtra Data Limited

Badal Bagri
Director
DIN: 00367278

Pankaj Tewari
Director
DIN: 08006533

Nilesh H. Lahoti
Partner
Membership No: 130054

Durgesh Pandey
Chief Financial Officer

Krishnan Vidyasagar
Chief Executive Officer

Place: **New Delhi**

Date:

Dhiraj Arora
Company Secretary



Nxtra Data Limited
Statement of Profit and loss

(All amounts are in millions of Indian Rupee ; except per share data)

	Notes	For the year ended	
		March 31, 2019#	March 31, 2018#
Income			
Revenue from operations	20	8,518	3,347
Other income		30	31
		8,548	3,378
Expenses			
Data centre operating expenses	21	5,847	1,747
Employee benefits expenses	22	137	129
Other expenses	23	533	518
		6,517	2,394
Profit from operating activities before depreciation, amortisation and exceptional items		2,031	984
Depreciation and amortisation	24	1,242	568
Finance costs	25	0	0
Finance income	25	(2)	(1)
Profit before exceptional items and tax		791	417
Exceptional item	26	-	49
Profit before tax		791	368
Tax expense			
Current tax	8	441	222
Deferred tax	8	(125)	(92)
Profit for the year		475	238
Other comprehensive income			
Items not to be reclassified to profit or loss :			
- Re-measurement gains on defined benefit plans	22	1	2
- Tax charge		(0)	(0)
Other comprehensive income for the year		1	2
Total comprehensive income for the year		476	240
Earnings per share (Face value: Rs. 10/- each)			
Basic and diluted earnings per share	27	52.71	26.05

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Company Secretary



Nxtra Data Limited**Statement of Changes in Equity***(All amounts are in millions of Indian Rupee ; unless stated otherwise)*

	Share capital		Other equity - Reserves and Surplus			Total equity	
	No of shares (In '000)	Amount	Additional capital contribution	Retained earnings	Capital reserve		Total
As of April 1, 2017 #	5,050	51	258	(402)	(196)	(340)	(289)
Profit for the year	-	-	-	238	-	238	238
Transfer from retained earnings to capital reserve & working capital movement #	-	-	-	(3)	7	4	4
Other comprehensive income	-	-	-	2	-	2	2
Total comprehensive income	-	-	-	237	7	244	244
Transactions with owners of equity							
Issue of equity shares	3,968	39	-	-	-	-	39
As of March 31, 2018 #	9,018	90	258	(165)	(189)	(96)	(6)
Profit for the year	-	-	-	475	-	475	475
Transfer from retained earnings to capital reserve & working capital movement #	-	-	-	(2)	0	(2)	(2)
Other comprehensive income	-	-	-	1	-	1	1
Total comprehensive income	-	-	-	474	-	474	474
As of March 31, 2019	9,018	90	258	309	(189)	378	468

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Nxtra Data Limited
Statement of Cash Flows
(All amounts are in millions of Indian Rupee)

	For the year ended	
	March 31, 2019#	March 31, 2018#
Cash flows from operating activities		
Profit before tax	791	368
Adjustments for:		
Depreciation and amortisation	1,242	568
Exceptional items	0	49
Finance costs	0	0
Finance income	(2)	(1)
Other non-cash items	59	77
Operating cash flow before changes in working capital	2,090	1,061
Changes in working capital		
Trade receivables	(4,348)	(757)
Trade payables	950	281
Inventories	-	36
Other financial and non-financial liabilities	2,167	224
Other financial and non-financial assets	129	(539)
Net cash generated / (used) in operations before tax	989	306
Income tax paid	(375)	(197)
Net cash generated / (used) in operating activities (a)	614	109
Cash flows from investing activities		
Purchase of property, plant and equipment	(5,540)	(1,321)
Interest received	2	1
Consideration for common control transaction	630	382
Net cash used in investing activities (b)	(4,908)	(938)
Cash flows from financing activities		
Proceeds from borrowings	6,730	2,966
Repayment of borrowings	(2,403)	(2,185)
Proceeds from fresh issue of share capital	-	39
Net cash generated from financing activities (c)	4,327	820
Net increase / (decrease) in cash and cash equivalents during the year (a+b+c)	33	(9)
Add : Cash and cash equivalents as at the beginning of the year	8	17
Cash and cash equivalents as at the end of the year (refer note 11)	41	8

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1. Corporate information

Nxtra Data Limited ('the Company' or 'NDL') is domiciled and incorporated in India as a limited liability company. The registered office of the Company is situated at Bharti Crescent, 1, Nelson Mandela Road, Vasant Kunj, Phase – II, New Delhi – 110070.

The principal object of the Company is to carry on the business of data centre, managed services and sale of hardware.

2. Summary of significant accounting policies

2.1 Basis of preparation

These financial statements ('financial statements') have been prepared to comply in all material respects with the Indian Accounting Standard ('Ind AS') as notified by the Ministry of Corporate Affairs ('MCA') under section 133 of the Companies Act, 2013 ('Act'), read together with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and other relevant provisions of the Act except as mentioned in below paragraph.

These financial statements have been prepared to comply with the requirements of Appendix C 'Business combinations of entities under common control' of Ind AS – 103, 'Business Combinations', which states that in case of common control business combinations, previous period figures shall be restated as if the said business combination had occurred from beginning of previous period. Accordingly, the comparatives have been restated to give effect as if the operations acquired by the Company related to passive infrastructure from Bharti Airtel Limited on May 1, 2018 had been acquired w.e.f. from April 1, 2017.

These financial statements are approved for issue by the Company's Board of Directors on

These financial statements include the Company's balance sheet as at March 31, 2019, statement of profit and loss and statement of cash flow for the year ended March 31, 2019 and are prepared in accordance with the company's accounting policies.

The financial statements are based on the classification provisions contained in Ind AS 1, 'Presentation of Financial Statements' and division II of schedule III of the Companies Act 2013. Further, for the purpose of clarity, various items are aggregated in statement of profit and loss and balance sheet. Nonetheless, these items are dis-aggregated separately in the notes to the financial statements, where applicable or required.



All the amounts included in the financial statements are reported in millions of Indian Rupee ('Rupee' or 'Rs.') and are rounded to the nearest Millions except per share data and unless stated otherwise. Further, amounts which are less than a million are appearing as '0'.

The preparation of the said financial statements requires the use of certain critical accounting estimates and judgements. It also requires the management to exercise judgement in the process of applying the Company's accounting policies. The areas where estimates are significant to the financial statements, or areas involving a higher degree of judgement or complexity, are disclosed in Note 3.

The accounting policies, as set out in the following paragraphs of this note, have been consistently applied, by the Company, to all the periods presented in the said financial statements. Further, previous year's figures have been re-grouped, wherever necessary to conform to current year's classification.

2.2 Basis of measurement

The financial statements have been prepared on the accrual and going concern basis, and the historical cost convention except where the Ind AS requires a different accounting treatment. The principal variations from the historical cost convention relate to financial instruments which are classified as fair value through profit or loss and liability for cash-settled awards (refer note 2.15) – which are measured at fair value.

Fair value measurement

Fair value is the price at the measurement date, at which an asset can be sold or paid to transfer a liability, in an orderly transaction between market participants. The Company's accounting policies require, measurement of certain financial / non-financial assets and liabilities at fair values (either on a recurring or non-recurring basis). Also, the fair values of financial instruments measured at amortised cost are required to be disclosed in the said financial statements.

