BHARTI AIRTEL (JAPAN) PRIVATE LIMITED

(In Voluntary Liquidation)

Special Purpose Financial Statements

March 31, 2024

BHARTI AIRTEL (JAPAN) PRIVATE LIMITED (In Voluntary Liquidation)
Special Purpose Financial Statements - March 31, 2024

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Independent Auditor's Report

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INDEPENDENT AUDITOR'S REPORT

TO THE BOARD OF DIRECTORS OF BHARTI AIRTEL (JAPAN) PRIVATE LIMITED

Report on the Audit of Special Purpose Financial Statements

Opinion

We have audited the accompanying Special Purpose Financial Statements of **Bharti Airtel (Japan) Private Limited** ("the Company"), which comprise the Special Purpose Balance Sheet as at March 31, 2024, the Special Purpose Statement of Profit and Loss (including Other Comprehensive Income), the Special Purpose Statement of Changes in Equity and the Special Purpose Statement of Cash Flows for the year then ended, and a summary of material accounting policies and other explanatory information (hereinafter referred to as "the Special Purpose Financial Statements"). These Special Purpose Financial Statements are prepared solely for inclusion in the annual report of Bharti Airtel Limited for the year ended March 31, 2024 under the requirements of section 129(3) of the Companies Act, 2013.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Special Purpose Financial Statements give a true and fair view in conformity with the basis of preparation referred to in Note 2.1 of the Special Purpose Financial Statements, of the state of affairs of the Company as at March 31, 2024, the loss and total comprehensive loss, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the Special Purpose Financial Statements in accordance with the Standards on Auditing ("SAs") issued by the Institute of Chartered Accountants of India ("ICAI"). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Special Purpose Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the ICAI together with the ethical requirements that are relevant to our audit of the Special Purpose Financial Statements and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Special Purpose Financial Statements.

Emphasis of Matters

i. Basis of Accounting and Restriction on Distribution and Use

We draw attention to Note 2.1 to the Special Purpose Financial Statements, which describes the basis of accounting. The Special Purpose Financial Statements are prepared for inclusion in the annual report of Bharti Airtel Limited ("the Parent Company") under the requirements of Section 129(3) of the Companies Act, 2013. As a result, the Special Purpose Financial Statements may not be suitable for any other purpose. The Special Purpose Financial Statements cannot be referred to or distributed or included or used for any other purpose except with our prior consent in writing. Our report is intended solely for the above purpose and is not to be used, referred to or distributed for any other purpose without our prior written consent.

Deloitte Haskins & Sells LLP
Chartered Accountants

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(LLP identification No. AAB-8737)

ii. Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the Special Purpose Financial Statements which describes the fact that the Shareholders of the Company has passed a resolution approving voluntary liquidation of the Company. Therefore, the management has prepared its accounts on the basis other than going concern. Accordingly, as at the year end, the assets are measured at lower of carrying amount and estimated realizable value and the liabilities have been measured at the values at which they are expected to be discharged.

Our opinion is not modified in respect of the above matters.

Responsibilities of Management and Those Charged With Governance for the Special Purpose Financial Statements

The Company's Board of Directors is responsible for the preparation and presentation of these Special Purpose Financial Statements that give a true and fair view of the financial position, financial performance, including other comprehensive income, changes in equity and cash flows of the Company in accordance with the basis described in Note 2.1 of the Special Purpose Financial Statements.

This responsibility also includes maintenance of adequate accounting records for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Special Purpose Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Special Purpose Financial Statements, management and the Board of 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 Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Special Purpose Financial Statements

Our objectives are to obtain reasonable assurance about whether the Special Purpose 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 SAs 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 Special Purpose Financial Statements.

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

- Identify and assess the risks of material misstatement of the Special Purpose 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 financial 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.

Deloitte Haskins & Sells LLP
Chartered Accountants

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of management's 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 Special Purpose 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 Special Purpose Financial Statements, including the disclosures, and whether the Special Purpose Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the Special Purpose Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Special Purpose Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Special Purpose Financial Statements.

