BHARTI AIRTEL LANKA (PRIVATE) LIMITED

FINANCIAL STATEMENTS
TOGETHER WITH AUDITOR'S REPORT

FOR THE YEAR ENDED
31 MARCH 2024

Deloitte.

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INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF BHARTI AIRTEL LANKA (PRIVATE) LIMITED

Report on the audit of the financial statements

Opinion

We have audited the separate financial statements (herein after referred to as financial statements) of Bharti Airtel Lanka (Private) Limited ("the Company"), which comprise the statement of financial position as at 31 March 2024, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2024, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). 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 *Code of Ethics for Professional Accountants* issued by CA Sri Lanka ("Code of Ethics"), and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information generally comprises the information included in the Directors report 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 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. As management does not present any other information and we were not provided with any, we have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of financial statements in accordance with Sri Lanka Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

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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 Sri Lanka Auditing Standards 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 Sri Lanka Auditing Standards, we exercise professional judgment 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 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 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 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.

Report on Other Legal and Regulatory Requirements

As required by section 163 (2) of the Companies Act No. 07 of 2007, we have obtained all the information and explanations that were required for the audit and as far as appears from our examination, proper accounting records have been kept by the Company.

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Deloitte Associates
Chartered Accountants
Colombo
18 June 2024

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Bharti Airtel Lanka (Private) Limited

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 March 2024

	Note	2024 Rs. '000	2023 Rs. '000
Income			
Revenue	18	14,508,857	13,078,775
Other income	19	6,932	4,737
Finance income	20	1,911	2,327
Expenditure			
Access charges		(1,965,089)	(1,949,819)
Personnel costs		(1,614,109)	(1,378,151)
Network expenses		(10,379,028)	(9,153,869)
Marketing expenses		(2,699,481)	(2,589,154)
Administrative expenses		(363,943)	(342,200)
Depreciation, amortisation and impairment of property, plant and equipment		(6,197,958)	(5,610,944)
Finance cost	21	(6,227,595)	(4,557,932)
Exchange gain / (losses)		6,264,460	(2,969,469)
Loss before tax	22	**(8,665,043)**	**(15,465,699)**
Income tax expense	23	-	-
Loss for the year		**(8,665,043)**	**(15,465,699)**
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of defined benefit liability	13	(12,633)	(8,050)
Other comprehensive expense for the year, net of income tax		(12,633)	(8,050)
Total Comprehensive Expense for the year		**(8,677,676)**	**(15,473,749)**

The accounting policies and notes on pages 7 through 33 form an integral part of these financial statements.

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STATEMENT OF FINANCIAL POSITION

As at 31 March 2024

	Note	31/Mar/24 Rs. '000	31/Mar/23 Rs. '000
ASSETS			
Non-current assets			
Property, plant and equipment	5	20,323,878	24,092,064
Intangible assets	6	2,935,567	3,402,921
Right of use assets	8.1	3,017,925	1,437,976
Advances and prepayments	7	192,818	224,007
		26,470,188	**29,156,968**
Current assets			
Inventories	9	79,165	67,094
Advances and prepayments	7	1,002,664	771,214
Trade and other receivables	10	1,904,012	2,228,728
Cash and cash equivalents	11	298,840	1,063,501
		3,284,681	**4,130,537**
Total assets		**29,754,869**	**33,287,505**
EQUITY AND LIABILITIES			
Equity attributable to equity holders			
Stated capital	12	54,930,589	54,802,587
Accumulated loss		(115,117,185)	(106,311,507)
Total equity		**(60,186,596)**	**(51,508,920)**
Non-current liabilities			
Lease liability	8.2	2,682,694	1,050,711
Retirement benefit liability	13	124,992	114,284
Asset retirement obligation	14	718,279	404,369
Interest bearing loans and borrowings	15	60,718,068	65,993,504
Deferred revenue	17.1	43,222	-
		64,287,255	**67,562,868**
Current liabilities			
Interest bearing loans and borrowings	15	900,000	-
Trade and other payables	16	16,047,628	13,570,530
Deferred income	17	798,712	873,168
Lease liability	8.2	688,831	716,251
Bank overdrafts	11	7,219,038	2,073,608
		25,654,209	**17,233,557**
Total liabilities		**89,941,464**	**84,796,425**
Total equity and liabilities		**29,754,869**	**33,287,505**

I certify that these financial statements are in compliance with the requirements of the Companies Act No.07 of 2007.

....