The Company is required to classify the fair valuation method of the financial / non-financial assets and liabilities, either measured or disclosed at fair value in the financial statements, using a three level fair-value-hierarchy (which reflects the significance of inputs used in the measurement). Accordingly, the Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

The three levels of the fair-value-hierarchy are described below:

Level 1: Quoted (unadjusted) prices for identical assets or liabilities in active markets

Level 2: Significant inputs to the fair value measurement are directly or indirectly observable

Level 3: Significant inputs to the fair value measurement are unobservable



2.3 Foreign currency transactions

The financial statements are presented in Indian Rupees which is the functional and presentation currency of the Company.

Transactions in foreign currencies are initially recorded in the relevant functional currency at the rates prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the closing exchange rate prevailing as at the reporting date with the resulting foreign exchange differences, on subsequent re-statement / settlement, recognised in the statement of profit and loss within finance costs / finance income. Non-monetary assets and liabilities denominated in foreign currencies are translated into the functional currency using the exchange rate prevalent, at the date of initial recognition (in case they are measured at historical cost) or at the date when the fair value is determined (in case they are measured at fair value) – the resulting foreign exchange difference, on subsequent re-statement / settlement, recognised in the statement of profit and loss, except to the extent that it relates to items recognised in the other comprehensive income or directly in equity.

The equity items denominated in foreign currencies are translated at historical cost.

2.4 Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current / non-current classification.

Deferred tax assets and liabilities, and all assets and liabilities which are not current (as discussed in the below paragraphs) are classified as non-current assets and liabilities.

An asset is classified as current when it is expected to be realised or intended to be sold or consumed in normal operating cycle, held primarily for the purpose of trading, expected to be realised within twelve months after the reporting period, or cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current when it is expected to be settled in normal operating cycle, it is held primarily for the purpose of trading, it is due to be settled within twelve months after the reporting period, or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

2.5 Common control transactions

Business combinations arising from transfers of interest / business in entities that are under the common control, are accounted at historical cost. The difference, between any consideration paid / received and the aggregate historical carrying amounts of underlying assets and liabilities acquired / disposed (other than impairment, if any), is recorded in capital reserve, a component of equity.



2.6 Property, plant and equipment ('PPE')

An item is recognised as an asset, if and only if, it is probable that the future economic benefits associated with the item will flow to the Company and its cost can be measured reliably. PPE are initially recognised at cost. The initial cost of PPE comprises its purchase price (including non-refundable duties and taxes but excluding any trade discounts and rebates), assets retirement obligations (refer note 2.16 (b)) and any directly attributable cost of bringing the asset to its working condition and location for its intended use.

Subsequent to initial recognition, PPE are stated at cost less accumulated depreciation and any impairment losses. When significant parts of PPE are required to be replaced at regular intervals, the Company recognises such parts as separate component of assets. When an item of PPE is replaced, then its carrying amount is de-recognised from the balance sheet and cost of the new item of PPE is recognised. Further, in case the replaced part was not being depreciated separately, the cost of the replacement is used as an indication to determine the cost of the replaced part at the time it was acquired.

The expenditures that are incurred after the item of PPE has been put to use, such as repairs and maintenance, are normally charged to the statement of profit and loss in the year in which such costs are incurred. However, in situations where the said expenditure can be measured reliably, and is probable that future economic benefits associated with it will flow to the Company, it is included in the asset's carrying value or as a separate asset, as appropriate.

Depreciation on PPE is computed using the straight-line method over the estimated useful lives. Freehold land is not depreciated as it has an unlimited useful life. The Company has established the estimated range of useful lives for different categories of PPE as follows:

Categories	Years
Leasehold land	Period of lease
Plant and machinery	2 – 20
Computer	1 – 3
Office equipment	2 - 5
Furniture and fixtures	5
Leasehold improvements	Period of lease or 10 years, whichever is less

The useful lives, residual values and depreciation method of PPE are reviewed, and adjusted appropriately, at least as at each financial year end so as to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from these assets. The effect of any change in the estimated useful lives, residual values and / or depreciation method are accounted prospectively, and accordingly the depreciation is calculated over the PPE's remaining revised useful life. The cost and the accumulated depreciation for PPE sold, scrapped, retired or otherwise disposed off are de-recognised from the balance sheet and the resulting gains / losses are included in the statement of profit and loss within other expenses / other income.



The management basis its past experience and technical assessment has estimated the useful life, which is at variance with the life prescribed in Part C of Schedule II of the Companies Act, 2013 and has accordingly, depreciated the assets over such useful life.

The cost of capital work-in-progress (CWIP) is presented separately in the balance sheet.

2.7 Intangible assets

Identifiable intangible assets are recognised when the Company controls the asset, it is probable that future economic benefits attributed to the asset will flow to the Company and the cost of the asset can be measured reliably.

The intangible assets are initially recognised at cost. These assets having finite useful life are carried at cost less accumulated amortisation and any impairment losses. Amortisation is computed using the straight-line method over the expected useful life of intangible assets.

The Company has established the estimated useful lives of different categories of intangible assets as follows:

a. Software

Software are amortised over the period of license, generally not exceeding three years.

b. Non-compete fee

Non-compete fee are amortised over the period of the agreement which ranges upto five years.

The useful lives and amortisation method are reviewed, and adjusted appropriately, at least at each financial year end so as to ensure that the method and period of amortisation are consistent with the expected pattern of economic benefits from these assets. The effect of any change in the estimated useful lives and / or amortisation method is accounted prospectively, and accordingly the amortisation is calculated over the remaining revised useful life.

2.8 Impairment of non-financial assets

Property, plant and equipment, Intangible assets and intangible assets under development

PPE (including CWIP) and intangible assets with definite lives, are reviewed for impairment, whenever events or changes in circumstances indicate that their carrying values may not be recoverable. Intangible assets under development is tested for impairment, at-least annually and whenever circumstances indicate that it may be impaired.



For the purpose of impairment testing, the recoverable amount (that is, higher of the fair value less costs to sell and the value-in-use) is determined on an individual asset basis, unless the asset does not generate cash flows that are largely independent of those from other assets, in which case the recoverable amount is determined at the cash-generating-unit ('CGU') level to which the said asset belongs. If such individual assets or CGU are considered to be impaired, the impairment to be recognised in the statement of profit and loss is measured by the amount by which the carrying value of the asset / CGU exceeds their estimated recoverable amount and allocated on pro-rata basis.

Reversal of impairment losses

Impairment losses are reversed in the statement of profit and loss and the carrying value is increased to its revised recoverable amount provided that this amount does not exceed the carrying value that would have been determined had no impairment loss been recognised for the said asset / CGU in previous years.

2.9 Financial instruments

a. Recognition, classification and presentation

The financial instruments are recognised in the balance sheet when the Company becomes a party to the contractual provisions of the financial instrument.

The Company determines the classification of its financial instruments at initial recognition.

The Company recognises its investment in subsidiaries, joint ventures and associates at cost less any impairment losses. The said investments are tested for impairment whenever circumstances indicate that their carrying values may exceed the recoverable amount (viz. higher of the fair value less costs to sell and the value-in-use).

The Company classifies its financial assets in the following categories: a) those to be measured subsequently at fair value through profit or loss, and b) those to be measured at amortised cost. The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

The Company has classified all the non-derivative financial liabilities measured at amortised cost.

Financial assets and liabilities arising from different transactions are off-set against each other and the resultant net amount is presented in the balance sheet, if and only when, the Company currently has a legally enforceable right to set-off the related recognised amounts and intends either to settle on a net basis or to realise the assets and settle the liabilities simultaneously.



b. Measurement - Non-derivative financial instruments

I. Initial measurement

At initial recognition, the Company measures the non-derivative financial instruments (except financial guarantee) at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Otherwise transaction costs are expensed in the statement of profit and loss.