We communicate with those charged with governance 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

For Deloitte Haskins & Sells LLP
Chartered Accountants
(Firm Registration No. 117366W/W-100018)

Deloitte Haskins & Sells LLP
Chartered Accountants

Nilesh H. Lahoti
Partner
(Membership Number: 130054)
(UDIN: 24130054BKFRLD9732)

Place: Gurugram
Date: June 21, 2024

Special Purpose Financial Statements

BHARTI AIRTEL (JAPAN) PRIVATE LIMITED (In Voluntary Liquidation)

Special Purpose Balance Sheet

(All amounts are in thousands of JPY; unless stated otherwise)

	Notes	As of March 31, 2024 (In Rs. '000) (Unaudited)	As of March 31, 2024 (Audited)	As of March 31, 2023 (Audited)
Assets				
Non-current assets				
Property, plant and equipment	3	-	-	-
Financial assets				
- Other financial assets	4	-	-	58
		-	-	58
Current assets				
Financial assets				
- Trade receivables	5	-	-	8,966
- Cash and cash equivalents	6	2,204	3,997	11,787
- Others financial assets	4	4,443	8,059	8,101
Other current assets	7	-	-	10,234
		6,647	12,056	39,088
Total assets		6,647	12,056	39,146
Equity and liabilities				
Equity				
Equity share capital	8	28	50	50
Other equity		5,499	9,974	10,362
		5,527	10,024	10,412
Current liabilities				
Financial liabilities				
- Borrowings	10	-	-	10,335
- Trade payables				
-total outstanding dues to creditors other than micro enterprises and small enterprises	11	879	1,595	11,115
- Other financial liabilities	12	-	-	5,123
Income tax liabilities (net)		19	35	1,673
Other current liabilities	13	222	402	488
Total liabilities		1,120	2,032	28,734
Total Equity and liabilities		6,647	12,056	39,146

The accompanying notes 1 to 24 form an integral part of these special purpose financial statements.

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

Nilesh H. Lahoti
Partner
Membership No: 130054
Place: Gurugram
Date: June 21, 2024

Deloitte Haskins & Sells LLP
Chartered Accountants

For and on behalf of the Board of Directors of Bharti Airtel (Japan) Private Limited

Yasuhiko Niiro
Director & Official Liquidator
Place: Japan
Date: June 21, 2024

Bharti Airtel (Japan) Private Limited

BHARTI AIRTEL (JAPAN) PRIVATE LIMITED (In Voluntary Liquidation)
Special Purpose Statement of Profit and loss
(All amounts are in thousands of JPY; unless stated otherwise)

	Notes	For the year ended March 31, 2024 (In Rs. '000) (Unaudited)	March 31, 2024 (Audited)	March 31, 2023 (Audited)
Income				
Revenue from operations	15	10,209	18,517	43,046
Other income		3,526	6,395	14
		13,735	24,912	43,060
Expenses				
Network operating expenses	16	5,298	9,610	40,607
Employee benefits expense	17	2,016	3,657	3,437
Other expenses	18	4,701	8,527	2,719
		12,015	21,794	46,763
Profit/ (Loss) before depreciation, finance costs and tax		1,720	3,118	(3,703)
Depreciation expense	3	-	-	-
Finance costs	19	2,170	3,936	3,335
Loss before tax		(450)	(818)	(7,038)
Tax expense				
Current tax	20	39	70	70
		39	70	70
Loss for the year from discontinued operations after tax (A)		(489)	(888)	(7,108)
Other comprehensive income (B)				
Items to be reclassified subsequently to profit or loss :				
Currency translation		276	500	1,558
Total comprehensive loss for the year from discontinued operations (A+B)		(213)	(388)	(5,550)
Earnings per share (In Rs. / JPY)	22			
Basic and Diluted loss per share (for discontinued operations)		(489,000)	(888,286)	(7,108,406)

The accompanying notes 1 to 24 form an integral part of these special purpose financial statements.

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

Nilesh H. Lahoti
Partner
Membership No: 130054
Place: Gurugram
Date: June 21, 2024

Deloitte Haskins & Sells LLP Chartered Accountants

For and on behalf of the Board of Directors of Bharti Airtel (Japan) Private Limited

Yasuhiko Niiro
Director & Official Liquidator
Place: Japan
Date: June 21, 2024

Bharti Airtel (Japan) Private Limited

Special Purpose Statement of Changes in Equity

(All amounts are in thousands of JPY; unless stated otherwise)

	Equity share capital		Other equity			Total equity
	No. of shares	Amount	Retained earnings	Foreign currency translation reserve 'FCTR'	Total	
As of April 1, 2022	1	50	17,980	(2,068)	15,912	15,962
Loss for the year	-	-	(7,108)	-	(7,108)	(7,108)
Other comprehensive income	-	-	-	1,558	1,558	1,558
Total comprehensive (loss)/Income	-	-	(7,108)	1,558	(5,550)	(5,550)
As of March 31, 2023	1	50	10,872	(510)	10,362	10,412
Loss for the year	-	-	(888)	-	(888)	(888)
Other comprehensive income	-	-		500	500	500
Total comprehensive (loss)/Income	-	-	(888)	500	(388)	(388)
As of March 31, 2024	1	50	9,984	(10)	9,974	10,024

The accompanying notes 1 to 24 form an integral part of these special purpose financial statements.

