

NETWORK i2i LIMITED
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
MARCH 31, 2019

NETWORK i2i LIMITED

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NETWORK i2i LIMITED
CORPORATE INFORMATION

Date of Appointment

DIRECTORS

Bashirali Abdulla Currimjee	February 09, 2001
Jantina Catharina Van De Vreede	May 22, 2013
Naushad Ally Sohoboo	September 06, 2013
Ajay Chitkara	August 24, 2015
Rajvardhan Singh Bhullar	April 18, 2016
Sarvjit Singh Dhillon	June 01, 2017

**ADMINISTRATOR
AND SECRETARY**

IQ EQ Corporate Services Mauritius Ltd.
(formerly known as SGG Corporate Services (Mauritius) Ltd.)
33 Edith Cavell Street
Port Louis, 11324
Mauritius

REGISTERED OFFICE
(As from 04 April, 2019)

C/o IQ EQ Corporate Services Mauritius Ltd.
33 Edith Cavell Street
Port Louis, 11324
Mauritius

(Upto 03 April, 2019)

C/o SGG Corporate Services (Mauritius) Ltd
33 Edith Cavell Street
Port Louis, 11324
Mauritius

BANKERS

JPMorgan Chase Bank, N.A.
Northeast Market
P O Box 659754
San Antonio, TX 78265 – 9754
United States of America

Standard Chartered Bank (Mauritius) Limited
19 Bank Street, 6th floor, Standard Chartered Tower,
Cybercity, Ebene, Mauritius – 72201

BNP Paribas,
The Netherlands
Herengracht, 595 1017,
CE Amsterdam

AUDITOR

Deloitte
7th-8th Floor, Standard Chartered Tower,
19-21 Bank Street, Cybercity,
Ebene, 72201, Mauritius

NETWORK i2i LIMITED
COMMENTARY OF THE DIRECTORS

The directors present their commentary, together with the audited financial statements of Network i2i Limited (the "Company") for the year ended March 31, 2019.

PRINCIPAL ACTIVITY

The principal activity of the Company is the operation and provision of telecommunication facilities and services utilising a network of submarine cable systems and associated terrestrial capacity. The network consists of a 3,200 kilometer cable link between Singapore and India. The Company sells, leases or otherwise provides wholesale bandwidth and related telecommunication services to carrier customers. It also act as investment holding entity.

RESULTS AND DIVIDENDS

The directors do not recommend the payment of any dividend for the year (2018: Nil).

DIRECTORS

The present membership of the Board is set out on page 3.

DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The Company's directors are responsible for the preparation and fair presentation of the financial statements, comprising the statement of financial position at March 31, 2019, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards and comply with the Mauritius Companies Act 2001; and for such internal control the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors have made an assessment of the Company's ability to continue as a going concern and have no reason to believe the business will not be a going concern in the year ahead.

AUDITOR

The Board of directors has recommended the appointment of Deloitte as auditor for the year 2019-20. Deloitte has confirmed its willingness / eligibility to continue in office and a resolution concerning its re-appointment will be proposed at the next Annual General Meeting of shareholder.



Director



Director



Secretary's certificate

Under section 166 (d) of the Mauritian Companies Act 2001

We certify, to the best of our knowledge and belief, that the Company have filed with the Registrar of Companies, all such returns as are required of Network i2i Limited under the Mauritian Companies Act 2001 for the financial year ended 31 March 2019.

IQ EQ Corporate Services (Mauritius) Ltd
Corporate secretary

Date: September 4, 2019

IQ EQ Corporate Services (Mauritius) Ltd, 33, Edith Cavell Street, Port-Louis, 11324, Mauritius

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Incorporated in Mauritius No: BRN C09004928.

Independent Auditor's Report

Independent auditor's report to the Shareholder of Network i2i Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of **Network i2i Limited** (the "Company") set out on pages 10 to 55, which comprise the statement of financial position as at 31 March 2019, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2019, and of its financial performance and cash flows for the year then ended in compliance with the requirements of the Mauritius Companies Act 2001 in so far as applicable to Category 1 Global Business Licence companies, as described in note 2.1 to the financial statements.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter – Basis of preparation

We draw attention to note 2.1 to the financial statements, which describes the basis of preparation of the financial statements in accordance with the requirements of the Mauritius Companies Act 2001 in so far as applicable to Category 1 Global Business Licence companies. Our opinion is not modified in respect of this matter.

Report on other legal and regulatory requirements

Mauritius Companies Act 2001

In accordance with the requirements of the Mauritius Companies Act 2001, we report as follows:

- we have no relationship with, or interest in, the Company other than in our capacity as auditor;
- we have obtained all information and explanations that we have required; and
- in our opinion, proper accounting records have been kept by the Company as far as appears from our examination of those records.

Other information

The directors are responsible for the other information. The other information comprises the Corporate Information, Commentary of the directors and Certificate from the secretary, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance or conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of directors for the financial statements

The directors are responsible for the preparation and fair presentation of the financial statements in compliance with the requirements of the Mauritius Companies Act 2001 in so far as applicable to Category 1 Global Business Licence companies and they are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Independent auditor's report to the Shareholder of Network i2i Limited (Cont'd)

Responsibilities of directors for the financial statements (cont'd)

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

This report is made solely to the Company's shareholder, as a body, in accordance with the Mauritius Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's shareholder those matters we are required to state to the shareholder in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholder as a body, for our audit work, for this report, or for the opinions we have formed.



Deloitte

Chartered Accountants



Vishal Agrawal, FCA

Licensed by FRC

04 September 2019

NETWORK 121 LIMITED
STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED MARCH 31, 2019
(All amounts are in USD)


	Notes	For the year ended	
		March 31, 2019	March 31, 2018
Income			
Revenue	5	74,412,511	66,385,530
		<u>74,412,511</u>	<u>66,385,530</u>
Expenses			
Operating expenses	6	(17,367,032)	(11,107,748)
Depreciation and amortisation	10&11	(14,474,177)	(15,447,410)
		<u>(31,841,209)</u>	<u>(26,555,158)</u>
Profit before finance costs, finance income and tax		42,571,302	39,830,372
Finance costs	7	(48,442,055)	(2,010,392)
Finance income	8	11,059,070	7,660,825
		<u>5,188,317</u>	<u>45,480,805</u>
Profit before tax		5,188,317	45,480,805
Income tax expense	9	(441,064)	(1,363,236)
		<u>4,747,253</u>	<u>44,117,569</u>
Profit for the year		4,747,253	44,117,569
Other comprehensive income		-	-
Total comprehensive income for the year		4,747,253	44,117,569

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

NETWORK I2I LIMITED
STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2019
(All amounts are in USD)

	Notes	As of	
		March 31, 2019	March 31, 2018
ASSETS			
Non-current assets			
Plant and equipment	10	43,688,914	45,488,351
Capital Work in progress		4,867,465	10,013,111
Intangible assets	11	170,759,891	80,554,822
Investments	12	2,880,850,140	712,100,000
Deferred tax asset	9	2,339,901	1,355,464
Other non-financial assets	13	12,746,303	3,641,016
		3,115,252,614	853,152,764
Current assets			
Loan to related parties	25	301,465,664	1,195,121,156
Prepayment and other assets	14	2,581,081	4,202,369
Trade receivables	15	23,064,471	26,269,319
Cash and cash equivalents	16	2,667,633	401,283,427
Interest accrued on investment		-	50,000
		329,778,849	1,626,926,271
Total assets		3,445,031,463	2,480,079,035
EQUITY AND LIABILITIES			
Equity			
Stated capital	17	1,267,427,896	1,267,427,896
Retained earnings		326,679,343	405,330,765
Total equity		1,594,107,239	1,672,758,661
Non-current liability			
Borrowings	18	939,742,925	-
Derivative financial liability	19	318,600	-
Deferred revenue	5	109,912,391	128,672,415
Other financial liabilities	20	420,082,397	400,109,081
		1,470,056,313	528,781,496
Current liabilities			
Trade and other payables	21	25,130,715	18,621,084
Deferred revenue	5	19,616,922	19,624,545
Borrowings	18	330,435,954	235,175,000
Accrued operating expenses		5,551,818	5,038,285
Income tax payable	9	132,502	79,964
		380,867,911	278,538,878
Total liabilities		1,850,924,224	807,320,374
Total equity and liabilities		3,445,031,463	2,480,079,035