II. Subsequent measurement - financial assets

The subsequent measurement of the non-derivative financial assets depends on their classification as follows:

i. Financial assets measured at amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost using the effective-interest rate ('EIR') method (if the impact of discounting / any transaction costs is significant). Interest income from these financial assets is included in finance income.

ii. Financial assets at fair value through profit or loss ('FVTPL')

All financial assets that do not meet the criteria for amortised cost are measured at FVTPL. Interest (basis EIR method) income from financial assets at FVTPL is recognised in the statement of profit and loss within finance income/ finance costs separately from the other gains/ losses arising from changes in the fair value.

Impairment

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk since initial recognition. If credit risk has not increased significantly, twelve month expected credit loss (ECL) is used to provide for impairment loss, otherwise lifetime ECL is used.

However, only in case of trade receivables, the Company applies the simplified approach which requires expected lifetime losses to be recognised from initial recognition of the receivables.

III. Subsequent measurement - financial liabilities

The financial liabilities are initially recognised at fair value less any directly attributable transaction costs. They are subsequently measured at amortised cost using the EIR method (if the impact of discounting / any transaction costs is significant).



c. Derecognition

The financial liabilities are de-recognised from the balance sheet when the under-lying obligations are extinguished, discharged, lapsed, cancelled, expires or legally released. The financial assets are de-recognised from the balance sheet when the rights to receive cash flows from the financial assets have expired, or have been transferred and the Company has transferred substantially all risks and rewards of ownership. The difference in the carrying amount is recognised in statement of profit and loss.

2.10 Leases

The determination of whether an arrangement is a lease is based on whether fulfillment of the arrangement is dependent on the use of a specific asset and the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

Leases where the lessor transfers substantially all the risks and rewards of ownership of the leased asset are classified as finance lease and other leases are classified as operating lease.

Operating lease receipts / payments are recognised as an income / expense on a straight-line basis over the lease term unless the lease payments increase in line with expected general inflation.

a. Company as a lessee

Assets acquired under finance leases are capitalised at the lease inception at lower of the fair value of the leased asset and the present value of the minimum lease payments. Lease payments are apportioned between finance charges (recognised in the statement of profit and loss) and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability for each period.

b. Company as a lessor

Assets leased to others under finance lease are recognised as receivables at an amount equal to the net investment in the leased assets. Finance lease income is allocated to periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of finance lease.

Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised in statement of profit and loss on a straight-line basis over the lease term.

2.11 Taxes

The income tax expense comprises of current and deferred income tax. Income tax is recognised in the statement of profit and loss, except to the extent that it relates to items recognised in the other comprehensive income or directly in equity, in which case the related income tax is also recognised accordingly.



a. Current tax

The current tax is calculated on the basis of the tax rates, laws and regulations, which have been enacted or substantively enacted as at the reporting date. The payment made in excess / (shortfall) of the Company's income tax obligation for the period are recognised in the balance sheet under non-current assets as income tax assets / under current liabilities as current tax liabilities.

Any interest, related to accrued liabilities for potential tax assessments are not included in Income tax charge or (credit), but are rather recognised within finance costs.

b. Deferred tax

Deferred tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying values in the financial statements. However, deferred tax are not recognised if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

The unrecognised deferred tax assets / carrying amount of deferred tax assets are reviewed at each reporting date for recoverability and adjusted appropriately.

Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Income tax assets and liabilities are off-set against each other and the resultant net amount is presented in the balance sheet, if and only when, (a) the Company currently has a legally enforceable right to set-off the current income tax assets and liabilities, and (b) when it relate to income tax levied by the same taxation authority and where there is an intention to settle the current income tax balances on net basis.

2.12 Inventories

Inventories are stated at the lower of cost (determined using the first-in-first-out method) and the net realisable value. The costs comprise its purchase price and any directly attributable cost of bringing to its present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated variable costs necessary to make the sale.

2.13 Cash and cash equivalents

Cash and cash equivalents include cash in hand, bank balances and any deposits with original maturities of three months or less (that are readily convertible to known amounts of cash and cash equivalents and subject



to an insignificant risk of changes in value). However, for the purpose of the statement of cash flows, in addition to above items, any bank overdrafts / cash credits that are integral part of the Company's cash management, are also included as a component of cash and cash equivalents.

2.14 Share capital

Ordinary shares are classified as Equity when the Company has an un-conditional right to avoid delivery of cash or another financial asset, that is, when the dividend and repayment of capital are at the sole and absolute discretion of the Company and there is no contractual obligation whatsoever to that effect.

2.15 Employee benefits

The Company's employee benefits mainly include wages, salaries, bonuses, defined contribution to plans, defined benefit plans, compensated absences, deferred compensation and share based payments. The employee benefits are recognised in the year in which the associated services are rendered by the Company employees.

a. Defined contribution plans

The contributions to defined contribution plans are recognised in statement of profit or loss as and when the services are rendered by employees. The Company has no further obligations under these plans beyond its periodic contributions.

b. Defined benefit plans

In accordance with the local laws and regulations, all the employees are entitled for the Gratuity plan. The said plan requires a lump-sum payment to eligible employees (meeting the required vesting service condition) at retirement or termination of employment, based on a pre-defined formula.

The Company provides for the liability towards the said plans on the basis of actuarial valuation carried out quarterly as at the reporting date, by an independent qualified actuary using the projected-unit-credit method.

The obligation towards the said benefits is recognised in the balance sheet, at the present value of the defined benefit obligations. The present value of the said obligation is determined by discounting the estimated future cash outflows, using interest rates of government bonds.

The interest income / (expense) are calculated by applying the above mentioned discount rate to the plan assets and defined benefit obligations liability. The net interest income / (expense) on the net defined benefit liability is recognised in the statement of profit and loss. However, the related re-measurements of the net defined benefit liability are recognised directly in the other comprehensive income in the period in which they arise. The said re-measurements comprise of actuarial gains and losses (arising from experience adjustments

and changes in actuarial assumptions), the return on plan assets (excluding interest). Re-measurements are not re-classified to the statement of profit and loss in any of the subsequent periods.

c. Other long-term employee benefits

The employees of the Company are entitled to compensated absences as well as other long-term benefits. Compensated absences benefit comprises of encashment and availment of leave balances that were earned by the employees over the period of past employment.

The Company provides for the liability towards the said benefit on the basis of actuarial valuation carried out quarterly as at the reporting date, by an independent qualified actuary using the projected-unit-credit method. The related re-measurements are recognised in the statement of profit and loss in the period in which they arise.

2.16 Provisions

a. General

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of past event, it is probable that an outflow of resources will be required to settle the said obligation, and the amounts of the said obligation can be reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the relevant obligation, using a pre-tax rate that reflects current market assessments of the time value of money (if the impact of discounting is significant) and the risks specific to the obligation. The increase in the provision due to un-winding of discount over passage of time is recognised within finance costs.

b. Assets retirement obligation ('ARO')

ARO are recognised for those operating lease arrangements where the Company has an obligation at the end of the lease period to restore the leased premises in a condition similar to inception of lease. ARO are provided at the present value of expected costs to settle the obligation and are recognised as part of the cost of that particular asset. The estimated future costs of decommissioning are reviewed annually and any changes in the estimated future costs or in the discount rate applied are adjusted from the cost of the asset.

