

**Airtel Digital Limited**  
**(Formerly known as Wink Limited)**  
**Ind AS Financial Statements**  
**March 2021**

**Airtel Digital Limited**  
**(Formerly known as Wynn Limited)**  
**Ind AS Financial Statements – March 2021**

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## **Independent Auditor's Report**

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF AIRTEL DIGITAL LIMITED (Formerly known as Wynk Limited)

#### Report on the Audit of the Financial Statements

#### Opinion

We have audited the accompanying Financial Statements of Airtel Digital Limited (Formerly known as Wynk Limited) ("the Company"), which comprise the Balance Sheet as at March 31, 2021, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash ended on that date, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, and its loss, total comprehensive loss, the changes in equity and its cash flows for the year ended on that date.

#### Basis for Opinion

We conducted our audit of the Financial Statements in accordance with the Standards on Auditing ("SAs") specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, 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 financial statements.

#### Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises Board's Report including Annexures to the Board's 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 during the course of our audit or otherwise appears to be materially misstated.



- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Management's Responsibility for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act 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 financial statement that give a true and fair view and 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.

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

### **Auditor's Responsibility 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 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 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 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. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- 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 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.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the 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 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.

#### **Report on Other Legal and Regulatory Requirements**

1. As required by Section 143(3) of the Act, based on our audit we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c. The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account
  - d. In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.
  - e. On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164(2) of the Act.
  - f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in



"Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

- g. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the Company has not made any payments towards managerial remuneration to its directors during the year and hence requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act are not applicable.

- h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements. Refer Note 20 of financial statements.
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)



A handwritten signature in black ink, appearing to read "Nilesh".

**Nilesh H. Lahoti**  
(Partner)  
(Membership No. 130054)  
UDIN: 21130054AAAADA7697

Place: Gurugram  
Date: June 21, 2021

**ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT**

**(Referred to in paragraph 1 (f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of AIRTEL DIGITAL LIMITED (formerly known as WYNK Limited) of even date)**

**Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of Airtel Digital Limited (Formerly known as WYNK Limited) ("the Company") as of March 31, 2021 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.





### **Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, to the best of our information and according to the explanations given to us the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)



A handwritten signature in black ink, appearing to read "Nilesh H. Lahoti".

**Nilesh H. Lahoti**  
(Partner)  
(Membership No. 130054)  
UDIN: 21130054AAAADA7697

Place: Gurugram  
Date: June 21, 2021

**ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT**

**(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of AIRTEL DIGITAL LIMITED (formerly known as Wynk Limited) of even date)**

- i. In respect of Company's fixed assets:-
  - a. The Company has maintained proper records showing full particulars with respect to most of its fixed assets and is in the process of updating quantitative and situation details with respect to certain fixed assets in the records maintained by the Company.
  - b. The Company has a program of verification of fixed assets to cover all the fixed assets items in a phased manner at reasonable intervals, over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the Management during the FY 2018-19. According to information and explanation given to us, no material discrepancies were noticed on such verification.
  - c. According to the information and explanations given to us, there are no immovable properties included in property, plant and equipment of the Company and accordingly, the requirements under para 3(i) (c) of the Order are not applicable to the Company.
- ii. The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification. There was no inventory lying with third party.
- iii. The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
- iv. In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities granted in respect of which provisions of Section 185 and 186 of the Companies Act, 2013 are applicable.
- v. According to the information and explanations given to us, the Company has not accepted deposits during the year and does not have any unclaimed deposits as at March 31, 2021 and therefore, the provisions of the clause 3 (v) of the Order are not applicable.
- vi. To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under Section 148(1) of the Companies Act, 2013, for the product/service of the Company.



- vii. According to the information and explanations given to us, in respect of statutory dues:
- a. The Company is generally regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Goods and Services taxes, Customs Duty, cess and other material statutory dues applicable to it to the appropriate authorities.
  - b. There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Goods and Services Tax, Customs Duty, cess and other material statutory dues in arrears as at March 31, 2021 for a period of more than six months from the date they became payable.
  - c. There are no dues of Income-tax, Goods and service tax, custom duty, Excise duty and Value Added Tax as on March 31, 2021 on account of any dispute which have not been deposited.
- viii. The Company has not taken any loans or borrowings from financial institutions, banks and government or has not issued any debentures. Hence reporting under clause (viii) of CARO 2016 is not applicable to the Company.
- ix. The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the CARO 2016 Order is not applicable.
- x. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
  - xi. In our opinion and according to the information and explanations given to us, the Company has not made any payments towards managerial remuneration to its directors during the year and hence requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013 are not applicable.
  - xii. The Company is not a Nidhi Company and hence reporting under clause 3 (xii) of the CARO 2016 Order is not applicable.
  - xiii. In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards. Section 177 of the Companies Act, 2013 is not applicable on the Company.
  - xiv. During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause 3 (xiv) of the Order is not applicable to the Company.
  - xv. In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its holding, subsidiary or associate company or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.



xvi. The Company is not required to be registered under section 45-I of the Reserve Bank of India Act, 1934.

For **DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)

Place: Gurugram  
Date: June 21, 2021



A handwritten signature in black ink, appearing to read "Nilesh".

**Nilesh H. Lahoti**  
(Partner)  
Membership No. 130054  
UDIN: 21130054AAAADA7697

## **Ind AS Financial Statements**

**Airtel Digital Limited**  
**(Formerly known as Wynn Limited)**  
**Balance sheet**  
*(All amounts are in millions of Indian Rupees)*

|  | Notes | As of          |                |
|--|-------|----------------|----------------|
|  |       | March 31, 2021 | March 31, 2020 |
| <b>Assets</b>  |       |                |                |
| <b>Non-current assets</b>  |       |                |                |
| Property, plant and equipment  | 5     | 39             | 64             |
| Capital work-in-progress   | 5     | 6              | 8              |
| Intangible assets  | 6     | 461            | 257            |
| Intangible assets under development  | 6     | 111            | -              |
| <b>Financial assets</b>  |       |                |                |
| - Investments  | 6     | 17             | -              |
| Income tax assets  |       | 76             | 527            |
| Other non-current assets   | 12    | 50             | 50             |
|  |       | <b>760</b>     | <b>906</b>     |
| <b>Current assets</b>  |       |                |                |
| Inventories  |       | 0              | 3              |
| <b>Financial assets</b>  |       |                |                |
| - Trade receivables  | 9     | 1,231          | 516            |
| - Security deposits  |       | 0              | 0              |
| - Cash and cash equivalents  | 10    | 204            | 2              |
| - Others   | 11    | 1,256          | 649            |
| Other current assets   | 12    | 276            | 349            |
|  |       | <b>3,047</b>   | <b>1,519</b>   |
| <b>Total assets</b>  |       | <b>3,807</b>   | <b>2,425</b>   |
| <b>Equity and Liabilities</b>  |       |                |                |
| <b>Equity</b>  |       |                |                |
| Equity share capital   | 13    | 1              | 1              |
| Other equity   |       | (2,357)        | (344)          |
|  |       | <b>(2,356)</b> | <b>(343)</b>   |
| <b>Non-current Liabilities</b>   |       |                |                |
| Deferred revenue   |       | 0              | -              |
| Provisions   | 15    | 21             | 9              |
|  |       | <b>21</b>      | <b>9</b>       |
| <b>Current Liabilities</b>   |       |                |                |
| <b>Financial Liabilities</b>   |       |                |                |
| Borrowings   | 16    | 2,958          | 655            |
| <b>Trade payables</b>  |       |                |                |
| -total outstanding dues of micro enterprises and small enterprises                           | 17    | 10             | 19             |
| -total outstanding dues of trade payables other than micro enterprises and small enterprises |       | 2,895          | 1,774          |
| Others   | 18    | 45             | 31             |
| Deferred revenue   |       | 13             | -              |
| Provisions   | 15    | 50             | 14             |
| Other current liabilities  | 19    | 171            | 266            |
|  |       | <b>6,142</b>   | <b>2,759</b>   |
| <b>Total Liabilities</b>   |       | <b>6,163</b>   | <b>2,768</b>   |
| <b>Total equity and Liabilities</b>  |       | <b>3,807</b>   | <b>2,425</b>   |

The accompanying notes 1 to 33 form an integral part of these financial statements.