Approved by the Board of directors on September 4, 2019 and signed on its behalf by:



 Director



 Director

NETWORK I2I LIMITED
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2019
(All amounts are in USD)

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

	Stated Capital		Retained earnings	Total
	No of shares	Amount		
At March 31, 2017	817,427,896	\$17,427,896	361,213,196	1,178,641,092
Issue of shares	450,000,000	450,000,000	-	450,000,000
Profit for the year	-	-	44,117,569	44,117,569
Total comprehensive income for the year	-	-	44,117,569	44,117,569
At March 31, 2018	1,267,427,896	1,267,427,896	405,330,765	1,672,758,661
Common control Transaction	-	-	(83,398,675)	(83,398,675)
Profit for the year	-	-	4,747,253	4,747,253
Total comprehensive income for the year	-	-	4,747,253	4,747,253
At March 31, 2019	1,267,427,896	1,267,427,896	326,679,343	1,594,107,239

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

NETWORK i2i LIMITED
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2019
(All amounts are In USD)

	For the year ended	
	March 31, 2019	March 31, 2018
Operating activities		
Profit before tax	5,188,317	45,480,805
Adjustments for :		
Depreciation and amortisation	14,474,177	15,447,410
Finance costs	48,442,055	2,010,392
Finance income	(11,059,070)	(7,660,825)
Provision for doubtful debt	(68,302)	658,308
Operating cash flows before changes in working capital	56,977,177	55,936,090
Changes in working capital		
Trade and other receivables and prepayments	(4,210,849)	(2,198,572)
Trade and other payables	(3,995,850)	(2,131,252)
Deferred revenue	(18,767,647)	(9,822,127)
Accrued operating expenses	513,533	(5,136,454)
	30,516,364	36,647,685
Interest received	1,592,214	4,530,556
Income tax paid	(1,372,963)	(1,042,975)
Net cash flows from operating activities (a)	30,735,615	40,135,266
Investing activities		
Purchase of plant and equipment	(1,573,446)	(8,819,800)
Purchase of intangible assets	(98,160,621)	(18,040,888)
Advance against agreement to sell investment	-	400,109,081
Loan to related parties	(474,755,000)	(730,751,041)
Repayment of loan to related parties	63,169,728	464,879,445
Investment in subsidiaries #	(937,391,195)	(415,900,000)
Net cash flows used in investing activities (b)	(1,448,710,534)	(308,523,203)
Financing activities		
Proceeds from borrowings	1,107,917,894	205,700,000
Repayment of borrowings	(73,239,046)	(1,525,000)
Proceeds from issue of shares	-	450,000,000
Interest paid	(15,319,723)	(129,180)
Net cash flows generated from financing activities (c)	1,019,359,125	654,045,820
Net (decrease)/increase in cash and cash equivalents (a+b+c)	(398,615,794)	385,657,882
Cash and cash equivalents at beginning of the year	401,283,427	15,625,545
Cash and cash equivalents at the end of the year	2,667,633	401,283,427

Non cash transaction

Refer footnote in Note 12 for the non-cash acquisition of investment

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

1 Corporate information

Network i2i Limited (the 'Company') is domiciled and incorporated in Mauritius under the Companies Act 2001 as a private company limited by shares. The address of its registered office is 33 Edith Cavell Street, Port Louis, 11324, Mauritius.

The principal activity of the Company is the operation and provision of telecommunication facilities and services utilising a network of submarine cable systems and associated terrestrial capacity. The network consists of a 3,200 kilometre cable link between Singapore and India. The Company sells, leases or otherwise provides wholesale bandwidth and related telecommunication services to carrier customers. It also act as investment holding entity. The financial statements were authorised for issue in accordance with a resolution of the Board of directors on the date stamped on page 11.

The Company is a wholly owned subsidiary of Bharti Airtel Limited, a listed company incorporated in India.

2.1 Basis of preparation

The financial statements have been prepared in accordance with the Mauritius Companies Act 2001 for companies holding a Category 1 Global Business Licence. The directors have considered the exemption available under Section 12 of the Fourteenth Schedule of the Mauritius Companies Act 2001. The Company has not prepared group financial statements as required by IFRS 10, Consolidated Financial Statements, and these financial statements have been prepared under the historical cost convention and in accordance with International Financial Reporting Standards (IFRS) on a stand-alone basis.

The financial statements of the Company have been prepared under the historical cost convention and are presented in United States Dollars ("USD"), which is the Company's functional currency.

The preparation of financial statements in accordance with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the reporting date and the reported amounts of revenues and expenses during the reporting year. Although these estimates are based on management's knowledge of current events and actions, actual results ultimately may differ from those estimates. Revision to accounting estimates are recognised in the year in which the estimate is revised, if the revision affects only that year or in the year of revision and future years, if the revision affects both current and future years (refer Note 4 on Significant accounting judgements, estimates and assumptions).

Previous year figures have been re-grouped, wherever necessary to conform to current year's classification. The significant accounting policies used in preparation of the financial statements are set out in below Note 2.2 of the notes to the financial statements.

2.2 Summary of significant accounting policies

a. Property, Plant and equipment ('PPE')

An item of PPE 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), 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 property, plant and equipment are required to be replaced in 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 comprehensive income in the period 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 is calculated on a straight line basis over the useful life of the asset as follows:

Categories	Years
Cable network and related assets	7 to 25 years
Other equipment	7 to 10 years
Computer equipment	3 years
Synchronous digital hierarchy	8 years

An item of plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on

derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss when the asset is derecognised.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

During the year ended March 31, 2019, the Company has reassessed useful life of certain categories of network assets based on internal assessment and technical evaluation, and accordingly has revised the estimate of its useful life from 18 years to 25 years in respect of those assets. The impact of above change on the depreciation charge for the current and future years profit are as follows:

Increase/(Decrease)	For the Year Ended				Future period till end of life
	March 31, 2019	March 31, 2020	March 31, 2021	March 31, 2022	
In depreciation charge	(3,251,742)	(3,266,013)	(3,260,651)	(3,251,742)	13,030,149

b. 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 impairment losses. Amortisation is computed using the straight-line method over the expected useful life of intangible assets.

Bandwidth

Payments for bandwidth capacities are classified as pre-payments in service arrangements or under certain conditions as an acquisition of a right. In the latter case it is accounted for as an intangible asset and the cost is amortised on a straight line basis over its useful life of 15 years.

c. Investment in subsidiaries

A subsidiary is an investee controlled by the Company. Control exists when it has power over the entity, is exposed, or has right to variable returns from its involvement with the entity and has ability to affect those returns by using its power over entity.

The Company recognises its investment in subsidiaries at cost less any impairment losses, if any. 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).

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to Statement of Comprehensive Income.

d. Impairment of non-financial assets

The carrying amount of assets are reviewed for impairment, whenever event or changes in circumstances indicate that the carrying amount may not be recoverable. Such circumstances include, though are not limited to, significant or sustained decline in revenue or earnings and material adverse changes in the economic environment. If any indication exists, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or 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 a 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 to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

Impairment losses of continuing operations are recognised in profit or loss in those expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

e. Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, call deposits, and other short term highly liquid investments with an original maturity of three months or less that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

F. 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 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 as 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.

The effect on adoption IFRS 9 Financial Instruments is insignificant on these financial statements.

B. Measurement - Non-derivative financial instruments

I. Initial measurement

At initial recognition, the Company measures the non-derivative financial instruments (except off-market financial guarantee) at its fair value plus, in the case of a financial instruments not at fair value through profit or loss, transaction costs. Otherwise transaction costs are expensed in the statement of profit and loss. Any off-market financial guarantees, issued in relation to obligations of subsidiaries, are initially recognised at fair value (as part of the cost of the investment in the subsidiary).

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.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit impaired financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit loss through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit adjusted effective interests rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Company recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

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) and dividend 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.

iii. 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.

iv. Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in equity instruments revaluation reserve is

reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

III. Subsequent measurement - financial liabilities

Any off-market financial guarantees are amortised over the life of the guarantee and are measured at each reporting date at the higher of (i) the remaining unamortised balance of the amount at initial recognition and (ii) the best estimate of expenditure required to settle the obligation at the end of the reporting period. Other financial liabilities are subsequently measured at amortised cost using the EIR method (if the impact of discounting / any transaction costs is significant).