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

Nilesh H. Lahoti
Partner
Membership No: 130054
Place: Gurugram
Date: June 21, 2024

Deloitte Haskins & Sells LLP
Chartered Accountants

For and on behalf of the Board of Directors of Bharti Airtel (Japan) Private Limited

Yasuhiko Niiro
Director & Official Liquidator
Place: Japan
Date: June 21, 2024

Bharti Airtel (Japan) Private Limited

BHARTI AIRTEL (JAPAN) PRIVATE LIMITED (In Voluntary Liquidation)
Notes to Special Purpose Statement of Cash Flows
(All amounts are in thousands of JPY; unless stated otherwise)

	For the year ended	
	March 31, 2024*	March 31, 2023*
Cash flow from operating activities		
Loss before tax from discontinued operations	(818)	(7,038)
Adjustments for :		
Finance costs	847	3,335
Provision written back	(6,395)	-
Operating cash flow before changes in assets and liabilities	(6,366)	(3,703)
Changes in assets and liabilities		
Trade receivables	8,793	16,314
Trade payables	(6,384)	1,355
Other financial and non financial assets	11,965	(7,889)
Other financial and non financial liabilities	(97)	65
Net Cash generated from operations before tax	7,911	6,142
Income tax paid (net)	(105)	(1,152)
Net cash generated from operating activities (a)	7,806	4,990
Cash flow from financing activities		
Repayment of borrowings	(10,335)	-
Interest and other finance charges paid	(5,819)	(2,577)
Net cash used in financing activities (b)	(16,154)	(2,577)
Net (decrease)/ increase in cash and cash equivalents (a+b)	(8,348)	2,413
Effect of exchange rate changes on cash and cash equivalents	558	761
Cash and cash equivalents as at the beginning of the year	11,787	8,613
Cash and cash equivalents as at the end of the year (refer Note 6)	3,997	11,787

*Net cash generated from/ (used in) investing activities is Nil (March 31, 2023: Nil)

The accompanying notes 1 to 24 form an integral part of these special purpose financial statements.

The above Statement of Cash Flows has been prepared under the indirect method as set out in Ind AS 7 "Statement of Cash Flows".

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

For and on behalf of the Board of Directors of Bharti Airtel (Japan) Private Limited

Nilesh H. Lahoti
Partner
Membership No: 130054
Place: Gurugram
Date: June 21, 2024

Deloitte Haskins & Sells LLP Chartered Accountants

Yasuhiko Mitra
Director & Official Liquidator
Place: Japan
Date: June 21, 2024

Bharti Airtel (Japan) Private Limited

1. Corporate information

Bharti Airtel (Japan) Private Limited ('the Company') incorporated on April 5, 2010, is registered in Japan having its registered office at 7-1, Nishi Shinjuku 3-chome, Shinjuku-ku, Tokyo.

The Company is a wholly owned subsidiary of Bharti International (Singapore) Pte. Ltd., a company incorporated in Singapore.

The Company has point of presence ('POP') in Japan to provide telecommunication services so as to interconnect international and domestic capacities terminating and originating into that country.

Operational outlook

During the financial year ended March 31, 2024, the Company had a total income of JPY 23,156 (March 31, 2023 JPY 43,060) and loss after tax of JPY 888 (March 31, 2023 JPY 7,108).

The shareholders of the Company by way of resolution dated October 16, 2023, approved voluntary dissolution of the Company. Mr. Yasuhiko Niiro, existing Director was appointed as the Official Liquidator of the Company by the shareholders w.e.f. October 16, 2023. The intimation of dissolution was intimated/ informed to relevant statutory authorities in Japan and to creditors of the Company and a public notice was published in the Official Gazette of Japan on October 30, 2023. The Company is currently under the process of voluntary liquidation. Accordingly, the current year financials of the Company have been prepared on a basis other than going concern.

The proposal was filed with the appropriate authority in Japan and public notice of dissolution was issued whereby January 4, 2024 was decided to be final date of receiving any creditor's claim. The company, post January 4, 2024, has measured its assets at lower of carrying amount and estimated realisable values and the liabilities have been measured at the values at which they are expected to be discharged. Furthermore, it has transferred all the remaining assets and liabilities to the Statement of profit & loss post January 4, 2024 and has booked the (loss)/profit under the head "(loss) / profit from discontinued operations". In the opinion of the management of the company, it has no further liabilities/debt to pay and is solvent to pay any contingent statutory liability/debt, if any, arise in the future.