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

*Nilesh*

Nilesh H. Lahoti  
Partner  
Membership No: 130054  
Place: Gurugram



For and on behalf of the Board of Directors of Airtel Digital Limited  
(Formerly known as Wynn Limited)

*Badal Bagri*

Badal Bagri  
Director  
DIN: 00367278  
Place: Gurugram

*Pankaj Tiwari*

Pankaj Tiwari  
Director  
DIN: 08006533  
Place: Gurugram

Date: June 21, 2021



**Airtel Digital Limited**  
**(Formerly known as Wynk Limited)**  
**Statement of Profit and Loss**  
*(All amounts are in millions of Indian Rupees; except per share data)*

|  | Notes | For the year ended |                |
|--|-------|--------------------|----------------|
|  |       | March 31, 2021     | March 31, 2020 |
| <b>Income</b>  |       |                    |                |
| Revenue from operations  | 21    | 5,533              | 5,466          |
| Other income   |       | 86                 | 11             |
|  |       | <b>5,619</b>       | <b>5,477</b>   |
| <b>Expenses</b>  |       |                    |                |
| Access charges   |       | 158                | -              |
| Network operating expense  |       | 66                 | -              |
| Content cost   |       | 5,113              | 5,065          |
| Cost of Sales  |       | 31                 | 219            |
| Employee benefits expense  | 22    | 437                | 250            |
| Sales and marketing expenses   | 23    | 286                | 75             |
| Other expenses   | 24    | 808                | 466            |
|  |       | <b>6,899</b>       | <b>6,075</b>   |
| <b>Loss before depreciation, amortisation, finance cost, exceptional items and tax</b> |       | <b>(1,280)</b>     | <b>(598)</b>   |
| Depreciation and amortisation expense  | 25    | 261                | 166            |
| Finance costs  | 26    | 0                  | 3              |
| <b>Loss before exceptional items and tax</b>   |       | <b>(1,541)</b>     | <b>(767)</b>   |
| Exceptional items  | 27    | 504                | -              |
| <b>Loss before tax</b>   |       | <b>(2,045)</b>     | <b>(767)</b>   |
| <b>Tax expense</b>   |       |                    |                |
| Current tax  | 7     | -                  | -              |
| Deferred tax expense   | 7     | -                  | 62             |
|  |       | -                  | 62             |
| <b>Loss for the Year</b>   |       | <b>(2,045)</b>     | <b>(829)</b>   |
| <b>Other comprehensive loss</b>  |       |                    |                |
| Items not to be reclassified to profit or loss:  |       |                    |                |
| -Re-measurement losses on defined benefit plans  |       | (2)                | (3)            |
| -Income Tax credit   |       | -                  | -              |
| <b>Other comprehensive loss for the year</b>   |       | <b>(2)</b>         | <b>(3)</b>     |
| <b>Total comprehensive loss for the year</b>   |       | <b>(2,047)</b>     | <b>(832)</b>   |
| <b>Loss per share (Face value Rs. 10 each)</b>   |       |                    |                |
| Basic and diluted  | 29    | (22,902)           | (9,282)        |


The accompanying notes 1 to 33 form an integral part of these financial statements.


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

**For and on behalf of the Board of Directors of Airtel Digital Limited**  
**(Formerly known as Wynk Limited)**

  
**Nilesh H. Lahoti**  
**Partner**  
 Membership No: 130054  
 Place: Gurugram



  
**Badal Bagri**  
**Director**  
 DIN: 00367278  
 Place: Gurugram

  
**Pankaj Tiwari**  
**Director**  
 DIN: 08006533  
 Place: Gurugram

Date: June 21, 2021



**Airtel Digital Limited**  
**(Formerly known as Wynn Limited)**  
**Statement of Changes in Equity**  
*(All amounts are in millions of Indian Rupees; unless stated otherwise)*

|   | Equity share Capital    |        | Other Equity - Reserves and Surplus |                   |                 | Total equity |         |
|---|-------------------------|--------|-------------------------------------|-------------------|-----------------|--------------|---------|
|   | No. of shares (in '000) | Amount | Securities premium account          | Retained earnings | Capital reserve |              | Total   |
| <b>As of April 1, 2019</b>                        | 89                      | 1      | 353                                 | 135               | -               | 488          | 489     |
| Loss for the year                                 | -                       | -      | -                                   | (829)             | -               | (829)        | (829)   |
| Other comprehensive loss (Net of Tax)             | -                       | -      | -                                   | (3)               | -               | (3)          | (3)     |
| <b>Total comprehensive loss</b>                   | -                       | -      | -                                   | (832)             | -               | (832)        | (832)   |
| <b>As of March 31, 2020</b>                       | 89                      | 1      | 353                                 | (697)             | -               | (344)        | (343)   |
| Loss for the year                                 | -                       | -      | -                                   | (2,045)           | -               | (2,045)      | (2,045) |
| Other comprehensive loss (Net of Tax)             | -                       | -      | -                                   | (2)               | -               | (2)          | (2)     |
| <b>Total comprehensive loss</b>                   | -                       | -      | -                                   | (2,047)           | -               | (2,047)      | (2,047) |
| Common control transaction (refer to Note 4 (ii)) | -                       | -      | -                                   | -                 | 34              | 34           | 34      |
| <b>As of March 31, 2021</b>                       | 89                      | 1      | 353                                 | (2,744)           | 34              | (2,357)      | (2,356) |

The accompanying notes 1 to 33 form an integral part of these financial statements.

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



**Poolesh H. Lahoti**  
**Partner**  
 Membership No: 130054  
 Place: Gurugram





**Badal Bagri**  
**Director**  
 DIN: 00367278  
 Place: Gurugram



**Pankaj Tiwari**  
**Director**  
 DIN: 08006533  
 Place: Gurugram

Date: June 21, 2021

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**Airtel Digital Limited**  
**(Formerly known as Wynn Limited)**  
**Statement of Cash Flows**  
*(All amounts are in millions of Indian Rupees)*

|  | For the year ended |                |
|--|--------------------|----------------|
|  | March 31, 2021     | March 31, 2020 |
| <b>Cash flows from operating activities</b>                              |                    |                |
| Loss before tax  | (2,045)            | (767)          |
| <b>Adjustments for :</b>   |                    |                |
| Depreciation and amortisation  | 261                | 166            |
| Finance costs  | 0                  | 3              |
| Interest income  | (86)               | (11)           |
| Other non-cash items   | 65                 | 90             |
| Exceptional items  | 504                | -              |
| <b>Operating cash flow before changes in working capital</b>             | <b>(1,301)</b>     | <b>(519)</b>   |
| <b>Changes in working capital</b>  |                    |                |
| Trade receivables  | (747)              | (359)          |
| Trade payables   | 622                | 790            |
| Provisions   | 46                 | 14             |
| Other financial and non financial liabilities                            | (72)               | (66)           |
| Other financial and non financial assets                                 | (565)              | 498            |
| <b>Net cash (used in) / generated from operations before tax</b>         | <b>(2,017)</b>     | <b>358</b>     |
| Income tax refund / (paid) - net   | 450                | (92)           |
| <b>Net cash (used in) / generated from operating activities (a)</b>      | <b>(1,567)</b>     | <b>266</b>     |
| <b>Cash flows from investing activities</b>                              |                    |                |
| (Purchase) / Sale of property, plant and equipment                       | (2)                | 82             |
| Purchase of intangible assets  | (508)              | (338)          |
| Purchase of investments  | (0)                | -              |
| Interest received  | 56                 | 11             |
| <b>Net cash used in investing activities (b)</b>                         | <b>(454)</b>       | <b>(245)</b>   |
| <b>Cash flows from financing activities</b>                              |                    |                |
| Proceeds from borrowings   | 7,677              | 5,370          |
| Repayment of borrowings  | (5,374)            | (5,390)        |
| <b>Net cash generated from / (used in) financing activities (c)</b>      | <b>2,303</b>       | <b>(20)</b>    |
| <b>Net increase in cash and cash equivalents during the year (a+b+c)</b> | <b>282</b>         | <b>1</b>       |
| Cash and cash equivalents as at beginning of the year                    | 2                  | 1              |
| <b>Cash and cash equivalents as at end of the year (refer Note 10)</b>   | <b>284</b>         | <b>2</b>       |

The above statement of cash flows has been prepared under the 'indirect method' as set out in Ind AS 7 'Statement of Cash flows'.