(i) Financial liabilities measured subsequently at amortised cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

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

(ii) Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in profit or loss.

(iii) Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

C. Measurement - derivative financial instruments

Derivative financial instruments are classified as financial instruments at fair value through profit or loss - Held for trading. Such derivative financial instruments are initially recognised at fair value. They are subsequently measured at their fair value, with changes in fair value being recognised in the statement of profit and loss within finance income / finance costs.

g. Common control transactions

Business Combinations arising from transfers of interest 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 assets and liabilities of the interest acquired / disposed is recorded in retained earnings, a component of equity.

h. Foreign currency transactions

(i) Functional currency

The Financial Statements are presented in Unites States Dollars ("USD) which is the functional and presentation currency of the company.

(ii) Transactions and balances

Transactions in foreign currencies are initially recorded by the Company at the functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rate of exchange at the reporting date with resulting exchange difference recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items is treated in line with the recognition of gain or loss of the item that gave rise to such exchange difference (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

i. Revenue recognition

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 and discounts.

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.

(i) Service revenues

The Company has entered into certain Indefeasible Right of Use (“IRU”) agreements. An IRU is a right to use a specified amount of capacity for a specific time period that cannot be revoked or voided.

Revenue from IRU agreements is recognised over the period of agreement.

IRU agreements that transfer substantially all the risks and rewards of ownership to the lessee, and provide for the transfer of ownership of the assets to the lessee by the end of the lease term at a nominal price, are classified as sales-type leases. Other IRU leases are classified as operating leases.

Revenue from sales-type leases is recognised in the period that the IRUs are transferred and capacity is available for service. The costs attributable to capacity sold under sales-type lease contracts are accordingly recognised in operating expenses.

Amounts received or contractually receivable as per the agreement in excess of revenue recognised are recorded as deferred revenue in the statement of financial position. Costs of the network relating to IRU agreements are included as plant and equipment and depreciated over the economic useful life of the network.

Operation and maintenance revenues are recognised upon performance of services. Sales are shown net of sales taxes and discounts.

Deferred revenue includes amount billed to customers upfront relating to IRU arrangements which are recognised over the period of the arrangements.

(ii) Equipment sales

Equipment sales mainly pertain to sale of telecommunication equipment and related accessories for which revenue is recognised when the control of equipment is transferred to the customer i.e. transferred at a point in time.

(iii) **Interest income**

For all financial instruments measured at amortised cost, interest income is recognised using the effective interest rate, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in profit or loss.

j. Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current income tax relating to items recognised directly in equity is recognised in equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future,

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

k. 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 under obligation.

l. Share capital and issue expenses

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

m. Related Parties

Related parties are individuals and companies where the individual or company has the ability, directly or indirectly, to control the other party or exercise significant influence over the party in making financial and operating policy decisions.

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)

In the current year, the company has applied all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB that are relevant to its operations and effective for accounting periods beginning on or after 01 April 2018.

3.1 New and revised IFRSs applied for the current year

Impact of initial application of IFRS 9: Financial Instruments

In the current year, the Company has applied IFRS 9 Financial Instruments (as revised in July 2014) and the related consequential amendments to other IFRS Standards that are effective for an annual period that begins on or after 1 January 2018. The transition provisions of IFRS 9 allow an entity not to restate comparatives. The Company has applied IFRS 9 in accordance with the transitional provisions set out in IFRS 9.

Additionally, the Company adopted consequential amendments to IFRS 7 Financial Instruments: Disclosures that were applied to the disclosures for 2018 and to the comparative period.

IFRS 9 introduced new requirements for:

- a) The classification and measurement of financial assets;
- b) Impairment of financial assets;
- c) The classification and measurement of financial liabilities; and
- d) General hedge accounting

Details of these new requirements as well as their impact on the Company's financial statements are described below.

(a) Classification and measurement of financial assets

The date of initial application (i.e. the date on which the Company has assessed its existing financial assets and financial liabilities in terms of the requirements of IFRS 9) is 1 April 2018. Accordingly, the Company has applied the requirements of IFRS 9 to instruments that continue to be recognised as at 1 April 2018 and has not applied the requirements to instruments that have already been derecognised as at 1 April 2018.

All recognised financial assets that are within the scope of IFRS 9 are required to be measured subsequently at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets, specifically:

- debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at amortised cost.
- debt instruments that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are solely payments of

principal and interest on the principal amount outstanding, are measured subsequently at fair value through other comprehensive income (FVTOCI).

- all other debt investments and equity investments are measured subsequently at fair value through profit or loss (FVTPL).

Despite the foregoing, the Company may make the following irrecoverable election/ designation at initial recognition of a financial asset:

- the Company may irrecoverably elect to present subsequent changes in fair value of an equity investment that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination in other comprehensive income; and
- the Company may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL, if doing so eliminates or significantly reduces an accounting mismatch.

In the current year, the Company has not designated any debt investments that meet the amortised cost or FVTOCI criteria as measured at FVTPL.

When a debt investment measured at FVTOCI is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. When an equity investment designated as measured at FVTOCI is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is subsequently transferred to retained earnings.

Debt instruments that are measured subsequently at amortised cost or at FVTOCI are subject to impairment. See (b) below.

The directors of the Company reviewed and assessed the Company's existing financial assets as at 1 April 2018 based on the facts and circumstances that existed at that date and concluded that the initial application of IFRS 9 has had no impact on the Company's financial assets as regards their classification and measurement.

(b) Impairment of financial assets

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires the Company to account

for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Specifically, IFRS 9 requires the Company to recognise a loss allowance for expected credit losses on:

- Debt instruments measured subsequently at amortised cost or at FVTOCI;
- Lease receivables;
- Trade receivables and contract assets; and
- Financial guarantee contracts to which the impairment requirements of IFRS 9 apply.

In particular, IFRS 9 requires the Company to measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses (ECL) if the credit risk on that financial instrument has increased significantly since initial recognition, or if the financial instrument is a purchased or originated credit impaired financial asset.

However, if the credit risk on a financial instrument has not increased significantly since initial recognition, the Company is required to measure the loss allowance for that financial instrument at an amount equal to 12-month ECL. IFRS 9 also requires a simplified approach for measuring the loss allowance at an amount equal to lifetime ECL for trade receivables, contract assets and lease receivables in certain circumstances.

The result of the assessment is as follows:

On items existing at 1 April 2018, that are subject to the impairment provision of IFRS 9,

Items existing at 01 April 2018 that are subject to the impairment provision of IFRS 9	Credit risk attributes at 01 April 2018	01 April 2018
Loan to related parties	The loan to related parties are assessed to have low credit risk at each reporting date as they are due from group companies which have low risk of default and are considered to have strong capacity to meet their obligations in the short term.	No impact
Trade receivables	The trade receivables are assessed to have a low credit risk at each reporting date as the risk of default is low and the debtors are considered to have a strong capacity to meet their obligations in the short term.	No impact
Cash at bank	All bank balances are assessed to have low credit risk at each reporting date as they are held with reputable financial institutions.	No impact as the 12 months ECL is not material

(c) Classification and measurement of financial liabilities

A significant change introduced by IFRS 9 in the classification and measurement of financial liabilities relates to the accounting for changes in the fair value of a financial liability designated at FVTPL attributable to changes in the credit risk of the issuer.

Specifically, IFRS 9 requires that the changes in the fair value of the financial liability that is attributable to changes in the credit risk of that liability be presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss, but are instead transferred to retained earnings when the financial liability is derecognised. Previously, under IAS 39, the entire amount of the change in the fair value of the financial liability designated as at FVTPL was presented in profit or loss.

The application of IFRS 9 has had no impact on the classification and measurement of the Company's financial liabilities.

(d) General hedge accounting

The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about the Company's risk management activities have also been introduced.

This change in general hedge accounting has no impact on the Company's financial statement.

Impact of application of IFRS 15 Revenue from contracts with customers

In the current year, the Company has applied IFRS 15 Revenue from Contracts with Customers (as amended in April 2016) which is effective for an annual period that begins on or after 1 January 2018. IFRS 15 introduced a 5-Step approach to revenue recognition. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios.