2. Summary of material accounting policies

2.1 Basis of preparation

The Special Purpose Financial Statements ('financial statements') have been prepared by the Company solely to assist Bharti Airtel Limited ('intermediate parent company') for its consolidation purpose and to comply with the requirements under Companies Act 2013 ('Act'). These financial statements have been prepared to comply in all material respects with the Indian Accounting Standard ('Ind AS') as notified by the Ministry of Corporate Affairs ('MCA') under section 133 of the Act, read together with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and other relevant provisions of the Act, except for certain disclosures as required by the Ind AS and Division II of Schedule III of the which are not relevant for true and fair presentation.

The financial statements are approved for issue by the Company's Board of Directors on June 21, 2024.

The financial statements are based on the classification provisions contained in Ind AS 1, 'Presentation of Financial Statements' and division II of schedule III of the Act. Further, for the purpose of clarity, various items are aggregated in Statement of Profit and Loss and Balance Sheet. Nonetheless, these items are dis-aggregated separately in the notes to the financial statements, where applicable or required.

The functional currency of the Company is United States Dollars ('USD'). However, the presentation currency of the Company is Japanese Yen ('JPY') and therefore all the amounts included in the financial statements are reported in JPY, except per share data and unless stated otherwise. The translation of JPY to INR amounts is unaudited and is included solely for readers in India and has been calculated using the rate of JPY 1 = Rs 0.55 as on March 31, 2024. Such translations should not be construed as representations that the INR amounts represent, or have been or could be converted into, JPY at that or any other rate.

Deloitte Haskins & Sells LLP Chartered Accountants

Bharti Airtel (Japan)

The preparation of the said financial statements under liquidation basis requires the use of certain critical accounting estimates and judgements that affect the reported amounts of assets & liabilities. It also requires the management to exercise judgement in the process of applying the Company's accounting policies.

All the amounts included in the financial statements are reported in thousands of JPY and are rounded to the nearest thousands, except per share data and unless stated otherwise. Further, due to rounding off, certain amounts are appearing as '0'.

The accounting policies, as set out in the following paragraphs of this note, have been consistently applied, by the Company, to all the periods presented in the said financial statements, except for the impact of liquidation note as mentioned above.

New amendments adopted during the year

Amendment to Ind AS

MCA vide notification no. G.S.R. 242(E) dated March 23, 2023 has issued the Companies (Indian Accounting Standards) Amendment Rules, 2022 which amends following Ind AS (as applicable to the Company):

- Ind AS 115, Revenue from Contracts with Customers
- Ind AS 1, Presentation of Financial Statements
- Ind AS 12, Income Taxes
- Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors
- Ind AS 34, Interim Financial Reporting
- Ind AS 107, Financial Instruments: Disclosures
- Ind AS 109, Financial Instruments

The amendments are applicable for annual periods beginning on or after April 1, 2023. The company has evaluated the amendments and the impact is not expected to be material.

Amendments to Ind AS issued but not yet effective

Ministry of Corporate Affairs ('MCA') notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. For the year ended March 31, 2024, MCA has not notified any new standards or amendments to the existing standards applicable to the Company.

2.2 Basis of measurement

The financial statements have been prepared giving impact of the liquidation during the year.

Fair value measurement

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

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

The three levels of the fair-value-hierarchy are described below:
Level 1: Quoted (unadjusted) prices for identical assets or liabilities in active markets
Level 2: Significant inputs to the fair value measurement are directly or indirectly observable
Level 3: Significant inputs to the fair value measurement are unobservable

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Bharti Airtel (Japan) Pvt.

2.3 Foreign currency transactions

Transactions in foreign currencies are measured and recorded in US dollars on initial recognition at exchange rates approximating those ruling at the transaction dates.

Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the end of reporting period. Non-monetary items that are measured in terms of historical cost in foreign currencies are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in foreign currencies are translated using the exchange rates at the dates when their fair values were determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of reporting period are recognised in profit or loss.

For the purpose of presentation, the financial statements are prepared in JPY by translating the assets and liabilities at the rate of exchange at the date of that Balance Sheet and income and expenses are translated at monthly average exchange rates for the period. Exchange differences arising on account of above are recognized in other comprehensive income.

2.4 Current versus non-current classification

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

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

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

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

2.5 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. In case of multiple element contracts whereby the vendor supplies PPE as well as other components, PPE is recorded on the basis of relative fair values.

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 available for use, such as repairs and maintenance, are normally charged to the Statement of Profit and Loss 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.

Deloitte Haskins & Sells LLP
Chartered Accountants

Bharti Airtel (Japan) Private Limited

Depreciation on PPE is computed using the straight line method over the estimated useful lives. The management basis its past experience and technical assessment has estimated the useful life, which is at variance with the life prescribed in Part C of Schedule II of the Act and has accordingly, depreciated the assets over such useful life. Freehold land is not depreciated as it has an unlimited useful life. The Company has established the estimated range of useful lives of different categories of PPE as follows:

Categories	Years
Plant and machinery	3 - 10

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

2.6 Impairment of non-financial assets

PPE

PPE is reviewed for impairment, whenever events or changes in circumstances indicate that their carrying values may not be recoverable.