2.17 Contingencies

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.



2.18 Revenue recognition

Effective April 1, 2018, the Company has adopted Ind AS 115, 'Revenue from Contracts with Customers' applying the cumulative effect method applied retrospectively to the contracts that are not completed as of April 1, 2018 (being the date of initial application). Accordingly, the comparative information has not been restated. The effect on adoption of the said standard is insignificant on these financial statements.

Revenue is recognized upon transfer of control of promised products or services to customer at the consideration which the Company has received or expects to receive in exchange of those products or services, net of any taxes / duties, discounts and process waivers. In order to determine if it is acting as a principal or as an agent, the Company assesses whether it is primarily responsible for fulfilling the performance obligation and whether it controls the promised service before transfer to customers.

a) Service revenue

Service revenue mainly pertains to the revenue from data center and managed services which are recognized post completion of performance obligation.

Revenues in excess of invoicing are classified as unbilled revenue while invoicing / collection in excess of revenue are classified as deferred revenue / advance from customers.

b) Equipment sales

Equipment sales consist primarily of revenue from sale of hardware equipment. Revenue from equipment sales transaction are recognised when the control of such equipment is transferred to the customer.

c) Interest income

The interest income is recognised using the EIR method. For further details, refer Note 2.9.

2.19 Borrowing costs

Borrowing costs consist of interest and other ancillary costs that the Company incurs in connection with the borrowing of funds. The borrowing costs directly attributable to the acquisition or construction of any asset that takes a substantial period of time to get ready for its intended use or sale are capitalised. All the other borrowing costs are recognised in the statement of profit and loss within finance costs of the period in which they are incurred.



2.20 Exceptional items

Exceptional items refer to items of income or expense within the statement of profit and loss from ordinary activities which are non-recurring and are of such size, nature or incidence that their separate disclosure is considered necessary to explain the performance of the Company.

2.21 Earnings per share ('EPS')

The Company presents the Basic and Diluted EPS data.

Basic EPS is computed by dividing the profit for the period attributable to the shareholders of the Company by the weighted average number of shares outstanding during the period.

Diluted EPS is computed by adjusting, the profit for the year attributable to the shareholders and the weighted average number of shares considered for deriving Basic EPS, for the effects of all the shares that could have been issued upon conversion of all dilutive potential shares. The dilutive potential shares are adjusted for the proceeds receivable had the shares been actually issued at fair value. Further, the dilutive potential shares are deemed converted as at beginning of the period, unless issued at a later date during the period.

3. Critical accounting estimates, assumptions and judgements

The estimates and judgements used in the preparation of the said financial statements are continuously evaluated by the Company, and are based on historical experience and various other assumptions and factors (including expectations of future events), that the Company believes to be reasonable under the existing circumstances. The said estimates and judgements are based on the facts and events, that existed as at the reporting date, or that occurred after that date but provide additional evidence about conditions existing as at the reporting date.

Although the Company regularly assesses these estimates, actual results could differ materially from these estimates - even if the assumptions under-lying such estimates were reasonable when made, if these results differ from historical experience or other assumptions do not turn out to be substantially accurate. The changes in estimates are recognised in the financial statements in the period in which they become known.

3.1 Critical accounting estimates and assumptions

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying values of assets and liabilities within the next financial year are discussed below.

a. Allowance for impairment of trade receivables

The expected credit loss is mainly based on the ageing of the receivable balances and historical experience. The receivables are assessed on an individual basis or grouped into homogeneous groups and assessed for

impairment collectively, depending on their significance. Moreover, trade receivables are written off on a case-to-case basis if deemed not to be collectible on the assessment of the underlying facts and circumstances.

b. Impairment reviews

PPE (including CWIP) and intangible assets with definite lives, are reviewed for impairment, whenever events or changes in circumstances indicate that their carrying values may not be recoverable. Similarly, Intangible assets under development is tested for impairment, at-least annually and whenever circumstances indicate that it may be impaired. For details as to the impairment policy, refer note 2.8. Accordingly, the Company has performed impairment reviews for the above assets. However, the said reviews did not result in any impairment charge.

In calculating the value in use, the Company is required to make significant judgements, estimates and assumptions inter-alia concerning the growth in EBITDA, long-term growth rates and discount rates to reflect the risks involved.

The Company operates in developing market and in such market, the plan for shorter duration is not indicative of the long-term future performance. Considering this and the consistent use of such robust ten-year information for management reporting purpose, the Company uses ten year plans for the purpose of impairment testing.

c. Taxes

Deferred tax assets are recognised for the unused tax losses and minimum alternate tax credits for which there is probability of utilisation against the future taxable profit. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, future tax planning strategies and recent business performances and developments.

4. Standards issued but not effective as at balance sheet date

The new and applicable significant standards, amendments to Standards that are issued but not yet effective until the date of authorisation for issuance of the said financial statements are discussed below. The Company has not early adopted these amendments and intends to adopt when they become effective.

Ind AS 116, 'Leases'

In March 2019, MCA has notified the Ind AS 116, Leases. It will replace the existing leases Standard, Ind AS 17 'Leases', and related interpretations. The Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. It introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. A lease is required to recognise a

right-of-use asset representing its right to use and the underlying leased assets and a lease liability representing its obligation to make lease payments.

The effective date for adoption of Ind AS 116 is annual periods beginning on or after April 1, 2019. The Company is in the process of evaluating its impact on the financial statements.

The following pronouncements, which are potentially relevant to the Company, have been issued and are effective for annual periods beginning on or after April 1, 2019.

- Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments : According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.
- Amendment to Ind AS 12 – Income taxes: The amendment clarifies that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity accordingly to where the entity originally recognised those past transactions or events.

5. Significant transactions / new developments

During the year ended March 31, 2019, the Company has acquired the operations pertaining to passive infrastructure from Bharti Airtel limited (parent of the company), for a consideration of Rs. 3,245. Accordingly, excess of amount paid over cost of assets acquired amounting to Rs. 189 has been recognised in capital reserve.

The Company has accounted the transaction as a common control transaction as required under Ind AS 103, 'Business Combinations' and given the effect from April 1, 2017 (beginning of the preceding period). Accordingly, the comparative information has been restated with the relevant carrying amounts pertaining of the said operation acquired.

Further, the above mentioned consideration payable and capital reserve, both being adjusted for working capital movements and gain from the said operations since April 1, 2017 until the date of acquisition, have been recognised on April 1, 2017.

In the above business on an as is basis; it was substantially captive business of Bharti Airtel Limited apart from few external customers. Consequently, the cost incurred in the said operation was against the captive

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as well as non-captive business whereas revenue recognized was against only non-captive business. In order to reflect the underlying performance, the Company has considered the cost attributable to the non-captive business only (allocated on the basis of the total revenue of the said operations post transfer to the Company vis-à-vis the related actual non-captive revenue) rather than attributing notional revenue for captive business.

The summarised financial information of the above operations as determined on the above basis is given below.