Effective April 1, 2018, the Company has adopted IFRS 15, 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.

Details of the new requirements as well as their impact on the Company's financial statements are described below

The Company has applied IFRS 15 in accordance with the fully retrospective transitional approach without using the practical expedients for completed contracts in IFRS 15: C5(a), and (b), or for modified contracts in IFRS 15: C5(c) but using the expedient in IFRS 15: C5(d) allowing both non-disclosure of the amount of the transaction price allocated to the remaining performance obligations, and an explanation of when it expects to recognise that amount as revenue for all reporting periods presented before the date of initial application, i.e. 1 January 2018.

IFRS 15 uses the terms 'contract asset' and 'contract liability' to describe what might more commonly be known as 'accrued revenue' and 'deferred revenue', however the Standard does not prohibit an entity from using alternative descriptions in the statement of financial position. The Company has adopted the terminology used in IFRS 15 to describe such balances.

3.2 Revised standards applied with no material effect on the financial statement

The following relevant standards have been applied in these financial statements. Their application has not had any significant impact on the amounts reported for the current and prior periods but may affect the accounting for future transactions or arrangements.

IAS 39	Financial Instruments: Recognition and Measurement - Amendments to permit an entity to elect to continue to apply the hedge accounting requirements in IAS 39 for a fair value hedge of the interest rate exposure of a portion of a portfolio of financial assets or financial liabilities when IFRS 9 is applied, and to extend the fair value option to certain contracts that meet the 'own use' scope exception
IFRS 7	Financial instruments: Disclosures - Additional hedge accounting disclosures (and consequential amendments) resulting from the introduction of the hedge accounting chapter in IFRS 9
IFRIC 22	Foreign Currency Transactions and Advance Consideration

3.3 Standards, amendments and interpretations to existing standards in issue but not yet effective

At the date of authorisation of these financial statements, the following relevant Standards and Interpretations were in issue but effective on annual periods beginning on or after the respective dates as indicated:

IAS 1	Presentation of Financial Statements - Amendments regarding the definition of material (effective 1 January 2020)
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors - Amendments regarding the definition of material (effective 1 January 2020)
IAS 12	Income Taxes - Amendments resulting from Annual Improvements to 2015-2017 Cycle (income tax consequences of dividends) (effective 1 January 2019)
IFRS 9	Financial Instruments - Amendments regarding prepayment features with negative compensation and modifications of financial liabilities (effective 1 January 2019)
IFRS 16	Lease – Original Issue (effective 1 January 2019)
IFRIC 23	Uncertainty over Income Tax Treatments (effective 1 January 2019)

The directors anticipate that these IFRSs will be applied on their effective dates in future periods. The directors have not yet assessed the potential impact of the application of these amendments.

4. Significant accounting judgements, estimates and assumptions

Significant accounting judgements in applying the Company's accounting policies

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts recognised in the financial statements. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Judgements

In the process of applying the Company's accounting policies, which are described in Note 2.2, the directors have made the following judgements that have the most significant effect on the amounts recognised in the financial statements:

Determination of functional currency

The Company has determined its functional currency as USD which being the currency of the primary economic environment in which it operates. The management have considered the factors as prescribed in IAS 21 "The effects of changes in foreign exchange rates" for determining the functional currency. The items included in the financial statements are measured using that functional currency.

Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, and over the recognition of deferred taxes. 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 together with future tax planning strategies.

Credit Risk

As explained in note 3.1(b), the directors have assessed the credit risk for the financial assets listed below:

- Trade receivable
- Cash at bank
- Loan to related parties

Provision for ECL has been disclosed in Note 15, Note 16 and Note 26.

Plant and Equipment

Refer note 2.2 (a) for the estimated useful life of Plant and equipment. The carrying value of plant and equipment has been disclosed in note 10. Management has reviewed the asset's residual value, useful lives and method of depreciation and there are no significant changes.

Intangible Assets

Refer note 2.2 (b) for the estimated useful life of Intangible assets. The carrying value of intangible assets has been disclosed in note 11.

Impairment reviews

The Company conducts impairment reviews of investments in subsidiaries whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. Determining whether an asset is impaired requires an estimation of the recoverable amount, which requires the Company to estimate the value in use which base on future cash flows, after taking into account past experience management's best estimate about future developments. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The Company uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

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

NETWORK 12i LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019
(All amounts are in USD; unless stated otherwise)

5. Revenue

Revenue is disaggregated by timing of revenue recognition:-

Timing of Revenue Recognition

	<u>March 31, 2019</u>	<u>March 31, 2018</u>
Services transferred at a point in time	672,062	-
Services transferred over time	73,740,449	66,385,530
	<u>74,412,511</u>	<u>66,385,530</u>

Contract Balances

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

	<u>As of</u>	
	<u>March 31, 2019</u>	<u>March 31, 2018</u>
Unbilled Revenue (Note 14)	8,565	-
Deferred Revenue		
- Current	19,616,922	19,624,545
- Non-current	109,912,391	128,672,415

6. Operating expenses

	<u>For the year ended</u>	
	<u>March 31, 2019</u>	<u>March 31, 2018</u>
Network operation expenses (net)	14,801,995	9,136,759
Management service fees	786,074	1,060,400
Audit fees*	12,900	12,900
Others	1,766,063	897,689
	<u>17,367,032</u>	<u>11,107,748</u>

*Audit fees includes USD 900 (2018: USD 900) towards out of pocket expenses.

NETWORK IZI LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019
(All amounts are in USD; unless stated otherwise)

7. Finance costs

	For the year ended	
	March 31, 2019	March 31, 2018
Interest expenses	44,972,691	1,881,212
Corporate guarantee fees	3,465,854	-
Bank charges	3,510	129,180
	<u>48,442,055</u>	<u>2,010,392</u>

8. Finance income

	For the year ended	
	March 31, 2019	March 31, 2018
Interest income	10,923,556	7,632,960
Foreign exchange difference (net)	135,514	27,865
	<u>11,059,070</u>	<u>7,660,825</u>

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NETWORK I2I LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019
(All amounts are in USD; unless stated otherwise)

9. Tax Expense

	For the year ended	
	March 31, 2019	March 31, 2018
The major components of the Income Tax Expense are:		
Current income tax	-	872,710
Deferred tax		
- Relating to origination and reversal of temporary differences	151,597	491,074
Tax expense attributable to current year's profit	151,597	1,363,784
Adjustment in respect of income tax of previous year		
- Current income tax	1,425,501	(548)
- Current deferred tax	(1,136,034)	-
	289,467	(548)
Income tax expense recorded in profit or loss	441,064	1,363,236

The company is liable to income tax in Mauritius on the chargeable income at 15%. It is however entitled to a tax credit equivalent to the higher of the foreign tax suffered and 80% of the Mauritian tax chargeable on its foreign source income, thus reducing its maximum effective tax rate to 3% as of March 31, 2019, the company is liable to pay income tax of USD 132,502 (2018: USD 79,964)

The reconciliation between the actual income tax charge and the accounting profit is as follows:

	For the year ended	
	March 31, 2019	March 31, 2018
Profit before tax	5,188,317	45,480,805
Tax at effective rate of 15%	778,248	6,822,121
Tax impact on expenses not deductible for tax purpose	(5,594)	(640)
Adjustment in respect to current income tax of previous years	1,425,501	(548)
Adjustment in respect to deferred tax of previous years	(1,136,034)	-
Foreign tax credit (80%)	(628,760)	(5,457,697)
Income tax expense recognised in profit or loss	433,361	1,363,236

Deferred tax assets and (liabilities) relate to the following:

	As of	
	March 31, 2019	March 31, 2018
Accelerated depreciation for tax purposes	(1,145,188)	(2,507,039)
Deferred revenue	3,330,498	3,835,123
Provision for impairment of debtors and advances	24,390	27,380
Tax losses available for carryforward	130,201	-
Closing balance	2,339,901	1,355,464

Deferred tax expense

	For the year ended	
	March 31, 2019	March 31, 2018
Accelerated depreciation for tax purposes	1,361,851	(223,072)
Deferred revenue	(504,625)	(288,986)
Tax losses available for carryforward	130,201	-
Provision for impairment of debtors and advances	(2,990)	20,984
Total	984,437	(491,074)

NETWORK i2i LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019
 (All amounts are in USD; unless stated otherwise)