The accompanying notes 1 to 33 form an integral part of these financial statements.

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

**For and on behalf of the Board of Directors of Airtel Digital Limited**  
**(Formerly known as Wynn Limited)**



**Nilesh H. Lahoti**  
**Partner**  
 Membership No: 130054  
 Place: Gurugram





**Badal Bagri**  
**Director**  
 DIN: 00367278  
 Place: Gurugram



**Pankaj Tiwari**  
**Director**  
 DIN: 08006533  
 Place: Gurugram

Date: June 21, 2021



**Airtel Digital Limited**  
**(Formerly known as Wynk Limited)**  
**Notes to Financial Statements**

*(All amounts are in millions of Indian Rupees; unless stated otherwise)*

**1. Corporate information**

Airtel Digital Limited ('the Company') (formerly known as Wynk Limited), a public limited company domiciled and duly incorporated in India on January 13, 2015, under the provisions of the Companies Act, 2013 having registered office at Bharti Crescent, 1, Nelson Mandela Road, Vasant Kunj, Phase-II, New Delhi – 110070.

The main objective of the Company includes procurement, aggregation and provision of content services and sale of products to its B2B and B2C customers. The Company has also started platform usage, advertisement and voice and data services during the year.

With effect from March 12, 2020, the name of Company was changed from Wynk Limited to Airtel Digital Limited.

**2. Summary of significant accounting policies**

**2.1 Basis of preparation**

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

The Company made a loss for the financial year ended March 31, 2021 of Rs. 2,045 (2019-20: Rs. 829 loss) and as that date, the current liabilities exceeded its current assets by Rs. 3,095 (2019-20: current liabilities exceeded current assets by Rs. 1,240) and net worth of Company has been eroded during the year.

Management has undertaken initiatives to achieve profitability and reduce current assets and liability mismatch. These initiatives include: -

- Increase advertisement revenue on platforms.
- Increase customer penetration among paying subscribers.
- Started serving external customers.

The financial statements are prepared on the basis of accounting policies applicable to a going concern assumption. In making its assessment, management acknowledges that the ability of the Company to continue as a going concern is dependent on generation of sufficient profits, positive cash flows and the undertaking from Bharti Airtel Limited (Parent Company) to provide appropriate financial support; which is valid till 12 Months from approval of financial statements by the Board of Directors of the Company.



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*(All amounts are in millions of Indian Rupees; unless stated otherwise)*

The financial statements are approved for issue by the Company's Board of Directors on June 21, 2021.

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 the statement of Profit and Loss and Balance Sheet. Nonetheless, these items are disaggregated separately in the notes to the financial statements, where applicable or required.

All the amounts included in the financial statements are reported in millions of Indian Rupees ('Rupees' or 'Rs.') and are rounded to the nearest millions, except per share data and unless stated otherwise. Further, due to rounding off, certain amounts are appearing as '0'.

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

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

To provide more reliable and relevant information about the effect of certain items in the Balance Sheet and Statement of Profit and Loss, the Company has changed the classification of certain items. Previous year figures have been re-grouped or reclassified, to conform to such current year's grouping / classifications. There is no impact on Equity or Net Loss due to these regrouping / reclassifications.

**New amendments adopted during the year**

MCA vide notification no. G.S.R. 463(E) dated July 24, 2020 has issued the Companies (Indian Accounting Standards) Amendment Rules, 2020 which amends following Ind AS:

- Ind AS 103, Business Combinations
- Ind AS 107, Financial Instruments: Disclosures
- Ind AS 109, Financial Instruments
- Ind AS 116, Leases
- Ind AS 1, Presentation of Financial Statements
- Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors
- Ind AS 10, Events after the Reporting Period
- Ind AS 37, Provisions, Contingent Liabilities and Contingent Assets

The amendments are applicable for annual periods beginning on or after the April 1, 2020, however, these do not have material impact on the financial statements of the Company.



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**Amendment to Schedule III Division II**

MCA vide notification dated March 24, 2021, has amended disclosure requirements to Division II of Schedule III of the Act. The amendments are applicable from April 1, 2021.

**Amendments to Standards issued but not effective**

The following pronouncements issued by the MCA vide notification dated June 18, 2021 are relevant to the Company and effective for annual periods beginning on or after April 1, 2021.

- Ind AS 103, Business Combinations
- Ind AS 105, Non-Current Assets Held for Sale and Discontinued Operations
- Ind AS 107, Financial Instruments: Disclosures
- Ind AS 109, Financial Instruments
- Ind AS 27, Separate Financial Statements
- Ind AS 37, Provisions, Contingent Liabilities and Contingent Assets
- Ind AS 38, Intangible Assets

The Company's financial reporting will be presented in accordance with these requirements from April 1, 2021, which are being evaluated but not expected to have a material impact on the financial position or cash flows of the Company.

**2.2 Basis of measurement**

The financial statements have been prepared on the accrual and going concern basis, and the historical cost convention except where the Ind AS requires a different accounting treatment. The principal variations from the historical cost convention relate to financial instruments classified as fair value through profit or loss (refer note 2.8) - which are measured at fair value.

**Fair value measurement**

Fair value is the price at the measurement date, at which an asset can be sold or paid to transfer a liability, in an orderly transaction between market participants. The Company's accounting policies require, measurement of certain financial 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 instruments, 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 is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.



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

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

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

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

### **2.3 Foreign currency transactions**

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

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

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

### **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 other 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,





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

Subsequent to initial recognition, PPE are stated at cost less accumulated depreciation and any impairment losses. When significant parts of PPE are required to be replaced at regular intervals, the Company recognises such parts as separate component of assets. When an item of PPE is replaced, then its carrying amount is derecognised 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.

Cost of assets not ready for intended use, as on the Balance Sheet date, is shown as capital work in progress ('CWIP'), advances given towards acquisition of PPE outstanding at each Balance Sheet date are disclosed under Other Non-current assets.

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.

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.

Depreciation on PPE is computed using the straight-line method over the estimated useful lives. The Company has established the estimated range of useful lives for different categories of PPE as follows:



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| <b>Categories</b>                            | <b>Years</b>                                   |
|--|--|
| Leasehold improvements                       | Period of lease or 10 years, whichever is less |
| Computers                                    | 3  |
| Furniture and fixtures and office equipments | 2 – 5  |

The useful lives, residual values and depreciation method of PPE are reviewed, and adjusted appropriately, atleast 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 of are derecognised 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 Intangible assets**

Intangible assets are recognised when the Company controls the asset, it is probable that future economic benefits attributed to the asset will flow to the Company and the cost of the asset can be measured reliably. The intangible assets are initially recognised at cost. These assets having finite useful life are carried at cost less accumulated amortisation and any impairment losses. Amortisation is computed using the straight-line method over the expected useful life of intangible assets.