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

2.7 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 other 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.

Deloitte Haskins & Sells LLP
Chartered Accountants

b. Measurement - Non derivative financial instruments

I. Initial measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. However, trade receivables that do not contain a significant financing component are measured at transaction price. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. Other transaction costs are expensed as incurred in the statement of Profit and Loss.

The transaction price is generally the best evidence of the financial instrument's initial fair value. However, it is possible for an entity to determine that the instrument's fair value is not the transaction price. The difference between the transaction amount and the fair value (if any) is accounted for as follows:

- The difference is recognised as a gain or loss in the statement of Profit and Loss only if fair value is evidenced by a quoted price in an active market for an identical asset or liability (that is, a Level 1 input) or based on a valuation technique that uses only data from observable markets.
- In all other cases, an entity recognises the instrument at fair value and defers the difference between the fair value at initial recognition and the transaction price in the statement of financial position.

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 other income.

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

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

Impairment

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

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

III. Subsequent measurement - financial liabilities

Financial liabilities are subsequently measured at amortised cost using the EIR method (if the impact of discounting / any transaction costs is significant).

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c Derecognition

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

2.8 Taxes

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

a Current tax

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

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

The Company periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation. The Company considers whether it is probable that a taxation authority will accept an uncertain tax treatment. If the Company concludes it is probable that the taxation authority will accept an uncertain tax treatment, it determines the taxable profit (tax loss), tax bases, unused tax losses, unused tax credits or tax rates consistently with the tax treatment used or planned to be used in its income tax filings. If the Company concludes it is not probable that the taxation authority will accept an uncertain tax treatment, the entity reflects the effect of uncertainty in determining the related taxable profit (tax loss), tax bases, unused tax losses, unused tax credits or tax rates.

Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

b. Deferred tax

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying values in the financial statements.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. The Company considers the projected future taxable income and tax planning strategies in making this assessment.

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

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

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

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Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority.

2.9 Cash and cash equivalents

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

2.10 Equity share capital

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

2.11 Employee benefits

The Company's employee benefits mainly include salaries and bonuses. The employee benefits are recognised in the period in which the associated services are rendered by the Company employees. Short-term employee benefits are recognised in statement of profit and loss at undiscounted amounts during the period in which the related services are rendered.

2.12 Provisions

a. General

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 will be required to settle the said obligation, and the amounts of the said obligation can be reliably estimated.

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

2.13 Revenue recognition

Revenue is recognised upon transfer of control of promised products or services to customer at the consideration which the Company has received or expects to receive in exchange of those products or services, net of any taxes / duties, discounts and process waivers.

Co-location Income: Revenue on Co-location is recognised on an accrual basis.

Point of presence (POP) services: Revenue from these services are recognised based on the capacities interconnected at each such POP and varies from time to time.

These services are recognised upon transfer of control of services over time.

2.14 Borrowing costs

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

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2.15 Earnings per share ('EPS')

The Company presents the Basic and Diluted EPS.

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

Diluted EPS is computed by adjusting, the profit for the year attributable to the shareholders and the weighted average number of shares considered for deriving Basic EPS, for the effects of all the shares that could have been issued upon conversion of all dilutive potential shares.

2.16 Segment Reporting

Based on the way the Company manages its operating business, and the manner in which resource allocation decisions are made, the Company has only one reportable segment for financial reporting purposes, being the telecom services. Accordingly, no further operating segment financial information is disclosed.

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(All amounts are in thousands of JPY; unless stated otherwise)

3 Property Plant and equipment ('PPE')

The following table presents the reconciliation of changes in the carrying value of PPE for the year ended March 31, 2024 and March 31, 2023:

Property Plant and Equipment

Particulars	Plant and machinery
Gross carrying value	
As at April 1, 2022	1,796
Currency translation	159
As at March 31, 2023	1,955
As of April 1, 2023	1,955
Currency translation	273
Disposal/Impairment	-
As at March 31, 2024	2,228
Accumulated depreciation	
As at April 1, 2022	1,796
Currency translation	159
As at March 31, 2023	1,955
As of April 1, 2023	1,955
Currency translation	273
Disposal/Impairment	-
As at March 31, 2024	2,228
Net carrying value	
At March 31, 2023	-
At March 31, 2024	-

4 Other financial assets

Non-current

	As of March 31, 2024	As of March 31, 2023
Security deposits	-	58
	-	58

Current

	As of March 31, 2024	As of March 31, 2023
Unbilled revenue	7,874	8,101
Others	185	-
	8,059	8,101

5 Trade receivables

	As of March 31, 2024	As of March 31, 2023
Trade receivables -considered good unsecured*	-	8,966
	-	8,966

* This represents amount due from related parties (refer note 21).