Balance Sheet	As of		
Assets	April 30, 2018	March 31, 2018	April 1, 2017
Non-current assets*	3,684	3,633	3,785
Current assets	510	85	60
Total assets	<u>4,194</u>	<u>3,718</u>	<u>3,845</u>
Equity and liabilities			
Equity	(189)	(189)	(196)
Current liabilities			
Trade payables	841	959	703
Others (Consideration payable)	3,542	2,948	3,338
Total equity and liabilities	<u>4,194</u>	<u>3,718</u>	<u>3,845</u>
	For the Period	For the year ended	
	Apr 30, 2018	March 31, 2018	
Statement of profit and loss			
Income	12	145	
Expenses	9	106	
Profit from operating activities	3	39	
Depreciation and amortisation	1	36	
Profit for the period	2	3	

* It mainly includes PPE



6. Property, plant and equipment ('PPE')

The following table presents the reconciliation of changes in the carrying value of PPE for the year ended March 31, 2019 and 2018:

	Leasehold land	Plant and machinery	Furniture and fixtures	Office equipment	Computer	Leasehold improvements	Total
Gross Carrying value							
As of April 1, 2017 ^	286	10,796	15	1,039	138	406	12,680
Additions / capitalisation ^	210	904	-	35	33	13	1,195
Disposals/adjustment	(13)	(7)	(3)	(0)	(4)	-	(27)
As of March 31, 2018 ^	483	11,693	12	1,074	167	419	13,848
Additions / capitalisation ^	-	906	1	50	21	12	990
Disposals/Adjustments	-	(114)	-	(12)	(6)	(0)	(132)
As of March 31, 2019	483	12,485	13	1,112	182	431	14,706
Accumulated depreciation							
As of April 1, 2017 ^	-	5,651	9	719	86	336	6,801
Charge ^^	8	1,190	0	156	50	17	1,421
Disposals/adjustment	-	(3)	1	1	3	-	2
As of March 31, 2018 ^	8	6,838	10	876	139	353	8,224
Charge ^^	5	1,104	3	120	38	15	1,285
Disposals/adjustment	-	(108)	0	(11)	(2)	(0)	(121)
As of March 31, 2019	13	7,834	13	985	175	368	9,388
Net carrying Amount							
As of March 31, 2018 ^	475	4,855	2	198	28	66	5,624
As of March 31, 2019	470	4,651	0	127	7	63	5,318

^Refer note 5

* It includes Rs. 45 and Rs. 853 for the year ended March 31, 2019 and 2018 with respect to captive business.

The carrying value of capital work-in-progress as at March 31, 2019 and March 31, 2018 is Rs. 2,916 and Rs. 324, mainly pertains to construction on building / plant and machinery.

7. Investment

	As of	
	March 31, 2019	March 31, 2018
Non- current		
Greenery Wind Corporation Pvt. Ltd : 41,535 shares of Rs. 10 each	4	4
Aban Green Power Pvt Ltd : 47,155 shares of Rs. 10 each	0	0
Suganeshwara Hydrel Power Pvt Ltd : 32,500 shares of Rs. 100 each	0	0
	4	4
Aggregate book value of unquoted investment	4	4

8. Income taxes

The major components of Income tax expense are:-

	For the year ended	
	March 31, 2019	March 31, 2018
Current income tax		
- For the year	412	226
- Adjustments for prior periods	29	(4)
	441	222
Deferred tax		
- Origination and reversal of temporary differences	(122)	(93)
- Effect of change in tax rate	(3)	(3)
- Adjustments for prior periods	-	4
	(125)	(92)
Income tax expense	316	130

The reconciliation between the amount computed by applying the statutory income tax rate to the profit before tax and income tax expense is summarized below:

	For the year ended	
	March 31, 2019	March 31, 2018
Profit before tax	791	368
Tax expense @ 34.944% / 34.608%	277	128
Effect of:		
Effect of changes in tax rate	(3)	(3)
Adjustment in respect to current tax of previous years	29	(4)
Adjustment in respect to deferred tax of previous years	-	4
Expense not deductible (net)	13	5
Income tax expense	316	130

The analysis of deferred tax assets is as follows

	As of	
	March 31, 2019	March 31, 2018
Deferred tax asset		
Provision for impairment of debtors / advances	143	112
Post employment benefits	3	(5)
Lease rent equalization	26	23
Depreciation / amortisation on PPE / intangible assets	263	174
Others	-	6
Net deferred tax asset	435	310

	For the year ended	
	March 31, 2019	March 31, 2018
Deferred tax income		
Provision for impairment of debtors / advances	31	51
Post employment benefits	8	(5)
Lease rent equalization	3	-
Depreciation / amortisation on PPE / intangible assets	89	46
Others	(6)	-
Net deferred tax income	125	92



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The movement in deferred tax assets during the year is as follows:

	As of	
	March 31, 2019	March 31, 2018
Opening balance	310	218
Tax expense recognised in profit or loss	125	92
Tax expense recognised in OCI	(0)	(0)
Closing balance	435	310

9. Other non-financial assets

Non-current

	As of	
	March 31, 2019	March 31, 2018
Security deposits*	224	155
Capital advance	83	472
Others	7	29
	314	656

* Security deposit includes amount due from related parties (refer note 28).

Current

	As of	
	March 31, 2019	March 31, 2018
Taxes recoverable*	132	58
Advances to suppliers (net)	119	39
Prepaid expenses	9	9
Others	2	12
	262	118

*Taxes recoverable include customs duty and goods and services tax (GST).

10. Trade receivables

	As of	
	March 31, 2019	March 31, 2018
Trade receivable - Unsecured*	6,244	1,976
Less: Allowances for doubtful receivables	(310)	(258)
	5,934	1,718

*It includes amount due from related party (refer note 28)

Refer note 29.1 (ii) for credit risk



Nxtra Data Limited**Notes to financial statements***(All amounts are in millions of Indian Rupee; unless stated otherwise)***The movement in allowances for doubtful debts is as follows**

	As of	
	March 31, 2019	March 31, 2018
Opening balance	247	170
Additions	63	77
	310	247

11. Cash and cash equivalents

	As of	
	March 31, 2019	March 31, 2018
Balances with banks	41	8
	41	8

12. Financial Assets – Others**Current**

	As of	
	March 31, 2019	March 31, 2018
Unbilled revenue	49	-
Claims recoverable	0	18
	49	18

13. Share capital

	As of	
	March 31, 2019	March 31, 2018
Authorised shares		
10,000,000 (March 31, 2018- 10,000,000) equity shares of Rs 10 each	100	100
Issued, Subscribed and fully paid-up shares		
9,017,857 (March 31, 2018- 9,017,857) equity shares of Rs 10 each	90	90
	90	90

a. Reconciliation of the equity shares outstanding at the beginning and at the end of the year

	For the year ended			
	March 31, 2019		March 31, 2018	
	No. of shares in '000	Amount	No. of shares in '000	Amount
At the beginning of the year	9,018	90	5,050	51
Issued during the year	-	-	3,968	39
Outstanding at the end of the year	9,018	90	9,018	90



b. Terms/rights attached to equity shares

The Company has only one class of equity shares having par value of Rs.10 per share. Each holder of equity shares is entitled to cast one vote per share.

c. Details of shareholders (as per the register of shareholders) holding more than 5% shares in the Company (including shares held by holding company and its subsidiary)

	As of			
	March 31, 2019		March 31, 2018	
	No. of shares in '000	% holding	No. of shares in '000	% holding
Equity shares of Rs 10 each fully paid up				
Bharti Airtel Limited	5,050	56%	5,050	56%
Nettle Infrastructure Investment Limited	3,968	44%	3,968	44%

14. Reserves and surplus

- a) Retained earnings:** Retained earnings represent the amount of accumulated earnings of the Company re-measurement differences on defined benefits plans and gains / (losses) on common control transactions
- b) Additional capital contribution:** Additional capital contribution represents the fair valuation impact of the off-market loans provided by the parent company.
- c) Capital reserve:** Capital reserve represent excess of amount paid over cost of assets acquired under common control.