10. Plant and equipment

	Plant and equipment		
	Plant and machinery	Computer equipment	Total
<i>Gross Carrying value</i>			
At April 1, 2017	207,252,650	4,885	207,257,535
Additions	9,698,523	-	9,698,523
Disposal/ Adjustment Reclassification	(173,838)	-	(173,838)
At March 31, 2018	216,777,335	4,885	216,782,220
Additions	1,573,446	-	1,573,446
Disposal/ Adjustment	(409,659)	-	(409,659)
At March 31, 2019	217,941,122	4,885	217,946,007
<i>Accumulated Depreciation :</i>			
At April 1, 2017	162,467,006	4,885	162,471,891
Charge	8,821,978	-	8,821,978
At March 31, 2018	171,288,984	4,885	171,293,869
Charge	3,372,883	-	3,372,883
Disposal/ Adjustment	(409,659)	-	(409,659)
At March 31, 2019	174,252,208	4,885	174,257,093
<i>Net book value:</i>			
At March 31, 2018	45,488,351	-	45,488,351
At March 31, 2019	43,688,914	-	43,688,914

The carrying value of capital work-in-progress as at March 31, 2019 and 2018 is USD 4,867,465 and USD 10,013,111 respectively, mainly pertains to plant and equipment.

NETWORK I2I LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019
 (All amounts are in USD, unless stated otherwise)

11. Intangible Asset

	Bandwidth	Intangible assets under development	Total
<i>Gross Carrying value</i>			
At April 1, 2017	88,442,705		88,442,705
Additions	24,370,283		24,370,283
At March 31, 2018	112,812,988		112,812,988
Additions	99,008,511	2,297,852	101,306,363
At March 31, 2019	211,821,499	2,297,852	214,119,351
<i>Accumulated Amortisation:</i>			
At March 31, 2017	25,632,734		25,632,734
Charge	6,625,432		6,625,432
At March 31, 2018	32,258,166		32,258,166
Charge	11,101,294	-	11,101,294
At March 31, 2019	43,359,460	-	43,359,460
<i>Net book value:</i>			
At March 31, 2018	80,554,822	-	80,554,822
At March 31, 2019	168,462,039	2,297,852	170,759,891

12. Investments

	As of	
	March 31, 2019	March 31, 2018
Investment in Subsidiaries, at cost *	2,832,597,046	712,100,000
Other Investments (FVTPL)		
Equity Instruments @	48,253,094	-
	2,880,850,140	712,100,000

* Refer Note -24 A (6) & B(8)

* During the year ended March 31, 2019, the company has made investment of USD 160,000,000 in Bharti Airtel Holding (Mauritius) Limited ("BAHML"), with respect to the underlying investment in Bharti Airtel Ghana Holdings B.V, a joint venture entity held by the Group (under Bharti Airtel Africa B.V.) , and now transferred to its subsidiary Bharti Airtel Overseas (Mauritius) Limited ("BAOML"). Since, this is a common control transaction, investment has been recorded at historical carrying cost. The excess of cost of investments over the amount invested has been recognized in other equity as common control transaction. The said transaction was consummated by the Company assigning the shareholder loan ("SHIL") receivable from its subsidiary Bharti Airtel International (Netherlands) BV ("BAIN") amounting to USD 160,000,000 to its subsidiary viz. Bharti Airtel Holding (Mauritius) Limited ("BAHML") and BAHML in turn assigned the same to its own subsidiary ("BAOML"). The said assignment between Ni2i and BAHML is settled by issuance of 160,000,000 ordinary shares of USD 1 each in BAHML to Ni2i (being the consideration amount). Further, the assignment between BAHML and BAOML is settled by issuance of 160,000,000 ordinary shares of USD 1 each in BAOML to BAHML (being the consideration amount). Further, the Company has invested USD 20,001 in BAHML against its equity shares.

During the year ended March 31, 2019, Airtel Africa Plc ('AAL') became the parent of Bharti Airtel International (Netherlands) B.V. (BAIN) and its subsidiaries by acquiring 100% of the share capital of BAIN and loan from the Company against an aggregated consideration of USD 1,167,757,621. In exchange, 1,167,757,621 equity shares of US\$ 1 each of AAL were issued to Airtel Africa Mauritius Limited ('AAML', a subsidiary of the Company) and AAML then issued equivalent shares to the Company as a settlement of the said assignment. Further, the Company has transferred USD 937,351,184 cash to AAL; against issuance of

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937,351,184 ordinary shares of USD 1 each by AAL to AAML and equivalent shares by AAML to the Company.

@During the financial year, the Bharti Airtel Group has restructured its international holdings, basis of which the Company received investment in Helios Towers Africa Ltd and Tube INC (Data Mi) from Bharti Airtel International (Netherlands) B.V. against a consideration of USD 48,253,094. This being a common control transaction, the excess of carrying value of the investment over the consideration transferred has been recognised in retained earnings. The same have been carried at same value as at March 31, 2019 as there has been no significant change based on relevant data & facts.

Name of company	Country of incorporation	Principal activity	Proportion (%) of ownership interest	
			2019	2018
Investment in subsidiaries				
Bharti International (Singapore) Pte Ltd	Singapore	Investing Holding, Telecommunication services	100%	100%
Bharti Airtel International (Netherlands) B.V.	Netherlands	Holding, Finance Services and Management Services	-	99.99%
Bharti Airtel International (Mauritius) Limited	Mauritius	Investment holding	100%	100%
Bharti Airtel Holding (Mauritius) Limited	Mauritius	Investment Holding	100%	-
Airtel Africa Mauritius Ltd	Mauritius	Investment Holding	100%	-
Airtel Africa Plc.	London	Investment Holding	0%	-
Other Investments (FVTPL)				
Helios Towers Ltd	Mauritius	Passive telecommunication infrastructure	3.26%	-
Tube Incorporated	United States	Software Development	10%	-

13. Others non-financial assets

Non-Current

	As of	
	March 31, 2019	March 31, 2018
Prepaid expenses	4,731,454	3,528,894
Capital advances	8,014,849	-
Restricted assets*	-	112,122
	12,746,303	3,641,016

* It includes taxes paid under protest

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14. Prepayment and other assets

	As of	
	March 31, 2019	March 31, 2018
Prepaid expenses	2,561,996	4,191,975
Employee receivables	10,000	10,000
Unbilled Revenue	8,565	-
Taxes receivables	394	394
Advance to suppliers	126	-
	2,581,081	4,202,369

15. Trade receivables

	As of	
	March 31, 2019	March 31, 2018
Trade receivables:		
- shareholder (Note 25 A)	-	3,670,028
- related parties (Note 25 A)	22,443,063	20,874,780
- third parties	1,360,300	2,531,705
Less: Allowance for doubtful receivables	(738,892)	(807,195)
	23,064,471	26,269,318

	As of	
	March 31, 2019	March 31, 2018
As at March 31, the ageing analysis of trade receivables is as follows:		
Amount neither past due nor impaired	5,329,643	566,941
Trade receivables past due but not impaired:		
Less than 30 days	2,174,199	3,708,738
30 to 60 days	152,582	6,592,648
60 to 90 days	106	785,842
Above 90 days	15,407,941	14,615,149
	23,064,471	26,269,318

	As of	
	March 31, 2019	March 31, 2018
Movement in allowances for doubtful debts		
Balance at April 1	807,195	148,887
Add: Provision for the year	(68,303)	658,308
Less: Reversal of provisions for the previous year	-	-
Balance at March 31	738,892	807,195

Refer note 22(c) for credit risk

Trade receivables are non-interest bearing and generally have up to 30 days terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

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The amount due from related parties is unsecured, interest free and repayable on demand. The amount is expected to be settled in cash.

16. Cash and cash equivalents

	As of	
	March 31, 2019	March 31, 2018
Cash on hand	2	2
Balances with banks		
- On current accounts	2,667,631	1,283,425
- Bank deposits with original maturity of three months or less	-	400,000,000
	2,667,633	401,283,427

All bank balances are assessed to have low credit risk as they are held with reputable financial institutions. No ECL provision has been recognized in respect of these amount as they are not material.