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(All amounts are in thousands of JPY; unless stated otherwise)

Trade Receivables ageing as on March 31, 2023:

Particulars	Not due	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6 months-1year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade receivables – considered good	8,966	-	-	-	-	-	8,966
	8,966	-	-	-	-	-	8,966

6 Cash and cash equivalents

	As of March 31, 2024	As of March 31, 2023
Balance with banks		
- On current accounts	3,997	11,787
	3,997	11,787

7 Other current assets

	As of March 31, 2024	As of March 31, 2023
Taxes receivable	-	10,234
	-	10,234

8 Equity Share Capital

Authorised Share Capital

The Company has 100 authorised shares with no par value.

	As of March 31, 2024	As of March 31, 2023
Issued, subscribed and fully paid-up shares		
1 (March 31, 2023- 1) equity share of JPY 50,000, fully paid-up	50	50
	50	50

a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting year

Particulars	As of March 31, 2024		As of March 31, 2023	
	No. of shares	JPY	No. of shares	JPY
At the beginning of the year	1	50	1	50
Outstanding at the end of the year	**1**	**50**	**1**	**50**

b) Terms/rights attached to equity shares

The Company has one class of equity shares having no par value. Each shareholder of equity share is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the remaining assets of the Company, after distribution of all preferential amounts, in proportion to the number of equity shares held by the shareholders.

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(All amounts are in thousands of JPY; unless stated otherwise)

c) Shares held by holding company

Name of the shareholder	As of March 31, 2024 No. of shares	As of March 31, 2024 % holding	As of March 31, 2023 No. of shares	As of March 31, 2023 % holding
Equity shares of JPY 50,000 fully paid				
Bharti International (Singapore) Pte Ltd	1	100%	1	100%

9 Other equity

(i) Retained earnings: Retained earnings represent the amount of accumulated earnings of the Company.

(ii) Foreign currency translation reserve: Foreign currency translation reserve represent amount due to change in exchange rate on translation from functional to presentation currency.

10 Borrowings

Current

	As of March 31, 2024	As of March 31, 2023
Unsecured		
Loan from holding company (refer note 21)	-	10,335
	-	10,335

Maturity of borrowings

	As of March 31, 2024	As of March 31, 2023
On demand	-	10,335
	-	10,335

The JPY fixed rate borrowing, which bears an interest rate of SOFR+125 bps (March 31, 2023 – 7.33%) per annum and was repayable on demand, has been repaid in the current financial year.

11 Trade payables

	As of March 31, 2024	As of March 31, 2023
Trade payables	1,595	11,115
	1,595	11,115

Trade Payables ageing as on March 31, 2024:

Particulars	Unbilled	Not Due	Outstanding for following periods from due date of payment: Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed dues	-	-	1,595	-	-	-	1,595
	-	-	1,595	-	-	-	1,595

(All amounts are in thousands of JPY; unless stated otherwise)

Trade Payables ageing as on March 31, 2023:

Particulars	Unbilled	Not Due	Outstanding for following periods from due date of payment				Total
			Less than 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed dues	10,271	549	-	76	24	195	11,115
	10,271	549	-	76	24	195	11,115

12 Other financial liabilities

Current

	As of	
	March 31, 2024	March 31, 2023
Interest accrued (refer note 21)	-	5,123
	-	5,123

13 Other liabilities

Current

	As of	
	March 31, 2024	March 31, 2023
Taxes payable	402	97
Advance from cutomers (refer note 21)	-	391
	402	488

14 Contingencies and Commitments

There are no contingent liabilities and capital commitments as on March 31, 2024 and March 31, 2023.

15 Revenue from operations

	For the year ended	
	March 31, 2024	March 31, 2023
Service revenue*	18,517	43,046
	18,517	43,046

*It includes revenue from related parties (refer note 21)

Disaggregation of Revenue

Revenue is disaggregated by timing of revenue recognition.