15. Financial liabilities - Others

Non-current

	As of	
	March 31, 2019	March 31, 2018
Lease rent equalisation	71	63
	71	63

Current

	As of	
	March 31, 2019	March 31, 2018
Equipment supply payables#@	4,863	3,073
Employee payables	22	25
Others*	1	2
	4,886	3,100

* 'Others' represents taxes payable.

It includes dues to related party (refer note 28)

@ Refer note 5 for common control transaction



16. Provisions

	As of	
	March 31, 2019	March 31, 2018
Non current		
Gratuity	15	10
Compensated absence	6	-
Long term service award	0	0
	21	10
	As of	
	March 31, 2019	March 31, 2018
Current		
Gratuity	4	2
Compensated absence	2	5
	6	7

Refer note 22 for movement of provision towards various employee benefits.

17. Borrowings

Current borrowings

	As of	
	March 31, 2019	March 31, 2018
Unsecured		
Loan from holding company	8,268	3,941
	8,268	3,941

17.1 Analysis of borrowings

The details given below are gross of debt origination cost.

17.1.1 Repayment terms of borrowings

The INR borrowings of Rs. 8,268 and Rs. 3,941 as of March 31, 2019 and 2018 respectively, from holding company, repayable on demand. The borrowings are repayable on or before December 31, 2020 and carries interest at nil rate.



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17.2 Unused line of credit

The below table provides the details of un-drawn credit facilities that are available to the Company.

	As of	
	March 31, 2019	March 31, 2018
Unsecured	7,732	759

18. Trade payables

	As of	
	March 31, 2019	March 31, 2018
Due to Micro and Small enterprise	4	-
Others*^	1,654	1,669
	1,658	1,669

*It include amount due to related parties (refer note 28)

^Refer note 5

Micro, small & medium enterprises development act, 2006 ('MSMED') disclosure

The dues to micro and small enterprises as required under MSMED Act, 2006, based on the information available with the company, is given below:

Sr No	Particulars	For the year ended	
		March 31, 2019	March 31, 2018
1	Principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year	4	-
2	Amount of interest paid by the buyer in terms of section 16 of the MSMED ACT 2006, along with the amounts of the payment made to the supplier beyond the appointed day during each	0	-
3	Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED ACT 2006.	-	-
4	Amount of interest accrued and remaining unpaid at the end of each accounting year;	-	-
5	Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED ACT 2006.	-	-

19. Guarantees, Contingencies and commitments

(i) Contingent liabilities and guarantees

(a). Guarantees outstanding as of March 31, 2019 and March 31, 2018 amounting to Rs. 51 and Rs. 36 respectively have been issued by banks and financial institutions on behalf of the Company.

(b). Contingent liabilities as of March 31, 2019 and 2018 are Rs. 0.20 and Rs. 0.20 respectively.



(c). The Company has contracted commitments towards capital expenditure (net of related advance of Rs 1,260 and Rs Nil as of March 31, 2019 and March 31, 2018, not restated for the common control transaction for acquisition of passive infrastructure), respectively.

(ii) Lease commitments

**Operating Lease
As lessee**

The future minimum lease payments obligations are as follows: -

	For the year ended	
	March 31, 2019	March 31, 2018
Obligations on non cancelable leases :		
Not later than one year	285	303
Later than one year but not later than five years	1,145	1,182
Later than five years	209	456
Total	1,639	1,941
Lease rentals	408	318

20. Revenue from operations

	For the year ended	
	March 31, 2019	March 31, 2018
Service revenue	8,447	3,294
Sale of products	71	53
	8,518	3,347

Disaggregation of Revenue

Revenue is disaggregated by geographical market, major products / service lines and timing of revenue recognition are as follows:

Particulars	For the year ended	
	Data centre and managed services	
Geographical Markets	March 31, 2019	March 31, 2018
India	8,406	3,291
Others	112	56
	8,518	3,347
Major Product/ Services lines		
Data centre and managed services	8,447	3,294
	8,447	3,294
Timing of Revenue Recognition		
Products transferred at a point in time	71	53
Products and services transferred over time	8,447	3,294
	8,518	3,347



Contract Balances

The following table provides information about unbilled revenue and deferred revenue from contract with customers

	As of	
	March 31, 2019	March 31, 2018
Deferred Revenue	136	302

Significant changes in the deferred revenue balances during the year are as follows:

	For the year ended	
	March 31, 2019	
	Unbilled revenue	Deferred revenue
Revenue recognised that was included in the contract liability balance at the beginning of the period	-	240
Increases due to cash received, excluding amounts recognised as revenue during the period	-	74
Transfers from contract assets recognised at the beginning of the period to receivables	257	-

21. Data centre operating expenses

	For the year ended	
	March 31, 2019	March 31, 2018
Electricity and water	4,673	1,325
Rent	392	303
Repair and maintenance	497	92
Others	285	27
	5,847	1,747

22. Employee benefits expenses

	For the year ended	
	March 31, 2019	March 31, 2018
Salaries, wages and bonus	119	108
Contribution to provident and other funds	7	6
Staff welfare expenses	8	8
Defined benefit plan/ other long term benefits	3	6
Others	-	1
	137	129



22.1 Defined benefit plan / Long-term employee benefits

The details of defined benefit obligations / long-term employee benefits and plan assets are as follows:

	For the Year Ended			
	March 31, 2019		March 31, 2018	
	Gratuity	Compensated absence	Gratuity	Compensated absence
Obligation				
Obligation as at beginning of the year	12	5	23	9
Current service cost	2	2	2	1
Interest cost	1	0	2	1
Benefits paid	(2)	(1)	(11)	(4)
Transfer	7	4	(2)	0
Remeasurements	(1)	(2)	(2)	(2)
Present value of unfunded obligation	19	8	12	5
Current portion	4	2	2	5
Non-current portion	15	6	10	0

The expected contribution for the year ended March 31, 2019 and 2018 for Gratuity plan is Rs. 3.92 and Rs. 2.73 respectively.

Amount recognised in other comprehensive income

	For the year ended	
	March 31, 2019	March 31, 2018
Gains from change in demographic assumptions	(1)	(2)
Re-measurements on Liability	(1)	(2)

Due to its defined benefit plans, the Company is exposed to the following significant risks:

Changes in bond yields - A decrease in bond yields will increase plan liability.

Salary risk - The present value of the defined benefit plans liability is calculated by reference to the future salaries of the plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

The financial (per annum rates) and demographic assumptions used to determine defined benefit obligations are as follows:

	March 31, 2019	March 31, 2018
Discount Rate	7.65%	7.85%
Rate of salary increase	7%	9%
Rate of attrition	21% to 36%	21% to 24%
Retirement age	58	58



Sensitivity analysis

The Company regularly assesses these assumptions with the projected long-term plans and prevalent industry standards.

The impact of sensitivity due to changes in the significant actuarial assumptions on the defined benefit obligations is given in the table below:

For the year ended March 31, 2019	Change in assumption	As of			
		March 31, 2019		March 31, 2018	
		Gratuity	Compensated absence	Gratuity	Compensated absence
Discount Rate	+1%	(1)	(0)	(0)	(0)
	-1%	1	0	0	0
Salary Growth Rate	+1%	1	0	0	0
	-1%	(1)	(0)	(0)	(0)

The above sensitivity analysis is determined based on a method that extrapolates the impact on the net defined benefit obligations, as a result of reasonable possible changes in the significant actuarial assumptions. Further, the above sensitivity analysis is based on a reasonably possible change in a particular under-lying actuarial assumption, while assuming all other assumptions to be constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated.