17. Stated Capital

	As of	
	March 31, 2019	March 31, 2018
Authorised shares		
1,267,427,896 (March 31, 2019 - 1,267,427,896) equity shares of USD 1 each	1,267,427,896	1,267,427,896
Issued, Subscribed and fully paid-up shares		
1,267,427,896 (March 31, 2018 - 1,267,427,896) equity shares of USD 1 each	1,267,427,896	1,267,427,896
	1,267,427,896	1,267,427,896

a. Terms / rights attached to equity shares

The Company has only one class of equity shares having par value of USD 1 per share. Each holder of equity share is entitled to cast one vote per share.

b. Details of shareholders

	As of			
	March 31, 2019		March 31, 2018	
	No. of Shares	% holding	No. of Shares	% holding
Equity shares of USD 1 each fully paid				
Bharti Airtel Limited	1,267,427,896	100%	1,267,427,896	100%

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NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019
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18. Non-Current Borrowing

	As of	
	March 31, 2019	March 31, 2018
Unsecured		
Term Loan*	939,742,925	-
	939,742,925	-

Current Borrowing

	As of	
	March 31, 2019	March 31, 2018
Unsecured		
Term Loan*	70,000,000	-
Loan from related parties (refer note 25 A)	260,435,954	235,175,000
	330,435,954	235,175,000

* Guarantee given by Bharti Airtel Limited

18.1.1 Repayment terms of borrowings

The table below summarises the maturity profile of the Group's borrowings:

	As of March 31, 2019				
	Interest rate (range)	Frequency of installments	Number of installments outstanding per facility (range)	Within one year	Between one and two years
Term loans	0.45% - 3.88%	One time	1	70,000,000	939,742,925
Loan from related parties	3.59%-3.89%	One time	1	260,435,954	-

	As of March 31, 2018				
	Interest rate (range)	Frequency of installments	Number of installments outstanding per facility (range)	Within one year	Between one and two years
Loan from related parties	2.70%	One time	1	235,175,000	-

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18.1.2 Interest rate of borrowings

	Weighted average rate of Interest	Total borrowings (Floating Rated)
USD	3.43%	1,270,178,879
March 31, 2019		1,270,178,879

	Weighted average rate of Interest	Total borrowings (Floating Rated)
USD	2.74%	235,175,000
March 31, 2018		235,175,000

19. Non-Current Derivative financial liability

	As of	
	March 31, 2019	March 31, 2018
Non-current Derivative financial liability		
Forward & option contracts	318,600	-

20. Other financial liabilities

Non-current

	As of	
	March 31, 2019	March 31, 2018
Others*	420,082,397	400,109,081
	420,082,397	400,109,081

*It pertains advance received against an agreement to sell investment in associates held via subsidiary Bharti International (Singapore) Pte Ltd, at a future date and is subject to certain customary closing conditions. Further, it is supported by a guarantee by Bharti Airtel Limited which is effective on occurrence of certain contingent conditions.

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21. Trade and other payables:

	As of	
	March 31, 2019	March 31, 2018
Trade payables	602,513	4,294,330
Equipment supply payables	9,584,126	11,584,030
Due to related parties (Note 25 A)	170,331	334,404
Advance received from subscribers	-	334,965
Interest accrued	14,738,326	1,914,341
Other payables	35,389	169,014
	25,130,715	18,621,084

Trade payables are non-interest bearing and are normally settled on 30-day terms.

The amount due to related party is unsecured, interest free and repayable on demand. The amount is expected to be settled in cash.

22. Financial risk management objectives and policies

Financial risk factors

The main risks arising from the Company's financial assets and liabilities are foreign exchange, interest rate, liquidity and credit risks. The overall risk management seeks to minimize potential adverse effects of these risks on the financial performance of the Company. The Company has established risk management policies, guidelines and control procedures to manage its exposure to financial risks.

a) Foreign exchange risk

The foreign exchange risk of the Company arises from operations in foreign currencies which generate revenues and incur costs in non-USD currencies, but the majority of the Company's transactions are denominated in USD.

The Company has liabilities which are denominated mainly in USD, Indian Rupees (INR), JPY, SGD and GBP. Consequently, the Company is exposed to the risk that the exchange rate of the USD relative to the INR and GBP may change in a manner which has a material effect on the reported values of the Company's assets and liabilities.

The following demonstrates the sensitivity in foreign currency to functional currency, with all other variables held constant, of the Company's profit before tax (due to changes in fair value of monetary assets and liabilities).

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	Change in currency exchange rate	Effect on profit before tax
For the year ended March 31, 2019		
GBP	5%	315
	-5%	(315)
JPY	5%	(5,046,357)
	-5%	5,046,357
For the year ended March 31, 2018		
GBP	5%	310
	-5%	(310)
SGD	5%	(16,352)
	-5%	16,352
JPY	5%	(1,945)
	-5%	1,945

Currency profile

The currency profile of the Company's financial assets and liabilities is summarised as follows:

	Financial liabilities March 31, 2019	Financial liabilities March 31, 2018
GBP	6,293	6,196
INR	-	(13,528)
SGD	-	(327,042)
JPY	(100,927,137)	(38,909)
	<u>(100,920,844)</u>	<u>(373,283)</u>

All the financial assets of the Company are in USD

b) Interest rate risk

The Company's significant interest earning financial assets are loans given to related parties. Interest income from these balances may fluctuate in amount, in particular due to changes in market interest rates.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Company's profit before tax (through the impact on floating rate borrowings).

	Change in interest rate (basis points)	Effect on profit before tax
<u>March 31, 2019</u>		
Loans to / from related parties	+20	19,110
	-20	(19,110)
<u>March 31, 2018</u>		
Loans to / from related parties	+20	1,864,173
	-20	(1,864,173)

c) 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.

Financial assets that potentially subject the Company to concentrations of credit risk consist primarily of trade and other receivables, cash and loans to related parties and balances with banks.

Trade Receivable

The Trade receivables of the Company are typically non-interest bearing un-secured and derived from sales made to a large number of independent customers. As the customer base is widely distributed both economically and geographically, there is no concentration of credit risk.

As there is no independent credit rating of the customers available with the Company, the management reviews the credit-worthiness of its customers based on their financial position, past experience and other factors. The credit risk related to the trade receivables is managed / mitigated by each business unit, basis the Company's established policy and procedures, by setting appropriate payment terms and credit period, and by setting and monitoring internal limits on exposure to individual customers. The credit period provided by the Company to its customers generally ranges from 21-60 days.

The Company uses a provision matrix to measure the expected credit loss of trade receivables, which comprise a very large numbers of small balances. Refer note 15 for details on the impairment of trade receivables. Based on the industry practices and the business environment in which the entity operates, management considers that the trade receivables are credit impaired if the payments are more than 90 days past due.

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NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019
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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 its ordinary course of business. The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amount due. Where the financial asset has been written-off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit and loss.

Loan to related party and Cash at bank

Loan to related parties is unsecured and repayable on demand. The directors have considered that the loan to related parties to have low credit risk. Accordingly no ECL provision has been recognised in relation to these balances as the amounts are not material. Credit risk from balances with banks is managed by Group's treasury in accordance with the Board approved policy.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	More than 1 year	Within 1 year	Total 2019
<i>As of March 31, 2019</i>			
Trade and other receivables*	-	23,064,471	23,064,471
Loans to related parties	-	301,465,664	301,465,664
Cash at bank	-	2,667,631	2,667,631
	-	327,197,766	327,197,766
	More than 1 year	Within 1 year	Total 2018
<i>As of March 31, 2018</i>			
Trade and other receivables*	-	26,269,318	26,269,318
Loans to related parties	-	1,195,121,156	1,195,121,156
Cash at bank	-	401,283,425	401,283,425
	-	1,622,673,899	1,622,673,899

* Include receivables that are past due but not impaired at reporting dates (refer note 15).

As at 31 March 2019, the Company's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the Company due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Company arises from the carrying amount of the respective recognised financial assets as stated in the statement of financial position.