Timing of Revenue Recognition

	For the year ended	
	March 31, 2024	March 31, 2023
Services rendered over time	18,517	43,046
	18,517	43,046

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(All amounts are in thousands of JPY; unless stated otherwise)

Contract Balances

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

	As of	
	March 31, 2024	March 31, 2023
Unbilled revenue	7,874	8,101

16 Network operating expenses

	For the year ended	
	March 31, 2024	March 31, 2023
Internet Access & Bandwidth charges	9,610	40,607
	9,610	40,607

17 Employee benefits expense

	For the year ended	
	March 31, 2024	March 31, 2023
Salaries and bonus	3,657	3,437
	3,657	3,437

18 Other expenses

	For the year ended	
	March 31, 2024	March 31, 2023
Legal and professional charges*	8,009	2,346
Rent expenses	488	443
Provision for doubtful debt - others	-	(102)
Miscellaneous expenses	30	32
	8,527	2,719

*Details of auditor's remuneration (excluding GST) included in legal and professional fees:

	For the year ended	
	March 31, 2024	March 31, 2023
Audit fees	1,198	977
Reimbursement of expenses	90	73
	1,288	1,050

19 Finance costs

	For the year ended	
	March 31, 2024	March 31, 2023
Net exchange loss	3,240	2,059
Interest expense (refer note 21)	255	758
Other finance charges	441	518
	3,936	3,335

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(All amounts are in thousands of JPY; unless stated otherwise)

20 Income Tax

The major component of income tax expense is:

	For the year ended	
	March 31, 2024	March 31, 2023
Current income tax		
- For the year	70	70
- Adjustments for prior periods	-	-
Tax expense attributable to current year's profit	70	70
Deferred tax		
- Origination and reversal of temporary differences	-	-
	70	70

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

	For the year ended	
	March 31, 2024	March 31, 2023
Loss before tax	(818)	(7,038)
Tax expense @ 32.01%	(262)	(2,253)
Effect of:		
Tax impact on expenses not deductible for tax purpose	-	(46)
Minimum tax paid for which no credit is available	70	70
Current year losses for which no deferred tax has been recognised	262	2,299
	70	70

In line with the accounting policy of the company, deferred tax assets are recognised to the extent it is probable that taxable profit will be available against which the deductible temporary differences and carry forward tax losses can be utilised. As the financials have been prepared pursuant to liquidation, the company has not recognised deferred tax assets in respect of carry forward business losses of JPY 17,623 and JPY 14,051 as of March 31, 2024 and March 31, 2023 respectively.

The expiry schedule of the above unrecognised losses is as follows:

	As of	
	March 31, 2024	March 31, 2023
Expiry date		
Within one - three years	5,742	5,742
Within three - five years	211	211
Above five years	11,670	8,098
	17,623	14,051

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(All amounts are in thousands of JPY; unless stated otherwise)

21 Related party disclosure

Name of related party and related party relationship:

Related Party	Relationship
Bharti International (Singapore) Pte. Ltd.	Parent company
Bharti Airtel Limited	Intermediate parent entity
Bharti Enterprises (Holding) Private Limited*	Ultimate controlling entity
Bharti Airtel (USA) Limited	Fellow subsidiary
Bharti Airtel (Hong Kong) Limited	Fellow subsidiary

*It is held by private trusts of Bharti family, with Mr. Sunil Bharti Mittal's family trust effectively controlling the company.

The summary of transactions and outstanding balances with the above mentioned parties are as follows:

Related party transactions for 2023-24

Nature of Transactions	Bharti Airtel Limited	Bharti International (Singapore) Pte Ltd	Bharti Airtel (USA) Limited	Bharti Airtel (Hong Kong) Limited	Total
Receiving of services	165	-	-	-	165
Loan repaid during the year	-	10,335	-	-	10,335
Interest paid	-	5,378	-	-	5,378
Interest expense	-	255	-	-	255
Rendering of services	2771	15,331	416	-	18,517
Closing Balance					
Total	-	-	-	-	-

Related party transactions for 2022-23

Nature of Transactions	Bharti Airtel Limited	Bharti International (Singapore) Pte Ltd	Bharti Airtel (USA) Limited	Bharti Airtel (Hong Kong) Limited	Total
Receiving of services	244	-	-	-	244
Interest expense	-	758	-	-	758
Rendering of services	9,481	29,272	4,293	-	43,046
Closing Balance					
Interest accrued	-	5,123	-	-	5,123
Borrowings	-	10,335	-	-	10,335
Trade receivables	4,838	3,356	772	-	8,966
Advance from related parties	-	-	-	391	391
Total	4,838	12,102	772	391	6,883

22 Earnings per share

		For the year ended	
		March 31, 2024	March 31, 2023
(a)	Loss attributable to equity shareholders as per statement of profit and loss (A)	(888)	(7,108)
(b)	Weighted average number of equity shares for calculating basic and diluted earning per share (B)	1	1
(c)	Nominal value of equity shares (in JPY)	50,000	50,000
(d)	Loss per share (Basic and Diluted) (A / B)	(888,286)	(7,108,406)

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(All amounts are in thousands of JPY; unless stated otherwise)

23 Financial risk and capital risk

1 Financial risk

The business activities of the Company expose it to a variety of financial risks, namely market risks (that is, foreign exchange risk and interest rate risk), credit risk and liquidity risk. 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) Credit risk

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

The Company is exposed to credit risk mainly with respect to trade receivables. The trade receivables of the Company are typically non-interest bearing un-secured and derived from sales made to group entities. Revenue earned from the related parties is disclosed in note 21. The credit period provided by the Company to its customers generally ranges between 0-60 days.