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

### **Software**

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

### **Non-compete fee**

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

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

Further, the cost of intangible assets under development includes the amount of software / IT platform under development.



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Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

## **2.7 Impairment of non-financial assets**

### **a. PPE and intangible assets**

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

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

### **Reversal of impairment losses**

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

## **2.8 Financial instruments**

### **a. Recognition, classification and presentation**

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

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

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

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





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

**b. Measurement – Non derivative financial instruments**

**I. Initial measurement**

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

**II. Subsequent measurement - financial assets**

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

**i. Financial assets measured at amortised cost**

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



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**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).

**c. Measurement –derivative financial instruments**

Derivative financial instruments, including separated embedded derivatives are classified as financial instruments at fair value through profit or loss - Held for trading. Such derivative financial instruments are initially recognised at fair value. They are subsequently measured at their fair value, with changes in fair value being recognised in the statement of Profit and Loss.

**d. Derecognition**

The financial assets are derecognised 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 financial liabilities are de-recognised from the Balance Sheet when the underlying obligations are extinguished, discharged, lapsed, cancelled, expires or legally released. The resultant impact of derecognition is recognised in the statement of Profit and Loss.

**2.9 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



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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.

**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. Deferred tax is also recognised in respect of carried forward tax losses and tax credits. However, deferred tax is not recognised if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

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 relates to income tax levied by the same taxation authority and where there is an intention to settle the current income tax balances on net basis.

**2.10 Inventories**

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



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**2.11 Cash and cash equivalents**

Cash and cash equivalents include cash in hand, bank balances and any deposits with original maturities of three months or less (that are readily convertible to known amounts of Cash and cash equivalents and subject to an insignificant risk of changes in value). However, for the purpose of the statement of cash flows, in addition to above items, any bank overdrafts / cash credits that are integral part of the Company's cash management, are also included as a component of Cash and cash equivalents.

**2.12 Share capital**

Ordinary shares are classified as Equity when the Company has an unconditional 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.

**2.13 Employee benefits**

The Company's employee benefits mainly include wages, salaries, bonuses, defined contribution plans, defined benefit plans and compensated absences. The employee benefits are recognised in the year 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.

**a. Defined contribution plans**

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

**b. Defined benefit plans**

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

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

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

The interest expenses are calculated by applying the above mentioned discount rate to defined benefits obligations. The interest expenses on the defined benefits obligations are recognised in the statement of Profit and Loss. However, the related re-measurements of the defined benefits obligations are recognised directly in the other comprehensive income in the period in which they arise. The said re-measurements



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comprise of actuarial gains and losses (arising from experience adjustments and changes in actuarial assumptions). Re-measurements are not re-classified to the statement of Profit and Loss in any of the subsequent periods.

**c. Other long-term employee benefits**

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

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

**2.14 Provisions**

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

Provisions are measured at the present value of the expenditures expected to be required to settle the relevant obligation (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 unwinding of interest over passage of time is recognised within finance costs.

**2.15 Contingencies**

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

**2.16 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 and discounts.





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The Company assesses its revenue arrangements in order to determine if it is acting as a principal or as an agent by determining whether it has primary obligation, pricing latitude and exposure to inventory risk associated with the sale of goods / rendering of services.

In the said assessment, both the legal form and substance of the agreement are reviewed to determine each party's role in the transaction.

The main categories of revenue and the basis of recognition are as follows:

**i) Service revenue**

Service revenues mainly pertain to usage and subscription revenue from Wynk app and Airtel TV app user and advertisement revenue.

**a) Subscription revenue**

Subscription charges are recognised over subscription pack validity period.

**b) Advertisement revenue**

Advertisement revenue is recognised during the period campaign is live on the Application.

**c) Xstream stick**

Xstream stick revenue is recognised at a point of transfer.

The billing / collection in excess of revenue recognised is presented as deferred revenue in the Balance Sheet whereas unbilled revenue is recognised under other current financial assets.

**ii) Interest income**

The interest income is recognised using the EIR method. For further details, refer note 2.8.

**2.17 Dividends paid**

Dividend to shareholders is recognised as a liability and deducted from equity, in the year in which the dividends are approved by the shareholders. However, interim dividends declared by the Board of directors, which does not need shareholders' approval, are recognised as a liability and deducted from retained earnings, in the year in which the dividends are so declared.

**2.18 Earnings per share ('EPS')**

The Company presents the Basic and Diluted EPS.

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



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

**3. Key sources of estimation uncertainties and critical judgements**

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

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

**3.1 Key sources of estimation uncertainties**

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

**a. Useful lives of PPE**

As described at note 2.5 above, the Company reviews the estimated useful lives of property, plant and equipment at the end of each reporting period. After considering market conditions, industry practice, technological developments and other factors, the Company determined that the current useful lives of its PPE remain appropriate. However, changes in economic conditions of the markets, competition and technology, among others, are unpredictable and they may significantly impact the useful lives of PPE and therefore the depreciation charges.

**b. Useful life of Internally generated intangible assets**

As described at note 2.6 above, the Company reviews the estimated useful lives of Internally generated intangible assets at the end of each reporting period. After considering market conditions, industry practice, technological developments and other factors, the Company determined that Cost incurred towards development of internally generated intangible assets are expected to give future economic benefit over 3 years and thus amortised over this period. However, changes in economic conditions of the markets,



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competition and technology, among others, are unpredictable and they may significantly impact the useful lives and therefore the depreciation charges.

**c. Allowance for impairment of trade receivables**

The expected credit loss is mainly based on the ageing of the receivable balances and historical experience. The receivables are assessed on an individual basis or grouped into homogeneous groups and assessed for impairment collectively, depending on their significance. Moreover, trade receivables are written off on a case to case basis if deemed not to be collectible on the assessment of the underlying facts and circumstances.

**d. Taxes**

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

**4. Significant transactions / new developments**

- i) The Bharti Airtel Limited ('Parent company') announced a new corporate structure on April 14, 2021 to sharpen its focus on driving the rapidly unfolding digital opportunity in India while enabling it to unlock value. To give effect to this proposed rearrangement, the Board of Directors of the Parent company, in its meeting held on April 14, 2021, has approved the composite scheme of arrangement ('Scheme') between the Company, Parent company, Nettle Infrastructure Investments Limited, Telesonic Networks Limited and Airtel Limited and their respective shareholders and creditors under sections 230 to 232 and other applicable provisions of the Act for (a) amalgamation of Company, Nettle Infrastructure Investments Limited and Telesonic Networks Limited, wholly-owned subsidiaries with and into Parent company; and (b) demerger of the Telecom Business Undertaking of Parent company and vesting of the same with Airtel Limited, its wholly-owned subsidiary on a going concern basis, subsequent to the completion of the aforesaid amalgamations. As on the date of financial statements, the Scheme is subject to the applicable statutory / regulatory approvals and the effect of the Scheme will be accounted after obtaining such approvals.
- ii) During the year ended March 31, 2021, the Company has acquired various applications from the Bharti Airtel Limited, Parent of the Company, for a consideration of Rs. 163. Accordingly, excess of cost of acquired assets over amount paid amounting to Rs. 34 has been recognised in capital reserve.





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- iii) The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. The Ministry of Labour and Employment ('Ministry') has issued draft of the Code on Social Security (Central) Rules, 2020 on November 13, 2020 and has invited suggestions from stakeholders which are under active consideration by the Ministry. However, the date on which the Code will come into effect has not been notified. The Company is assessing the impact of the Code and will record any related impact in the period the Code becomes effective.
- iv) During the year the Company elected to exercise the option permitted under section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Act, 2019 to pay taxes at a lower rate subject to certain conditions.