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NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019
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<u>31 March 2019</u>	<u>Note</u>	<u>Gross carrying amount</u> USD	<u>Loss allowance</u> USD	<u>Net carrying amount</u> USD
Loan to related parties		301,465,664	-	301,465,664
Trade receivables	15	23,803,363	738,892	23,064,471
Cash at banks	16	2,667,631	-	2,667,631

<u>31 March 2018</u>	<u>Note</u>	<u>Gross carrying amount</u> USD	<u>Loss allowance</u> USD	<u>Net carrying amount</u> USD
Loan to related parties		1,195,121,156	-	1,195,121,156
Trade receivables	15	27,076,513	807,195	26,269,318
Cash at banks	16	401,283,427	-	401,283,427

The Company determines the expected credit losses on these items as described in the relevant notes.

d) Liquidity risk

In the management of liquidity risk, the Company monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance its operations and mitigate the effects of fluctuations in cash flows. Due to the dynamic nature of the underlying business, the Company aims at maintaining flexibility in funding by keeping credit lines available.

The table below summarises the maturity profile of the Company's financial liabilities at March 31, 2019 and March 31, 2018 based on contractual undiscounted payments:

<i>As of March 31, 2019</i>	<u>Within 1 year</u>	<u>More than 1 year</u>	<u>Total 2019</u>
Trade and other payables	25,130,715	-	25,130,715
Borrowings	330,435,954	939,742,925	1,270,178,879
Accrued operating expenses	5,551,818	-	5,551,818
Other financial liabilities (including derivatives)	-	420,400,997	420,400,997
	<u>361,118,487</u>	<u>1,360,143,922</u>	<u>1,721,262,409</u>

<i>As of March 31, 2018</i>	<u>Within 1 year</u>	<u>More than 1 year</u>	<u>Total 2018</u>
Trade and other payables	18,621,084	-	18,621,084
Borrowings	235,175,000	-	235,175,000
Accrued operating expenses	5,038,285	-	5,038,285
Other financial liabilities	-	400,109,081	400,109,081
	<u>258,834,369</u>	<u>400,109,081</u>	<u>658,943,450</u>

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NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019
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The following table provides the reconciliation of liabilities whose cash flow movements are disclosed as part of financing activities of statement of cash flows:

	Statement of cashflow line item	April 1, 2018	P&L charge	Cash flows	Non-cash changes	March 31, 2019
Borrowings	Proceeds / repayment of borrowings	235,175,000	-	1,034,678,848	325,031	1,270,178,879
Interest accrued	Interest paid	1,914,341	48,442,055	(15,319,723)	(20,298,347)	14,738,326

e) Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to the shareholder, return capital to the shareholder or issue new shares. No changes were made in the objectives, policies or processes during the years ended March 31, 2019 and March 31, 2018. The Company monitors capital using a gearing ratio, which is net debt divided total capital plus net debt. Net debt is calculated as borrowings less cash and cash equivalents. The details are as follows:

	For the year ended	
	March 31, 2019	March 31, 2018
Borrowings	1,270,178,879	235,175,000
Cash and cash equivalents	(2,667,633)	(401,283,427)
Net Debt	<u>1,267,511,246</u>	<u>(166,108,427)</u>
Equity	<u>1,577,637,013</u>	<u>1,672,758,661</u>
Capital and net debt	2,845,148,259	1,506,650,234
Gearing ratio	44.55%	-11.03%

23. Capital Commitments

Commitments for the acquisition of plant and equipment not provided for in the financial statements:

	As of	
	March 31, 2019	March 31, 2018
Expenditure contracted for	<u>12,843,780</u>	<u>8,370,893</u>

24. Investment in Jointly Owned Assets

The Company has participated in various consortium towards supply, construction, maintenance and providing long term technical support with regards to following Cable Systems. The details of the same are as follows:

Cable project	March 31, 2019		March 31, 2018	
	Net block (USD)	Share %	Net block (USD)	Share %
AAG-Project	25,259,719	8.06%	25,349,166	8.86%
EASSY Project	1,875,549	1.20%	1,991,283	0.72%
Unity Project	13,084,764	10.00%	13,914,366	10.00%

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25. Related party disclosures

Related party transactions represent transactions entered into by the Company with the holding company, fellow subsidiaries and entities having significant influence over the Company. The transactions and balances with the following related parties for the years ended March 31, 2019 and March 31, 2018, respectively, are described below:

List of related parties	Relationship
Bharti Airtel Limited	Parent Company
Bharti Enterprises (Holding) Private Limited@	Ultimate controlling entity
Singapore Telecommunication Limited	Entity having significant influence over parent company
Bharti International (Singapore) Pte Limited^	Subsidiary
Bharti Airtel International (Mauritius) Limited	Subsidiary
Bharti Airtel Holding (Mauritius) Limited(w.e.f from June 27th, 2018)	Subsidiary
Airtel Africa Mauritius Ltd(w.e.f from June 28th, 2018)	Subsidiary
Celstel Congo (RDC) S.a.r.l. *	Subsidiary
Airtel Networks Kenya Limited *	Subsidiary
Airtel Madagascar S.A. *	Subsidiary
Airtel Malawi Limited *	Subsidiary
Airtel Tanzania Limited *	Subsidiary
Airtel Uganda Limited *	Subsidiary
Airtel Networks Zambia Plc (formerly known as Celstel Zambia plc) *	Subsidiary
Airtel Congo S.A *	Subsidiary
Airtel Networks Limited*	Subsidiary
Celstel Niger S.A. *	Subsidiary
Airtel (Seychelles) Limited *	Subsidiary
Airtel Gabon S.A. *	Subsidiary
Airtel Rwanda Limited *	Subsidiary
Airtel Tchad S.A.*	Subsidiary
Bharti Airtel Kenya B.V. *	Subsidiary
Airtel Congo (RDC) S.A.*	Subsidiary
Bharti Airtel Lanka (Pvt) Limited	Subsidiary
Bharti Airtel (HK) Limited	Subsidiary
Bharti Airtel (USA) Limited	Subsidiary
Bharti Airtel (France) SAS	Subsidiary
Bharti Airtel (UK) Limited	Subsidiary
Bharti Airtel International (Netherlands) B.V.	Subsidiary
IQ EQ Corporate Services Mauritius Ltd (formerly known as SGG Corporate Services (Mauritius) Ltd.)	Local Management Company

@ Ultimate controlling entity with effect from November 3, 2017. It is held by private trusts of Bharti family, with Mr. Sunil Bharti Mittal's family trust effectively controlling the said company.

* Transactions of similar nature with such subsidiaries have been clubbed and shown under the head 'Other African subsidiaries'.

^ Subsidiary with effect from January 22, 2018, fellow subsidiary up till January 21, 2018.

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A. The details of amounts due to or due from the related parties as of March 31, 2019 and March 31, 2018 are as follows:

	As of	
	March 31, 2019	March 31, 2018
1 Loan outstanding # @		
Bharti Airtel International (Netherlands) B.V	-	950,126,463
Bharti International (Singapore) Pte Limited	257,235,760	204,385,155
Bharti Airtel Lanka (Pvt) Limited	12,750,000	12,750,000
Airtel Africa Mauritius Ltd	5,000	-
	269,990,760	1,167,261,618
2 Accrued Interest @		
Bharti Airtel International (Netherlands) B.V	-	6,131,196
Bharti International (Singapore) Pte Limited	25,618,937	16,410,533
Bharti Airtel Lanka (Pvt) Limited	5,855,889	5,317,809
Airtel Africa Mauritius Ltd	78	-
	31,474,904	27,859,538
3 Trade and other receivables/(payables) @		
Bharti Airtel Limited	(1,821,822)	3,670,028
Bharti Airtel (USA) Limited	443,194	995,541
Singapore Telecommunication Limited	(753,835)	(1,490,434)
Bharti Airtel Lanka (Private) Limited	-	-
Bharti Airtel (HK) Ltd	49,021	51,264
Bharti Airtel (UK) Ltd	57,444	(3,337,181)
Bharti International (Singapore) Pte Ltd	4,413,980	3,750,116
Other African Subsidiaries	19,221,316	16,007,667
Bharti Airtel (France) SAS	(5,984)	-
	21,603,314	19,647,001
4 Borrowings*		
Bharti Airtel International (Mauritius) Limited	234,925,000	235,175,000
Bharti Airtel (USA) Limited	5,500,000	-
Bharti Airtel (UK) Ltd	20,010,954	-
	260,435,954	235,175,000
5 Interest due*		
Bharti Airtel International (Mauritius) Limited	10,165,385	1,914,341
Bharti Airtel (USA) Limited	70,121	-
Bharti Airtel (UK) Ltd	344,438	-
	10,579,944	1,914,341
6 Investment		
Bharti Airtel International (Netherlands) B.V	-	61,000,000
Bharti Airtel International (Mauritius) Limited	235,120,000	235,200,000
Bharti International (Singapore) Pte Ltd	415,900,000	415,900,000
Bharti Airtel Holding (Mauritius) Limited	76,368,232	-
Airtel Africa Mauritius Ltd	2,105,108,804	-
Airtel Africa Plc	10	-
	2,832,597,046	712,100,000