The table below summarises the maturity profile and duration of the gratuity liability:

	As of	
	March 31, 2019	March 31, 2018
Within one year	4	2
Within one - three years	6	4
Within three - five years	4	2
Above five years	5	3
	19	11
Weighted average duration (in years)	3.18	3.78

23. Other expenses

	For the year ended	
	March 31, 2019	March 31, 2018
Legal & professional charges#	46	27
Diminution in value of inventory	30	20
Sales & marketing expense	3	6
Provision for doubtful debts	59	77
Cost of goods sold	100	51
Repair and maintenance	171	212
Security expenses	27	55
Other administrative expense*	97	70
	533	518

*Other administrative expenses mainly represent security, rent and consultancy charges.



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#Details of Auditor's remuneration included in legal and professional charges.

	As of	
	March 31, 2019	March 31, 2018
Audit fees *	1	1
Reimbursements of expenses	0	0
	1	1

*excluding goods and services tax ('GST')

As per the requirements of section 135 of the Companies Act, 2013, the Company is required to spend an amount of Rs. 2 for the year ended March 31, 2019 on corporate social responsibility expenditure. During the year ended March 31, 2019 the company has spent nil towards social corporate responsibility expenditure.

During the year ended March 31, 2018 the company was not required to spend on corporate social responsibility.

24. Depreciation and amortisation

	For the year ended	
	March 31, 2019	March 31, 2018
Depreciation	1,241	567
Amortisation	1	1
	1,242	568

25. Finance costs and income

	For the year ended	
	March 31, 2019	March 31, 2018
Finance costs		
Net exchange loss	-	-
Other finance charges	0	0
	0	0
Finance income		
Net exchange gain	2	1
Interest income	-	0
	2	1

26. Exceptional items

	For the year ended	
	March 31, 2019	March 31, 2018
Bad debts other than normal aging - Aircel	-	49
	-	49



27. Earnings per share

The details used in the computation of basic and diluted earnings per equity share:

	For the year ended	
	March 31, 2019	March 31, 2018
Weighted average shares outstanding ('000) for basic / diluted EPS	9,018	9,018
Profit for the year	475	238

28. Related Party Transactions

List of related parties

(i) Parent Company

Bharti Airtel Limited

(ii) Ultimate controlling entity (w.e.f. November 3, 2017)

Bharti Enterprises (Holding) Private Limited. It is held by private trusts of Bharti family, with Mr. Sunil Bharti Mittal's family trust effectively controlling the said company.

(iii) Fellow Subsidiaries

Nettle Infrastructure Investment Limited (having significant influence on the Company)

Airtel Payments Bank Limited (ceased to be subsidiary w.e.f. from October 25, 2018)

Bharti Airtel (HK) Limited

Bharti Airtel International (Netherlands) B.V.

Bharti Airtel Services Limited

Bharti Hexacom Limited

Bharti Infratel Limited

Bharti Telemedia Limited

Indo Teleports Limited

Wynk Limited

(iv) Subsidiaries of Fellow Subsidiaries

Airtel (Ghana) Limited

Airtel Congo S.A

Airtel Network Kenya Limited

Airtel Networks Limited

Airtel Tanzania Limited

Airtel Uganda Limited

Airtel Tchad S.A



Airtel Madagascar S.A.

Airtel Malawi Limited

Airtel Congo (RDC) S.A

Airtel Gabon S.A.

Celtel Niger S.A.

Airtel Networks Zambia Plc

Airtel (Seychelles) Limited

Airtel Rwanda Limited

(v) Joint Venture of Fellow Subsidiary (JV)

Indus Tower Limited

Airtel Payments Bank Limited (w.e.f from October 25, 2018)

(vi) Other related parties*

Beetel Teletech Limited

Bharti Realty Limited (formerly Bharti Realty Private Limited)

Bharti Realty Holdings Limited

Bharti Axa Life Insurance Company Limited

Nile Tech Limited

BSB Portal Limited

Hike Limited

(vii) Key Management Personnel

Krishnan Vidyasagar (w.e.f June 12, 2017)

* **Other Related parties'** though not 'Related Parties' as per the definition under Ind AS 24, "Related party disclosures" have been included by way of a voluntary disclosure, following the best corporate governance practice.



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The summary of transactions with the above mentioned parties is as follows:

Nature of transaction	For the Year ended							
	March 31, 2019			March 31, 2018				
	Parent Company	Fellow Subsidiaries	Subsidiaries of Fellow Subsidiaries	JV and Other related party	Parent Company	Fellow Subsidiaries	Subsidiaries of Fellow Subsidiaries	JV and Other related party
Rendering of services	7,833	174	34	46	1,959	200	32	22
Receiving of services	362	-	-	-	277	-	-	49
Fund transferred/Expenses incurred on behalf of others	8	-	-	-	1	-	-	-
Expenses incurred on behalf of the Company	48	-	-	118	-	-	-	-
Loans taken	6,730	-	-	-	2,966	-	-	-
Repayment of loans taken	2,403	-	-	-	2,185	-	-	-
Shares issued	-	-	-	-	-	39	-	-
Purchase of business	3,245	1	-	-	-	-	-	-
Purchase of assets	1,033	-	-	-	-	-	-	-

The significant transactions with fellow subsidiaries are as follows: -

Nature of transaction	As of	
	March 31, 2019	March 31, 2018
Rendering of services		
Fellow Subsidiaries		
Bharti Hexacom Limited	55	73
Bharti Telemedia Limited	58	56
Bharti Infratel Limited	27	44



The outstanding balances are as follows:

Particulars	Parent Company	Fellow Subsidiaries	Subsidiaries of Fellow Subsidiaries	JV and Other related party
As of March 31, 2019				
Trade Payables	-	-	0	-
Trade receivables	4,609	229	99	5
Borrowings	8,268	-	-	-
Other financial liabilities	(4,278)	-	-	-
Security deposit (asset)	-	-	-	51
As of March 31, 2018				
Trade payables	84	1	-	-
Trade receivables	674	215	-	30
Borrowings	3,941	-	-	-
Security deposit (asset)	-	-	-	42

Outstanding balances at period end are un-secured and settlement occurs in cash.

KMP are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director, whether executive or otherwise. Remuneration to key management personnel were as follows:

	For the year ended	
	March 31, 2019	March 31, 2018
Short-Term employee benefits	5	5
Post-Employment benefits	0	0
	<u>5</u>	<u>5</u>

As the liabilities for the gratuity and compensated absences are provided on an actuarial basis, and calculated for the Company as a whole rather than each of the individual employees, the said liabilities pertaining specifically to KMP are not known and hence, not included in the above table.

29. Financial and capital risk

29.1 Financial risk

The business activities of the Company expose it to a variety of financial risks, namely market risks (that is, foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's risk management focus on the un-predictability of these elements and seek to minimize the potential adverse effects on its financial performance. Further, the Company uses certain derivative financial instruments to mitigate some of these risk exposure.



The financial risk management for the Company is driven by the Company's senior management ('CSM'), in close co-ordination with the operating entities and internal / external experts subject to necessary supervision. The Company does not undertake any speculative transactions either through derivatives or otherwise. The CSM are accountable to the Board of Directors ('BOD') and Audit Committee. They ensure that the Company's financial risk-taking activities are governed by appropriate financial risk governance frame work, policies and procedures. The BOD periodically reviews the exposures to financial risks, and the measures taken for risk mitigation and the results thereof.