Director & Chief Finance Officer

The board of directors are responsible for the preparation and presentation of these financial statements. Signed on 17 June 2024 behalf of the board by:

.... Director

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.... Director

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Bharti Airtel Lanka (Private) Limited

STATEMENT OF CHANGES IN EQUITY

As at 31 March 2024

	Note	Stated Capital Rs. '000	Accumulated Loss Rs. '000	Total Rs. '000
As at 1 April 2022		54,802,587	(90,837,758)	(36,035,171)
Loss for the year		-	(15,465,699)	(15,465,699)
Other comprehensive expense		-	(8,050)	(8,050)
As at 31 March 2023		**54,802,587**	**(106,311,507)**	**(51,508,920)**
Adjustment for Stated capital and accumulated loss	12.1	128,002	(128,002)	-
Loss for the year		-	(8,665,043)	(8,665,043)
Other comprehensive expense		-	(12,633)	(12,633)
As at 31 March 2024		**54,930,589**	**(115,117,185)**	**(60,186,596)**

The accounting policies and notes on pages 7 through 33 form an integral part of these financial statements.

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CASH FLOW STATEMENT

As at 31 March 2024

	Note	2024 Rs. '000	2023 Rs. '000
Cash Flows From / (Used in) Operating Activities			
Loss before tax from continuing operations		(8,665,043)	(15,465,699)
Adjustments for			
Deferred revenue		(10,082,028)	(7,816,006)
Depreciation of property, plant and equipment	5	4,712,335	3,686,981
Amortisation of intangible assets	6	542,257	945,420
Depreciation of right-of-use assets	8.1	937,561	965,555
Impairment of property, plant and equipment and CWIP	5.1	1,164	29,201
Amortisation of prepaid lease rental		(1,753)	(1,794)
Income from investments	20	(1,911)	(2,327)
Finance costs	21	6,227,595	4,557,932
Other income	19	(290)	(402)
TDC income recognised	19	(588)	-
Profit on disposal of property, plant and equipment	19	(6,054)	(4,335)
Loss on retirement of property, plant and equipment	5.1	259	284
Foreign currency gains		(6,264,460)	2,969,469
Provision for defined benefit plans	13	25,049	23,597
Provision for/ (reversal of) property, plant and equipment CWIP	5.2	113,827	206,910
Provision for doubtful debts	10.2	(3,585)	(95,505)
Operating loss before working capital changes		**(12,465,665)**	**(10,000,719)**
Increase in inventories		(12,071)	(39,606)
Decrease / (increase) in trade and other receivables		330,054	216,486
(Increase) in advances and prepayments		(200,261)	(18,380)
(Decrease) / increase in trade and other payables		(2,642,197)	1,188,627
Cash used in operations		**(14,990,140)**	**(8,653,592)**
Gratuity paid	13	(26,974)	(21,291)
Receipts from recharge cards and reload sales		10,004,044	7,873,037
Receipts of TDC claims		47,339	-
Net cash used in operations		**(4,965,731)**	**(801,846)**
Cash Flows from / (Used in) Investing Activities			
Acquisition of property, plant and equipment		(1,134,300)	(4,823,833)
Proceeds from disposal of property. plant and equipment		6,053	5,123
Interest received	20	1,911	2,327
Money received from sundry balances written off		290	402
Net cash flows used in investing activities		**(1,126,046)**	**(4,815,981)**
Cash Flows from / (Used in) Financing Activities			
Proceeds from loans and borrowings	15.1	1,800,000	17,736,015
Repayments of loans and borrowings	15.1	(900,000)	(2,089,828)
Interest payments on loans and borrowings		(409,131)	(1,299,952)
Repayments on lease liability		(1,298,205)	(1,315,327)
Net cash flows from financing activities		**(807,336)**	**13,030,908**
Net increase in cash and cash equivalents		(6,899,113)	7,413,081
Effect of exchange rate difference on cash and cash equivalents		989,022	(214,304)
Cash and cash equivalents at the beginning of the year	11	(1,010,107)	(8,208,884)
Cash and cash equivalents at the end of the year	11	**(6,920,198)**	**(1,010,107)**

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The accounting policies and notes on pages 7 through 33 form an integral part of these financial statements.

1. Corporate Information

1.1 General

Bharti Airtel Lanka (Private) Limited ("Company") is a limited liability Company incorporated on 29 March 2007 and domiciled in Sri Lanka. The registered office of the Company is situated at 11th Floor, West Tower, World Trade Centre, Echelon Square, Colombo 01.

1.2 Principle Activities and Nature of Operations

The Company is engaged in its principal activity of providing mobile telecommunication services with the launch of its services on 12 January 2009. There were no significant changes in the nature of the principal activities of the Company during the financial year under review.

1.3 Parent Entity and Ultimate Parent Entity

The Company's parent entity is Bharti Airtel Ltd and ultimate parent undertaking and controlling party is Bharti Enterprises (Holding) Private Limited , both are incorporated in India.

1.4 Date of Authorization for Issue

The financial statements of Bharti Airtel Lanka (Private) Limited for the year ended 31 March 2024 were authorized for issue in accordance with a resolution of the board of directors on 17 June 2024.