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**5. Property, plant and equipment**

The following table presents the reconciliation of changes in the carrying value of PPE for the year ended March 31, 2021 and March 31, 2020:

|                                 | Computer<br>Equipment | Leasehold<br>improvements | Office<br>equipments | Furnitures &<br>fixtures | Total |
|---------------------------------|-----------------------|---------------------------|----------------------|--------------------------|-------|
| <b>Gross Carrying Value</b>     |                       |                           |                      |                          |       |
| <b>As of April 1, 2019</b>      | 126                   | 14                        | 4                    | 1                        | 145   |
| Additions                       | 16                    | 0                         | 2                    | -                        | 18    |
| Disposals / adjustment          | (49)                  | -                         | (1)                  | -                        | (50)  |
| <b>As of March 31, 2020</b>     | 93                    | 14                        | 5                    | 1                        | 113   |
| <b>As of April 1, 2020</b>      | 93                    | 14                        | 5                    | 1                        | 113   |
| Additions                       | 7                     | 0                         | 2                    | -                        | 9     |
| Disposals / adjustments         | -                     | -                         | (0)                  | -                        | (0)   |
| <b>As of March 31, 2021</b>     | 100                   | 14                        | 7                    | 1                        | 122   |
| <b>Accumulated Depreciation</b> |                       |                           |                      |                          |       |
| <b>As of April 1, 2019</b>      | 18                    | 3                         | 1                    | 1                        | 23    |
| Charge                          | 31                    | 1                         | 2                    | 0                        | 34    |
| Disposals / adjustments         | (8)                   | -                         | -                    | -                        | (8)   |
| <b>As of March 31, 2020</b>     | 41                    | 4                         | 3                    | 1                        | 49    |
| <b>As of April 1, 2020</b>      | 41                    | 4                         | 3                    | 1                        | 49    |
| Charge                          | 32                    | 1                         | 1                    | 0                        | 34    |
| Disposals / adjustments         | -                     | -                         | (0)                  | -                        | (0)   |
| <b>As of March 31, 2021</b>     | 73                    | 5                         | 4                    | 1                        | 83    |
| <b>Net carrying amount</b>      |                       |                           |                      |                          |       |
| As of March 31, 2020            | 52                    | 10                        | 2                    | 0                        | 64    |
| As of March 31, 2021            | 27                    | 9                         | 3                    | 0                        | 39    |

The carrying value of capital work-in-progress as at March 31, 2021 and March 31, 2020 is Rs. 6 and Rs. 8 respectively.

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**6. Intangible Assets**

The following table presents the reconciliation of changes in the carrying value intangibles assets for the year ended March 31, 2021 and March 31, 2020:

|                                 | Intangible assets |                 |              |
|---------------------------------|-------------------|-----------------|--------------|
|                                 | Software          | Non compete fee | Total        |
| <b>Gross carrying value</b>     |                   |                 |              |
| <b>As of April 1, 2019</b>      | 112               | 270             | 382          |
| Additions                       | 155               | 91              | 246          |
| Disposals / adjustments         | 49                | -               | 49           |
| <b>As of March 31, 2020</b>     | <b>316</b>        | <b>361</b>      | <b>677</b>   |
| <b>As of April 1, 2020</b>      | <b>316</b>        | <b>361</b>      | <b>677</b>   |
| Additions                       | 431               | -               | 431          |
| Disposals / adjustments         | -                 | -               | -            |
| <b>As of March 31, 2021</b>     | <b>747</b>        | <b>361</b>      | <b>1,108</b> |
| <b>Accumulated amortisation</b> |                   |                 |              |
| <b>As of April 1, 2019</b>      | 18                | 263             | 281          |
| Amortisation                    | 81                | 51              | 132          |
| Disposals / adjustments         | 7                 | -               | 7            |
| <b>As of March 31, 2020</b>     | <b>106</b>        | <b>314</b>      | <b>420</b>   |
| <b>As of April 1, 2020</b>      | <b>106</b>        | <b>314</b>      | <b>420</b>   |
| Amortisation                    | 183               | 44              | 227          |
| Disposals / adjustments         | -                 | -               | -            |
| <b>As of March 31, 2021</b>     | <b>289</b>        | <b>358</b>      | <b>647</b>   |
| <b>Net carrying value</b>       |                   |                 |              |
| As of March 31, 2020            | 210               | 47              | 257          |
| As of March 31, 2021            | 458               | 3               | 461          |

The carrying value of intangible assets under development as at March 31, 2021 and March 31, 2020 is Rs. 111 and Nil respectively, which primarily pertains to IT software and applications under development.

**7. Income taxes**

The major components of Income Tax expense are:

| Particulars   | For the year ended |                |
|---|--------------------|----------------|
|   | March 31, 2021     | March 31, 2020 |
| <b>Current income tax</b>                           |                    |                |
| - For the year                                      | -                  | -              |
| - Adjustments for prior periods                     | -                  | -              |
| <b>Deferred tax</b>                                 |                    |                |
| - Origination and reversal of temporary differences | -                  | -              |
| - Effect of change in tax rate                      | -                  | -              |
| - Adjustments for prior periods                     | -                  | 62             |
|   | -                  | 62             |
| <b>Income tax (credit) / expense</b>                | <b>-</b>           | <b>62</b>      |



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

|   | For the year ended |                |
|---|--------------------|----------------|
|   | March 31, 2021     | March 31, 2020 |
| (Loss) / profit before tax  | (2,045)            | (767)          |
| Tax expense @ 25.168%   | (515)              | (193)          |
| Effect of:  |                    |                |
| Losses and deductible temporary difference against which no deferred tax asset recognised | 515                | 188            |
| (Income) / Expenses (net) not taxable / deductible (net)                                  | 0                  | 5              |
| Reversal of previously recognised Deferred tax asset                                      | -                  | 62             |
| <b>Income tax expense</b>   | <b>0</b>           | <b>62</b>      |

The major components that gave rise to deferred tax expense are as follows:

|   | For the year ended |                |
|---|--------------------|----------------|
|   | March 31, 2021     | March 31, 2020 |
| <b>Deferred tax expense</b>                               |                    |                |
| Allowance for impairment of debtors / advance             | -                  | 17             |
| Losses available for offset against future taxable income | -                  | 19             |
| Employee benefits   | -                  | 7              |
| Depreciation / amortisation on PPE / Intangible assets    | -                  | 19             |
| <b>Net deferred tax expense</b>                           | <b>-</b>           | <b>62</b>      |

The reconciliation of deferred tax assets / (liabilities) during the year is as follows:

|   | As of          |                |
|---|----------------|----------------|
|   | March 31, 2021 | March 31, 2020 |
| <b>Opening balance</b>                                    | <b>0</b>       | <b>62</b>      |
| Tax expense recognised in the statement of profit or loss | -              | (62)           |
| Tax income recognised in OCI                              | -              | -              |
| <b>Closing balance</b>                                    | <b>0</b>       | <b>0</b>       |

### 3. Investments

#### Non-current

|                               | As of          |                |
|-------------------------------|----------------|----------------|
|                               | March 31, 2021 | March 31, 2020 |
| <b>Investment at FVTPL</b>    |                |                |
| Equity instruments (unquoted) | 17             | -              |
| <b>Total</b>                  | <b>17</b>      | <b>-</b>       |

Aggregate book value of unquoted investments

17



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**9. Trade receivables**

|                                     | As of          |                |
|-------------------------------------|----------------|----------------|
|                                     | March 31, 2021 | March 31, 2020 |
| Trade receivables - unsecured*      | 1,306          | 559            |
| Less: Allowances for doubtful debts | (75)           | (43)           |
|                                     | <b>1,231</b>   | <b>516</b>     |

\* Includes amount due from related parties (refer note 28)