The ageing analysis of trade receivables as of the reporting date is as follows:

	0-60 days	Total
March 31, 2024	In JPY	In JPY
Trade Receivables	-	-
	-	-

	0-60 days	Total
March 31, 2023	In JPY	In JPY
Trade Receivables	8,966	8,966
	8,966	8,966

Cash and cash equivalents are placed with reputed financial banks / institutions.

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. Accordingly, as a prudent liquidity risk management measure, the Company closely monitors its liquidity position and deploys a robust cash management system. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

To manage liquidity risk, the Company monitors its net operating cash flow and maintains an adequate level of cash and cash equivalents to finance the Company's operations and mitigate the effects of fluctuations in cash flows.

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Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Company's financial liabilities at the end of the reporting period based on contractual undiscounted repayment obligation.

	As of March 31, 2024						
	Carrying amount	On demand	Less than 6 months	6 to 12 months	1 to 2 years	> 2 years	Total
Interest bearing borrowings	-	-	-	-	-	-	-
Trade payables	1,595	-	1,595	-	-	-	1,595
Other financial liabilities	-	-	-	-	-	-	-
	1,595	-	1,595	-	-	-	1,595

	As of March 31, 2023						
	Carrying amount	On demand	Less than 6 months	6 to 12 months	1 to 2 years	> 2 years	Total
Interest bearing borrowings	10,335	10,335	-	-	-	-	10,335
Trade payables	11,115	-	11,115		-	-	11,115
Other financial liabilities	5,123	5,123	-	-	-	-	5,123
	26,573	15,458	11,115	-	-	-	26,573

(c) Foreign currency risk

The Company has foreign currency trade payables, receivables and borrowings. However, foreign exchange exposure mainly arises from trade payables and accrued expenses denominated in foreign currencies. Consequently, the Company is mainly exposed to foreign exchange risks related to foreign currencies vis-à-vis the functional currencies.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Company's profit / (loss) before tax to a reasonably possible change in the exchange rates against the functional currency of the Company:

	Change in currency exchange rate	Effect on Profit / Loss before Tax	
		March 31, 2024	March 31, 2023
JPY	+5%	(12)	(62)
JPY	-5%	12	62
INR	+5%	(67)	(57)
INR	-5%	67	57

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

2. Capital management

Company's objective while managing capital is to safeguard its ability to continue as a going concern (so that it is enabled to provide returns and create value for its shareholders, and benefits for other stakeholders), support business stability and growth, ensure adherence to the relevant laws and regulations, and maintain an optimal and efficient capital structure so as to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may issue new shares, declare dividends, return capital to shareholders, etc. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions or its business requirements.

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(All amounts are in thousands of JPY; unless stated otherwise)

The Company monitors capital using a gearing ratio, which is net debt divided by a total capital plus net debt. Net debt is calculated as loans and borrowings less cash and cash equivalents.

	As of	
	March 31, 2024	**March 31, 2023**
Loans and Borrowings	-	10,335
Less: Cash and Cash Equivalents *	-	10,335
Net Debt	-	-
Equity	10,024	10,412
Total Capital	**10,024**	**10,412**
Capital and Net Debt	10,024	10,412
Gearing Ratio	**NA**	**0.00%**

*Cash and cash equivalents has been considered to the extent of outstanding loans and borrowings for the purpose of computation of net debt.

24 Fair value of financial instruments

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

	March 31, 2024		March 31, 2023	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Assets at amortised costs				
Trade receivables	-	-	8,966	8,966
Cash and cash equivalents	3,997	3,997	11,787	11,787
Other financial assets	8,059	8,059	8,159	8,159
	12,056	**12,056**	**28,912**	**28,912**
Liabilities at amortised costs				
Borrowing	-	-	10,335	10,335
Trade payables	1,595	1,595	11,115	11,115
Other financial liabilities	-	-	5,123	5,123
	1,595	**1,595**	**26,573**	**26,573**

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

The carrying value of the trade receivables, trade payable, borrowings and other financial assets and liabilities approximates their fair value mainly due to short term maturity of these instruments.

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