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NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019
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B. The details of related party transactions entered into by the Company during the year March 31, 2019 and March 31, 2018 are as follows:

		For the year ended	
		March 31, 2019	March 31, 2018
1	Sale/ transfer of IRL		
	Bharti Airtel Limited	-	1,077,139
	Bharti International (Singapore) Pte Ltd	-	1,083,311
	Bharti Airtel (Hongkong) Limited	-	430,856
		-	2,591,306
2	Sale/ rendering of services		
	Bharti Airtel Limited	16,116,012	14,783,175
	Bharti Airtel (USA) Limited	5,222,651	5,450,112
	Singapore Telecommunication Limited	-	26,894
	Bharti International (Singapore) Pte Limited	22,904,805	13,372,327
	Other African Subsidiaries	5,383,032	15,521,003
	Bharti Airtel (HK) Limited	271,745	239,061
	Bharti Airtel (UK) Limited	1,228,413	988,346
		51,126,658	50,380,918
3	Purchase of goods / Receiving of services		
	Bharti Airtel Limited	(1,562,277)	(1,563,639)
	Singapore Telecommunication Limited	(626,222)	(971,666)
	Bharti Airtel (UK) Limited	(232,320)	-
	IQ EQ Corporate Services Mauritius Ltd	(63,400)	(14,625)
	Bharti Airtel (France) SAS	(7,630)	-
		(2,491,849)	(2,549,930)
4	Fund received/Expenses incurred on behalf of the Company		
	Bharti Airtel Limited	(90,475)	-
		(90,475)	-
5	Loans given #		
	Bharti Airtel International (Netherlands) B.V	409,500,000	632,001,041
	Bharti Airtel Lanka (Pvt) Limited	-	34,500,000
	Bharti International (Singapore) Pte Limited	65,250,000	64,250,000
	Airtel Africa Mauritius Ltd	5,000	-
		474,755,000	730,751,041
6	Repayment of loans given		
	Bharti Airtel International (Netherlands) B.V	1,359,626,422	351,034,721
	Bharti Airtel Lanka (Pvt) Limited	-	100,010,000
	Bharti International (Singapore) Pte Limited	12,399,436	13,534,724
		1,372,025,858	464,579,445
7	Interest Income		
	Bharti Airtel International (Netherlands) B.V	-	-
	Bharti International (Singapore) Pte Limited	10,308,968	2,393,487
	Bharti Airtel Lanka (Pvt) Limited	538,079	5,211,391
	Airtel Africa Mauritius Limited	78	-
		10,847,125	7,606,878

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	For the year ended	
	March 31, 2019	March 31, 2018
8 Investment		
Airtel Africa Mauritius Ltd	2,105,108,804	-
Bharti International (Singapore) Pte Ltd	-	415,900,000
Bharti Airtel Holding (Mauritius) Limited	160,020,001	-
Bharti Airtel International (Netherlands) B.V.	(61,000,000)	-
Bharti Airtel International (Mauritius) Limited	20,000	-
Airtel Africa Plc	10	-
	2,204,148,815	415,900,000
9 Borrowings taken		
Bharti Airtel International (Mauritius) Limited	-	205,700,000
Bharti Airtel (USA) Limited	5,500,000	-
Bharti Airtel (UK) Ltd	23,000,000	-
	28,500,000	205,700,000
10 Repayment of borrowings		
Bharti Airtel International (Mauritius) Limited	250,000	1,525,000
Bharti Airtel (UK) Ltd	2,989,046	-
	3,239,046	1,525,000
11 Interest Expense		
Bharti Airtel International (Mauritius) Limited	(8,251,044)	(1,881,212)
Bharti Airtel (USA) Limited	(70,121)	-
Bharti Airtel (UK) Ltd	(355,392)	-
	(8,676,557)	(1,881,212)
12 Issue of shares		
Bharti Airtel Limited	-	450,000,000
	-	450,000,000
13 Corporate Guarantee commission		
Bharti Airtel Limited	(3,465,854)	-
	(3,465,854)	-

Loans given to related parties are unsecured, interest rate of 3.79% to 4.49% (previous year 0% to 3.40%) per annum and are given for a short term period on a revolving basis which is repayable on demand. The amounts are expected to be settled in cash.

* The USD borrowings are unsecured carries interest rate from 3.59 % to 3.89 %(previous year 2.70%) for the year ended (3 months LIBOR plus 1%) and are taken for a short term period on a revolving basis which is repayable on demand. The amounts are expected to be settled in cash.

@ Bharti Airtel Lanka (Pvt) Limited , Bharti International (Singapore) Pte Limited & Airtel Africa Plc. rely on support of holding company to meet their obligation

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NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019
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26. 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	
		March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Financial Assets					
Fair value through profit or loss					
Investments	Level 3	48,253,094	-	48,253,094	-
Amortised cost					
Trade receivables		23,064,471	26,269,319	23,064,471	26,269,319
Cash and cash equivalents		2,667,633	401,283,427	2,667,633	401,283,427
Other financial assets		304,046,745	1,199,323,525	304,046,745	1,199,323,525
		378,031,943	1,626,876,271	378,031,943	1,626,876,271
Financial Liabilities					
Fair value through profit or loss					
Derivatives	Level 2	318,600	-	318,600	-
Amortised cost					
Borrowings- floating rate		1,270,178,879	235,175,000	1,270,178,879	235,175,000
Trade payables		25,143,215	18,621,084	25,143,215	18,621,084
Other financial liabilities		425,634,215	405,147,366	425,634,215	405,147,366
		1,721,274,909	658,943,450	1,721,274,909	658,943,450

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

- The carrying value of trade receivables, trade payables, short-term borrowings, floating-rate long-term borrowings, other current financial assets and liabilities approximate their fair value mainly due to the short-term maturities of these instruments / being subject to floating-rates.
- The fair value of other long-term borrowings and non-current financial assets / liabilities is estimated by discounting future cash flows using current rates applicable to instruments with similar terms, currency, credit risk and remaining maturities.
- The fair values of derivatives are estimated by using pricing models, wherein the inputs to those models are based on readily observable market parameters. The valuation models used by the Company reflect the contractual terms of the derivatives (including the period to maturity), and market-based parameters such as interest rates, foreign exchange rates, volatility etc. These models do not contain a high level of subjectivity as the valuation techniques used do not require significant judgement and inputs thereto are readily observable.

The following table describes the key inputs used in the valuation (basis discounted cash flow technique) of the Level 2 financial assets / liabilities as of March 31, 2019 and March 31, 2018:

NETWORK I2i LIMITED
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Financial assets / liabilities	Inputs used
Derivatives	
-Forward & option contracts	Forward currency exchange rates, interest rates
Investments	Prevailing interest rates in market, future payouts, Interest rates

During the year ended March 31, 2019 and March 31, 2018, there were no transfers between Level 1 and Level 2 fair value measurements.

27. Events after reporting date

On May 27, 2019, the Board of Directors has approved an additional investment of USD 75,000 in the ordinary shares of USD 1 each of Airtel Africa Mauritius Limited, a wholly owned subsidiary of the Company.

On June 26, 2019, the Board of Directors approved a loan amounting to USD 250,000,000 by the Company to Airtel Africa Mauritius Limited out of which USD 227,000,000 was provided on June 27, 2019.

28. Going Concern

As at 31st March 2019, the company has net current liabilities of USD 51,089,062 (31st March, 2018: Net current assets of USD 1,348,387,393). The financial statements are prepared on going concern basis which assumes that the company will continue in operational existence in the foreseeable future. In making its assessment, management acknowledges that the ability of the company to continue as a going concern is dependent on generation of sufficient profits, positive cash flows and the undertaking from Bharti Airtel Limited (Parent Company) to provide appropriate financial support; which is valid till 12 Months from approval of financial statements by the board of directors of the company.