Refer note 33(a) for credit risk

The movement in allowances for doubtful debts is as follows:

|                 | For the year ended |                |
|-----------------|--------------------|----------------|
|                 | March 31, 2021     | March 31, 2020 |
| Opening Balance | 43                 | 23             |
| Additions       | 32                 | 20             |
| Closing balance | <b>75</b>          | <b>43</b>      |

**10. Cash and cash equivalents ('C & CE')**

|   | As of          |                |
|---|----------------|----------------|
|   | March 31, 2021 | March 31, 2020 |
| Balances with banks - on current accounts | 284            | 2              |
|   | <b>284</b>     | <b>2</b>       |

**11. Financial assets – others**

**Current**

|                                | As of          |                |
|--------------------------------|----------------|----------------|
|                                | March 31, 2021 | March 31, 2020 |
| Unbilled revenue*              | 696            | 649            |
| Recoverable from related party | 560            | -              |
|                                | <b>1,256</b>   | <b>649</b>     |

\* Includes amount pertaining to related parties (refer note 28)

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**12. Non-financial assets – others**

**Non-current**

|           | As of          |                |
|-----------|----------------|----------------|
|           | March 31, 2021 | March 31, 2020 |
| Advance @ | 50             | 50             |
|           | 50             | 50             |

@ Advance represents deposits with Bombay High Court under protest.

**Current**

|                                  | As of          |                |
|----------------------------------|----------------|----------------|
|                                  | March 31, 2021 | March 31, 2020 |
| Taxes recoverable **             | 189            | 129            |
| Advance given to supplier (net)* | 13             | 67             |
| Prepaid expenses                 | 72             | 152            |
| Others**                         | 2              | 1              |
|                                  | 276            | 349            |

\* Taxes recoverable primarily include goods & service tax ('GST').

\*\* Advances to suppliers are disclosed net of allowance of Rs. 117 and Rs. 84 as of March 31, 2021 and March 31, 2020 respectively.

\*\* It includes employee receivables which principally consist of advances given for business purpose.

**13. Equity share capital**

|   | As of          |                |
|---|----------------|----------------|
|   | March 31, 2021 | March 31, 2020 |
| <b>Authorised shares</b>                                      |                |                |
| 90,000 (March 31, 2020 - 90,000) equity shares of Rs. 10 each | 1              | 1              |
| <b>Issued, Subscribed and fully paid-up shares</b>            |                |                |
| 89,286 (March 31, 2020 - 89,286) equity shares of Rs. 10 each | 1              | 1              |
|   | 1              | 1              |

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

|                                    | As of          |     |                |     |
|------------------------------------|----------------|-----|----------------|-----|
|                                    | March 31, 2021 |     | March 31, 2020 |     |
|                                    | No.            | Rs. | No.            | Rs. |
| At the beginning of the year       | 89,286         | 1   | 89,286         | 1   |
| Issued during the year             | -              | -   | -              | -   |
| Outstanding at the end of the year | 89,286         | 1   | 89,286         | 1   |

**b. Terms / rights attached to equity shares**

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



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**c. Details of shareholders (as per the register of shareholders) holding more than 5% shares in the Company**

|   | As of          |           |                |           |
|---|----------------|-----------|----------------|-----------|
|   | March 31, 2021 |           | March 31, 2020 |           |
|   | No.            | % holding | No.            | % holding |
| <b>Equity shares of Rs 10 each fully paid up</b>              |                |           |                |           |
| Bharti Airtel Limited (Parent Company)                        | 49,995         | 56.00%    | 49,995         | 56.00%    |
| Nettle Infrastructure Investments Limited (Fellow Subsidiary) | 39,286         | 44.00%    | 39,286         | 44.00%    |

**14. Reserve and surplus**

- a) **Retained earnings:** Retained earnings represent the amount of accumulated earnings of the Company, re-measurement differences on defined benefit plans and gains / (losses) on common control transactions.
- b) **Securities Premium:** It is used to record premium on issue of shares. The reserve is utilised in accordance with provisions of the Act.
- c) **Capital Reserve:** Capital reserve represent excess of cost of assets over amount paid for the assets acquired under common control.

**15. Provisions**

**Non-current**

|                             | As of          |                |
|-----------------------------|----------------|----------------|
|                             | March 31, 2021 | March 31, 2020 |
| Gratuity                    | 21             | 9              |
| Other employee benefit plan | 0              | 0              |
|                             | <b>21</b>      | <b>9</b>       |

**Current**

|                             | As of          |                |
|-----------------------------|----------------|----------------|
|                             | March 31, 2021 | March 31, 2020 |
| Gratuity                    | 14             | 4              |
| Other employee benefit plan | 28             | 10             |
| Other                       | 8              | -              |
|                             | <b>50</b>      | <b>14</b>      |

Refer note 22 for movement of various employee benefits.

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**16. Borrowings**

**Current**

|  | As of          |                |
|--|----------------|----------------|
|  | March 31, 2021 | March 31, 2020 |
| <b>Unsecured</b>                         |                |                |
| Loan from Parent Company (refer note 28) | 2,958          | 655            |
|  | <b>2,958</b>   | <b>655</b>     |

The borrowings of Rs. 2,958 and Rs. 655 as of March 31, 2021 and March 31, 2020 respectively, are repayable on demand carrying no interest for the year ended March 31, 2021 and March 31, 2020 respectively.

**17. Trade Payables**

|                                    | As of          |                |
|------------------------------------|----------------|----------------|
|                                    | March 31, 2021 | March 31, 2020 |
| Due to Micro and Small enterprises | 10             | 19             |
| Others*                            | 2,895          | 1,774          |
|                                    | <b>2,905</b>   | <b>1,793</b>   |

\*It includes amount due to related parties (refer note 28).

**Micro, Small & Medium Enterprises Development Act, 2006 ('MSMED') disclosure**

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

| Sr No | Particulars  | For the year ended |                |
|-------|--|--------------------|----------------|
|       |  | March 31, 2021     | March 31, 2020 |
| 1     | The principal amount and the interest due thereon (Rs. Nil (March 31, 2020 – Rs. NIL)) remaining unpaid to any supplier as at the end of each accounting year  | 10                 | 19             |
| 2     | The amount of interest paid by the buyer in terms of section 16 of the MSMED ACT 2006, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year   | 166                | 31             |
| 3     | the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED ACT 2006.   | -                  | -              |
| 4     | The amount of interest accrued and remaining unpaid at the end of each accounting year;  | -                  | -              |
| 5     | The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED ACT 2006. | -                  | -              |





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**18. Financial Liabilities – others**

**Current**

|                           | As of          |                |
|---------------------------|----------------|----------------|
|                           | March 31, 2021 | March 31, 2020 |
| Employees payables        | 35             | 29             |
| Equipment supply payables | 5              | 1              |
| Others                    | 5              | 1              |
|                           | <b>45</b>      | <b>31</b>      |

**19. Other liabilities**

**Current**

|                | As of          |                |
|----------------|----------------|----------------|
|                | March 31, 2021 | March 31, 2020 |
| Taxes payable* | 171            | 266            |
|                | <b>171</b>     | <b>266</b>     |

\*Taxes payable mainly includes Goods and service tax and TDS payable.

**20. Contingencies and commitments**

Contingent liabilities are Rs. 50 and Rs. 50 as at March 31, 2021 and March 31, 2020 respectively.

The Company has contractual commitments towards capital expenditure (net of related advance) of Rs. 66 and Rs. 1 as of March 31, 2021 and March 31, 2020 respectively.