2. General Accounting Policies

2.1 Basis of Preparation

The financial statements have been prepared on a historical cost basis except for Retirement benefit liability, Lease liability, Right-of-use asset, and asset retirement obligation, which are reflected in the financial statements at their present value. The financial statements are presented in Sri Lankan Rupees and rounded to the nearest thousand unless otherwise stated.

2.2 Statement of Compliance - Basis of preparation

The financial statements of the Company have been prepared in accordance with Sri Lanka Accounting Standards (LKAS, SLFRS), relevant interpretations of the Standing Interpretations Committee ("SIC") and International Financial Reporting Interpretations Committee ("IFRIC"). and per the requirements of the Companies Act No. 7 of 2007.

2.3 Going Concern

The Directors have made an assessment of the Company's ability to continue as a going concern and they do not intend to cease operations. However, the Company has incurred a loss after tax of Rs 8,665 Mn for the financial year ended 31 March 2024 (2023 – Rs 15,466 Mn). As at the reporting date, the Company's accumulated loss amounted to Rs 115,117 Mn (2023 – Rs. 106,312 Mn).

Accordingly, the Company has the support from parent company for USD 240 million equity infusion which is planned to complete in the first quarter of next financial period. Hence it will not raise substantial doubts that the Company will not be able to continue as a going concern. Accordingly, these financial statements have been prepared on a going concern basis.

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2. General Accounting Policies

2.4 Material Accounting Estimates and Assumptions

The financial statements are sensitive to assumptions and estimates made in measuring certain carrying amounts represented in the statement of financial position and amounts charged to the statement of profit or loss and other comprehensive income. These could result in a significant risk of causing material adjustments to the carrying amounts of assets and liabilities which are disclosed in the relevant notes to the financial statements.

a) Impairment Losses on Capital Work in Progress

Management reviews capital work in progress at each month end to identify any constructions which are unlikely to be completed. An impairment loss is recognized for uncompleted sites and computer hardware & integral software based on the period lapsed since commencement of the construction and development. Refer details given in Note 5.2.

b) Asset Retirement Obligation (ARO)

The Company has recognized a provision for Asset Retirement Obligation associated with each base station constructed in freehold and leasehold assets. The determination of the obligation is based on estimates relating to discount rates, expected cost to dismantle the site and the expected timing of these costs. Refer details given in Note 14.

c) Defined Benefit Plans

The Defined Benefit Obligations and the related charges for the year are determined using an actuarial valuation. It involves making assumptions about discount rates, future salary increases, and mortality rates etc. Due to the long term nature of such obligations these estimates are subject to significant uncertainties. Further details are provided in Note 13.

d) Impairment of Trade Receivables

Impairment of trade receivables is based on the Company's past loss experience and is determined on management's best estimate. Refer details given in Note 10.1 and 10.2 relating to impairment of financial assets.

e) Impairment of Non-Financial Assets

The Company assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Non-financial assets are tested for impairment and concluded when there are indicators that the carrying amounts may not be recoverable. The "recoverable amount" of an asset is the greater of its Value in Use (VIU) and its fair value less costs to sell. VIU is based on the estimated future cash flows, 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 or CGU. An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Factors like lower than anticipated sales and resulting decreases of net cash flows and changes in the discount rates could lead to impairment. Impairment losses are recognised in profit or loss.

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3. Summary of Material Accounting Policies

3.1 Foreign Currency Translation

The financial statements are presented in Sri Lankan Rupees, which is the Company's functional and presentation currency. Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the statement of financial position date. All differences are taken to the statement of comprehensive income. Non monetary item that is measured in terms of historical cost in a foreign currency is translated using the exchange rate as at the date of the initial transaction.

3.2 Classification of assets and liabilities as current or non-current

The Company presents assets and liabilities in the statement of financial position as current and non-current.

An asset is classified as current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle,
- Held primarily for the purpose of trading,
- Expected to be realised within twelve months after the reporting period,
- Cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is 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
- The Company does not have the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

3.3 Taxation

Current Taxes

Pursuant to agreement dated 20 September 2007 entered into with Board of Investment under section 17 of the Board of Investment Law, for the business to construct, operate and maintain a digital cellular mobile communication system to provide mobile communication service, the Inland Revenue Act No. 10 of 2006 relating to the imposition, payment and recovery of income tax in respect of the profits and income of the enterprise shall not apply for a period of 15 years from the year in which the enterprise commences to make profits or any year of assessment not later than two (02) years from the date of commencement of commercial operation whichever is earlier.

This exemption is continued to be applied under Inland Revenue Act, No.24 of 2017.

After the expiration of the aforesaid tax exemption period, the profits and income of the enterprise shall be charged at the rate of 15%.