(i) Foreign currency risk

Foreign exchange risk arises on all recognised monetary assets and liabilities, and any highly probable forecasted transactions, which are denominated in a currency other than the functional currency of the Company. The Company has foreign currency trade payables and receivables. Foreign exchange exposure arises from trade receivables and trade payables denominated in foreign currencies.

The foreign exchange risk management policy of the Company requires it to manage the foreign exchange risk by transacting as far as possible in the functional currency. Moreover, the Company monitors the movements in currencies in which the vendors are payable and manage any related foreign exchange risk, which inter-alia include entering into foreign exchange derivative contracts - as considered appropriate and whenever necessary.

Foreign currency sensitivity

The impact of foreign exchange sensitivity on profit for the year and other comprehensive income is given in the table below:

	Change in currency exchange rate	Effect on profit before tax
For the year ended March 31, 2019		
US Dollars	+5%	14
US Dollars	-5%	(14)
For the year ended March 31, 2018		
US Dollars	+5%	7
US Dollars	-5%	(7)

The sensitivity disclosed in the above table is mainly attributable to, in case of foreign exchange gains / (losses) on translation of USD denominated trade and other receivables and trade and other payables.

The above sensitivity analysis is based on a reasonably possible change in the under-lying foreign currency against the respective functional currency while assuming all other variables to be constant.



Based on the movements in the foreign exchange rates historically and the prevailing market conditions as at the reporting date, the Company's management has concluded that the above mentioned rates used for sensitivity are reasonable benchmarks.

(ii) Credit risk

Credit risk refers to the risk of default on its obligation by the counter-party, the risk of deterioration of credit-worthiness of the counter-party as well as concentration risks of financial assets, and thereby exposing the Company to potential financial losses.

The Company is exposed to credit risk mainly with respect to trade receivables.

Trade receivables

The trade receivables of the Company are typically non-interest bearing un-secured and derived from sales made to a number of independent customers including group entities. Majority of the revenue is earned from the related parties (refer note 28). The credit period provided by the Company to its customers generally ranges between 0-90 days.

For details of trade receivables from related-parties, refer note 28.

The Company uses a provision matrix to measure the expected credit loss of trade receivables, which comprise of other small balances. Based on the industry practices and the business environment in which the entity operates, management considers the trade receivables are credit impaired individually on case to case basis (except receivables from related parties)

	Neither past due nor impaired (excluding unbilled)	Past due but not impaired				Total
		Less than 30 days	30 to 60 days	60 to 90 days	above 90 days	
Trade Receivables as of March 31, 2019	1,407	1,116	856	385	2,170	5,934
Trade Receivables as of March 31, 2018	905	240	202	182	189	1,718

The Company performs on going credit evaluations of its customers' financial condition and monitors the Credit worthiness of its customers to which it grants credit in the ordinary course of business. Consequently, the allowance for impairment of trade receivables is created to the extent and as and when required, based upon the expected collectability of accounts receivables.



(iii) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. Accordingly, as a prudent liquidity risk management measure, the Company closely monitors its liquidity position and deploys a robust cash management system. To manage liquidity risk, the company monitors its net operating cash flows and maintains an adequate level of cash and cash equivalents to finance the Company's operation and mitigate the effects of fluctuations in cash flows.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments: -

Particulars	As of March 31, 2019						Total
	Carrying amount	On Demand	Less than 6 months	6 to 12 months	1 to 2 years	> 2 years	
Borrowings	8,268	8,268	-	-	-	-	8,268
Other financial liabilities	4,957	-	4,886	-	-	71	4,957
Trade payables	1,658	-	1,658	-	-	-	1,658
Financial liabilities	14,883	8,268	6,544	-	-	71	14,883

Particulars	As of March 31, 2018						Total
	Carrying amount	On Demand	Less than 6 months	6 to 12 months	1 to 2 years	> 2 years	
Borrowings	3,941	3,941	-	-	-	-	3,941
Other financial liabilities	3,163	-	152	-	2,948	63	3,163
Trade payables	1,669	-	1,669	-	-	-	1,669
Financial liabilities	8,773	3,941	1,821	-	2,948	63	8,773

The following table provides the reconciliation of liabilities whose net cash flow movements are disclosed as part of financing activities of statement of cash flows:

	April 1 '2018	Cash flows	Non cash changes	March 31' 2019
Borrowings		3,941	4,327	8,268

	April 1 '2017	Cash flows	Non cash changes	March 31' 2018
Borrowings		3,160	781	3,941

29.2 Capital Risk

The Company's objective while managing capital is to safeguard its ability to continue as a going concern (so that it is enabled to provide returns and create value for its shareholders, and benefits for other stakeholders), support business stability and growth, ensure adherence to the covenants and restrictions imposed by lenders and / or relevant laws and regulations, and maintain an optimal and efficient capital structure so as to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may issue new shares, etc.

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The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions or its business requirements.

	As of	
	March 31, 2019	March 31, 2018
Borrowings	8,268	3,941
Less: Cash and Cash Equivalents	41	8
Net Debt	8,227	3,933
Equity	468	(6)
Total Capital	468	(6)
Capital and Net Debt	8,695	3,927
Gearing Ratio	95%	100%

30. Fair Value of financial assets and liabilities

The category wise details as to the carrying value and fair value of the Company's financial instruments are as follows:

	Level	Carrying value as of		Fair value as of	
		31 March 2019	31 March 2018	31 March 2019	31 March 2018
Financial assets					
FVTPL					
Investments	Level 2	4	4	4	4
Amortised cost					
Trade receivables		5,934	1,718	5,934	1,718
Cash and cash equivalents		41	8	41	8
Other financial assets		49	18	49	18
		<u>6,028</u>	<u>1,747</u>	<u>6,028</u>	<u>1,747</u>
Financial liabilities					
Amortised cost					
Borrowings		8,268	3,941	8,268	3,941
Trade payables		1,658	1,669	1,658	1,669
Other financial liabilities		4,957	3,163	4,957	3,163
		<u>14,883</u>	<u>8,773</u>	<u>14,883</u>	<u>8,773</u>

The following methods / assumptions were used to estimate the fair values.

- i. The carrying value of trade receivables, trade payable, short term borrowings, other current financial assets and liabilities approximate their fair value mainly due to the short- term maturities of these instruments.
- ii. The fair value of non-current financial assets and liabilities is estimated by discounting future cash flows using current rates applicable to instruments with similar terms, currency, credit risk and remaining maturities.



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During the year ended March 31, 2019 and 2018, there were no transfers between Level 1 and Level 2 fair value measurements. None of the financial assets and financial liabilities are in Level 3.

31. The Company earned a profit for the financial year ended March 31, 2019 of Rs. 475 Mn (2017-18: Rs. 238 Mn) and as at that date, the current liabilities exceeded its current assets by Rs. 8,724 Mn (2017-18: Rs. 7,258 Mn) which includes deferred revenue of Rs. 87 Mn (2017-18: Rs. 240 Mn).

Management has undertaken key initiatives to improve the profitability and reduce current assets and liability mismatch. These initiatives include rationalization of pass through charges and cost structure, negotiating the credit terms of capex vendors. Given its profile and past experience; Management expects that it will be able to access various source of funds (viz. banks / shareholders as deemed fit) as and to the extent required.

The financial statements are prepared on the basis of accounting policies applicable to a going concern assumption. In making its assessment, management acknowledges that the ability of the Company to continue as a going concern is dependent on the generation of sufficient profits, positive cash flows and the continued support of shareholders as and when required in the future.