**21. Revenue from operations**

|                 | For the year ended |                |
|-----------------|--------------------|----------------|
|                 | March 31, 2021     | March 31, 2020 |
| Service Revenue | 5,507              | 5,248          |
| Product Revenue | 26                 | 218            |
|                 | <b>5,533</b>       | <b>5,466</b>   |

**Disaggregation of Revenue**

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



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|   | For the year ended |                |
|---|--------------------|----------------|
|   | March 31, 2021     | March 31, 2020 |
| <b>Major Product/ Services lines</b>    |                    |                |
| Subscription revenue                    | 3,556              | 4,760          |
| Advertisement revenue                   | 727                | 488            |
| Xtream Stick sale                       | 26                 | 218            |
| Platform Usage Charges                  | 489                | -              |
| SMS and Data Revenue                    | 735                | -              |
|   | <u>5,533</u>       | <u>5,466</u>   |
| <b>Timing of Revenue Recognition</b>    |                    |                |
| Products transferred at a point in time | 26                 | 218            |
| Services transferred over time          | 5,507              | 5,248          |
|   | <u>5,533</u>       | <u>5,466</u>   |

**Contract Balances**

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

|                  | As of          |                |
|------------------|----------------|----------------|
|                  | March 31, 2021 | March 31, 2020 |
| Unbilled Revenue | 696            | 649            |
|                  | <u>696</u>     | <u>649</u>     |

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

|  | As of          |                |
|--|----------------|----------------|
|  | March 31, 2021 | March 31, 2020 |
| Transfers from unbilled revenue recognised at the beginning of the period to receivables | 649            | 467            |
|  | <u>649</u>     | <u>467</u>     |

**22. Employee benefits expense**

|   | For the year ended |                |
|---|--------------------|----------------|
|   | March 31, 2021     | March 31, 2020 |
| Salaries and bonus                              | 371                | 204            |
| Defined benefit plan / other long term benefits | 26                 | 14             |
| Contribution to provident and other funds       | 25                 | 14             |
| Staff welfare expenses                          | 5                  | 4              |
| Others*   | 10                 | 14             |
|   | <u>437</u>         | <u>250</u>     |

\* It mainly includes recruitments and training expenses.

The details of defined benefits obligations are as follows:



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**Movement in Obligation**

|                                     | For the year ended |                      |                |                      |
|-------------------------------------|--------------------|----------------------|----------------|----------------------|
|                                     | March 31, 2021     |                      | March 31, 2020 |                      |
|                                     | Gratuity           | Compensated absences | Gratuity       | Compensated absences |
| <b>Obligation:</b>                  |                    |                      |                |                      |
| Balance as at beginning of the year | 13                 | 10                   | 12             | 8                    |
| Current service cost                | 14                 | 13                   | 5              | 5                    |
| Interest cost                       | 1                  | 1                    | 1              | 1                    |
| Benefits paid                       | (6)                | (5)                  | (7)            | (5)                  |
| Transfers                           | 11                 | 10                   | (1)            | (1)                  |
| Remeasurements                      | 2                  | (1)                  | 3              | 2                    |
| <b>Present value of obligation</b>  | <b>35</b>          | <b>28</b>            | <b>13</b>      | <b>10</b>            |
| <b>Current portion</b>              | <b>14</b>          | <b>28</b>            | <b>4</b>       | <b>10</b>            |
| <b>Non-current portion</b>          | <b>21</b>          | <b>0</b>             | <b>9</b>       | <b>-</b>             |

As at March 31, 2021, expected contributions for the next annual reporting period is Rs. 17.

**Amount recognised in other comprehensive income**

|  | For the year ended |                |
|--|--------------------|----------------|
|  | March 31, 2021     | March 31, 2020 |
| Experience losses                            | 3                  | 2              |
| Gains from change in demographic assumptions | (1)                | (0)            |
| Losses from change in financial assumptions  | 0                  | 1              |
| <b>Remeasurements on liability</b>           | <b>2</b>           | <b>3</b>       |

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

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

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

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

|                         | As of          |                |
|-------------------------|----------------|----------------|
|                         | March 31, 2021 | March 31, 2020 |
| Discount Rate           | 6.79%          | 6.90%          |
| Rate of salary increase | 7.50%          | 7.50%          |
| Rate of attrition       | 0% to 50%      | 0% to 50%      |
| Retirement age          | 58             | 58             |



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**Sensitivity analysis**

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

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

|                    | Change in assumption | As of          |                |
|--------------------|----------------------|----------------|----------------|
|                    |                      | March 31, 2021 | March 31, 2020 |
|                    |                      | Gratuity       | Gratuity       |
| Discount Rate      | +1%                  | (1)            | (0)            |
|                    | -1%                  | 1              | 0              |
| Salary Growth Rate | +1%                  | 1              | 0              |
|                    | -1%                  | (1)            | (0)            |

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

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous year.

The table below summarises the maturity profile of the Company's gratuity liability:

|   | As of          |                |
|---|----------------|----------------|
|   | March 31, 2021 | March 31, 2020 |
| Within one year                             | 14             | 4              |
| Within one - three years                    | 15             | 5              |
| Within three - five years                   | 4              | 3              |
| Above five years                            | 2              | 4              |
| <b>Weighted average duration (in years)</b> | <b>1.75</b>    | <b>2.12</b>    |

**23. Sales and marketing expenses**

|   | For the year ended |                |
|---|--------------------|----------------|
|   | March 31, 2021     | March 31, 2020 |
| Advertisement and marketing             | 284                | 73             |
| Business promotion                      | -                  | 1              |
| Other selling and distribution expenses | 2                  | 1              |
|   | <b>286</b>         | <b>75</b>      |



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**24. Other Expenses**

|  | For the year ended |                |
|--|--------------------|----------------|
|  | March 31, 2021     | March 31, 2020 |
| Legal and professional fees <sup>^</sup> | 2                  | 5              |
| Repair and maintenance                   | 14                 | 8              |
| Rent expense                             | 31                 | 31             |
| Customer care expense                    | 12                 | 9              |
| Telephone and postage                    | 2                  | 2              |
| Provision for doubtful debts             | 32                 | 20             |
| Rate and taxes                           | 1                  | 1              |
| Travelling and conveyance                | 0                  | 2              |
| Provision for advances                   | 34                 | 70             |
| Charity and donation*                    | 0                  | 3              |
| Software and IT expenses                 | 379                | 310            |
| Collection & Recovery Charges            | 298                | -              |
| Other expenses                           | 3                  | 5              |
|  | <b>808</b>         | <b>466</b>     |

<sup>^</sup>Details of Auditor's remuneration (excluding GST) included in legal and professional fees

|                           | For the year ended |                |
|---------------------------|--------------------|----------------|
|                           | March 31, 2021     | March 31, 2020 |
| Audit fee                 | 1                  | 1              |
| Reimbursement of expenses | 0                  | 0              |
|                           | <b>1</b>           | <b>1</b>       |

\*As per the requirements of section 135 of the Act, the Company was required to spend an amount of Nil and Rs. 1 for the year ended March 31, 2021 and March 31, 2020 respectively on Corporate Social Responsibility expenditure. During the year ended March 31, 2021 and March 31, 2020, the Company has spent Rs. 0 and 1 respectively towards Corporate Social Responsibility.

**25. Depreciation and amortisation expense**

|              | For the year ended |                |
|--------------|--------------------|----------------|
|              | March 31, 2021     | March 31, 2020 |
| Depreciation | 34                 | 34             |
| Amortisation | 227                | 132            |
|              | <b>261</b>         | <b>166</b>     |

**26. Finance costs**

|                           | For the year ended |                |
|---------------------------|--------------------|----------------|
|                           | March 31, 2021     | March 31, 2020 |
| Finance charges           | 0                  | 0              |
| Net foreign exchange loss | -                  | 3              |
|                           | <b>0</b>           | <b>3</b>       |



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**27. Exceptional item**

Exceptional item constitute charge of Rs. 504 and Nil for the year ended March 31, 2021 and March 31, 2020 respectively, on account of order issued by the Intellectual Property Appellate Board (IPAB) for payment of royalties to Intellectual Property Rights Society against use of sound recordings by the Company for the period June 21, 2012 to December 31, 2020.