The Company's other income from sale of products is liable for income tax at the rate of 30%.

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3. Summary of Material Accounting Policies – (contd.)

3.3 Taxation – (contd.)

Deferred Taxation

Since, the Company is enjoying a tax holiday period of 15 years as stated above under current taxation. Deferred tax asset/liability is not recognized for the temporary difference, which is to be reversed during the tax holiday period.

3.4 Intangible Assets

An intangible asset is recognised if it is probable that benefits attributable to the asset will flow to the entity and cost of the assets can be measured reliably. Intangible asset acquired separately is measured on initial recognition at cost. Following initial recognition, intangible asset is carried at cost less any accumulated amortisation and any accumulated impairment loss.

Intangible assets with finite life is amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible asset with finite life is recognised in the statement of comprehensive income in the expense category consistent with the function of the intangible asset.

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Licences

Licence fee paid by the Company has been recognised as an intangible asset and the same is being amortised equally over period of licence of maximum 10 years from the date of commencement of commercial operations or renewal date.

Software

Software represents the operational, networking and other software used by the Company. Such software is amortised on a straight-line basis over a period of 1-3 years.

3.5 Inventories

Inventory is valued at the lower of cost and net realizable value. Cost includes the packing cost of SIM stock. The inventory cost is determined on first-in-first-out basis. Net realisable value is the estimated selling price in the ordinary cause of business, less estimated costs of completion and the estimated costs necessary to make the sale.

3.6 Financial Instruments

Initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

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3. Summary of Material Accounting Policies – (contd.)

3.7 Financial Instruments

Financial assets - Initial recognition and measurement

Financial assets are classified at fair value minus the transaction cost as the initial recognition, and as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through comprehensive income.

The classification of financial assets at initial recognition depend on their contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price determined under SLFRS 15 (Refer to the accounting policies in section (e) Revenue from contracts with customers.)

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely for payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss (FVTPL)

Financial liabilities – initial and subsequent measurement

Financial liabilities are initially recognised at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method. For Network i2i loan the principle payable provided in Note 15 and interest accrued has been provided in Note 16.1 under amounts due to related parties.

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3. Summary of Material Accounting Policies – (contd.)

3.7 Financial Instruments – (contd.)

De-recognition of financial assets and liabilities

Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the assets have expired

  or

- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired.

3.8 Cash and Cash Equivalents

Cash and cash equivalents are cash in hand and at bank that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand and at bank net of outstanding bank overdrafts.

3.9 Property, Plant and Equipment

3.9.1 Owned Assets

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment loss, if any. Depreciation is provided for on the basis specified in paragraph 3.9.3.

The cost of property, plant and equipment includes expenditure that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located and borrowing costs on qualifying assets. Purchased software that is integral to the functionality of the related equipment is capitalised as a part of that equipment.

When parts of an item of property, plant & equipment have different useful Life, they are accounted for as separate items (major components) of property, plant & equipment.

The Company uses various premises on lease to set up infrastructural facilities to support the Company's telecommunication network and to install the equipment. A provision is recognized for the costs which are to be incurred for the restoration of these premises at the end of the lease period. It is expected that this provision will be utilised at the end of the lease period of the respective sites as per the respective lease agreements.

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3. Summary of Material Accounting Policies – (contd.)

3.9 Property, Plant and Equipment – (contd.)

3.9.2 Capital work-in-progress

The plant and equipment under construction are recognised at cost under work in progress and capitalised when such plant and equipment are available for use.

The Company recognizes an impairment loss for sites which are under construction, when there is an objective evidence of impairment.

Derecognition

The carrying amount of an item of property, plant & equipment is derecognised on disposal; or when no future economic benefits are expected from its use. Gains and losses on de-recognition are recognised in the statement of comprehensive income and gains are not classified as revenue.

3.9.3 Depreciation

Depreciation is recognised in the statement of comprehensive income on a straight-line basis over the estimated useful life of each part of an item of property, plant and equipment since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful life for the current and comparative period is as follows;

Buildings	-	20 Years
Telecommunication Infrastructure and Equipment	-	1-20 Years
Office, Furniture and Equipment	-	1-10 Years
Computer Hardware	-	1-3 Years
Leasehold Improvements	-	Period of lease or 10 years whichever is less

3.10 Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The contracts are typically entered into for a term of more than 12 months. Contracts may contain both lease and non-lease components. The Company allocates full consideration as lease component for own agreements & 60% of the consideration for shared agreements as lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Right of Use Assets

The Company recognises right of use assets when the underlying asset is available for use. Right of use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right of use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right of used assets are depreciated on a straight-line basis over the shorter of its estimated useful life or the lease term. Right of use assets are subject to impairment.