**28. Related Party Transactions**

The details of transactions with the related parties are as follows:

**(a) The name of the related parties where control exists and / or with whom transaction have taken place during the year and description of relationship are:**

| <b>List of Related Parties</b>               | <b>Relationship</b>         |
|--|-----------------------------|
| Bharti Airtel Limited                        | Parent company              |
| Bharti Enterprises (Holding) Private Limited | Ultimate controlling entity |
| Bharti Hexacom Limited                       | Fellow Subsidiary           |
| Bharti Airtel Services Limited               | Fellow Subsidiary           |
| Bharti Telemedia Limited                     | Fellow Subsidiary           |
| Nextra Data Limited                          | Fellow Subsidiary           |
| Bharti Foundation*                           | Other related party         |

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

**(b) Transaction for the year ended March 31, 2021**

| <b>Nature of Transactions</b>              | <b>Bharti Airtel Limited</b> | <b>Bharti Hexacom Limited</b> | <b>Nextra Data Limited</b> | <b>Bharti Telemedia Limited</b> | <b>Bharti Airtel Services Limited</b> |
|--|------------------------------|-------------------------------|----------------------------|---------------------------------|---------------------------------------|
| Rendering of services*                     | 4,570                        | 248                           | -                          | 101                             | -                                     |
| Receiving of services*                     | (191)                        | -                             | (1)                        | (1)                             | -                                     |
| Purchase of assets                         | (163)                        | -                             | -                          | -                               | -                                     |
| Expenses incurred on behalf of the Company | (75)                         | -                             | (1)                        | -                               | -                                     |
| Sale of goods*                             | -                            | -                             | -                          | -                               | 31                                    |
| Loan taken                                 | (7,677)                      | -                             | -                          | -                               | -                                     |
| Repayment of Loan taken                    | 5,374                        | -                             | -                          | -                               | -                                     |

\* Transactions are inclusive of taxes.

All the goods and services are provided to related parties based on arm's length pricing.



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**(c) Transaction for the year ended March 31, 2020**

| Nature of Transactions                     | Bharti Airtel Limited | Bharti Hexacom Limited | Extra Data Limited | Bharti Telemedia Limited | Bharti Airtel Services Limited |
|--|-----------------------|------------------------|--------------------|--------------------------|--------------------------------|
| Rendering of services*                     | 5,142                 | 317                    | -                  | 42                       | -                              |
| Receiving of services*                     | (12)                  | -                      | (2)                | (1)                      | -                              |
| Expenses incurred on behalf of the Company | (67)                  | -                      | -                  | -                        | -                              |
| Sale of goods*                             | -                     | -                      | -                  | -                        | 258                            |
| Loan taken                                 | (5,370)               | -                      | -                  | -                        | -                              |
| Repayment of Loan taken                    | 5,390                 | -                      | -                  | -                        | -                              |

\*Transactions are inclusive of taxes.

All the services are provided to related parties based on arm's length pricing.

In addition to the above, Nil and Rs. 3 donations have been given to Bharti Foundation during the year ended March 31, 2021 and March 31, 2020 respectively.

**(d) The outstanding balances are as follows:**

|                             | Bharti Airtel Limited | Bharti Hexacom Limited | Bharti Telemedia Limited | Extra Data Limited | Bharti Airtel Services Limited |
|-----------------------------|-----------------------|------------------------|--------------------------|--------------------|--------------------------------|
| <b>As on March 31, 2021</b> |                       |                        |                          |                    |                                |
| Current Borrowings*         | (2,958)               | -                      | -                        | -                  | -                              |
| Trade Receivables           | 1,005                 | 59                     | 35                       | -                  | 3                              |
| Unbilled Revenue            | 431                   | 19                     | 61                       | -                  | -                              |
| Trade Payables              | (281)                 | (8)                    | (14)                     | (4)                | -                              |
| <b>As on March 31, 2020</b> |                       |                        |                          |                    |                                |
| Current Borrowings*         | (655)                 | -                      | -                        | -                  | -                              |
| Trade Receivables           | 303                   | 47                     | -                        | -                  | 57                             |
| Unbilled Revenue            | 550                   | 32                     | 42                       | -                  | -                              |
| Trade Payables              | (26)                  | -                      | -                        | (3)                | -                              |
| Advance given               | -                     | -                      | 35                       | -                  | -                              |

\* The Parent Company has agreed to ensure appropriate financial support comprising of un-drawn committed facilities only if and to the extent required by the Company.

Outstanding balance at year end is unsecured and settlement occurs in cash.

**29. Earnings per share**

The details used in the computation of basic and diluted EPS:

|  | For the year ended |                |
|--|--------------------|----------------|
|  | March 31, 2021     | March 31, 2020 |
| Loss attributable to equity shareholders as per statement of profit and loss (A)                 | (2,045)            | (829)          |
| Weighted average number of equity shares ('000) for calculation of basic earning per share (B)   | 89                 | 89             |
| Weighted average number of equity shares ('000) for calculation of diluted earning per share (C) | 89                 | 89             |
| Equity shares of face value Rs. 10 per share   |                    |                |
| 1) Basic (A/B)   | (22,902)           | (9,282)        |
| 2) Diluted (A/C)   | (22,902)           | (9,282)        |





### **30. Segment Reporting**

Based on the way the entity manages its operating business, and the manner in which resource allocation decisions are made, the entity has only one reportable segment for financial reporting purposes, being the content procurement and selling.

The Company's majority of revenue comes from one customer amounting to Rs. 3,811 and Rs. 4,358 for the year ended March 31, 2021 and March 31, 2020 respectively.

The Company is operating only in India. Thus, no disclosure concerning geographical areas is applicable to the Company.

### **31. COVID-19**

To tackle the COVID-19 pandemic which has resulted in phased lock downs with restrictions imposed on movement of people and goods for a prolonged period, the Government is taking necessary steps including rolling out of vaccination to minimise the impact on the economy, and continuous monitoring of the evolving situation.

Consequently, the Company formulated a robust Business Continuity Plan to ensure that its operations are not disrupted. The Company has considered a range of possible scenarios to understand potential outcomes on its business and plan appropriately.

For the year ended March 31, 2021, the Company has considered the possible effects that may result from the pandemic relating to COVID-19 in the preparation of these financial statements including the recoverability of carrying amounts of financial and non-financial assets. The Company has noted excess demand as most of the industries have resorted to conducting their operations remotely, and hence the Company believes that the carrying amount of these assets will be recovered.

The Company has updated the foregoing assessment as at March 31, 2021 and there is no material impact on the financial statements for the year ended March 31, 2021.

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**32. Fair value of financial assets and liabilities**

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

|                              | As of          |                |                |                |
|------------------------------|----------------|----------------|----------------|----------------|
|                              | Carrying Value |                | Fair Value     |                |
|                              | March 31, 2021 | March 31, 2020 | March 31, 2021 | March 31, 2020 |
| <b>Financial Assets</b>      |                |                |                |                |
| <b>FVTPL</b>                 |                |                |                |                |
| Investments                  | 17             | -              | 17             | -              |
| <b>Amortised costs</b>       |                |                |                |                |
| Trade receivables            | 1,231          | 516            | 1,231          | 516            |
| Cash & cash equivalents      | 284            | 2              | 284            | 2              |
| Security deposit             | 0              | 0              | 0              | 0              |
| Other financial assets       | 1,256          | 649            | 1,256          | 649            |
|                              | <b>2,788</b>   | <b>1,167</b>   | <b>2,788</b>   | <b>1,167</b>   |
| <b>Financial Liabilities</b> |                |                |                |                |
| <b>Amortised costs</b>       |                |                |                |                |
| Borrowings                   | 2,958          | 655            | 2,958          | 655            |
| Trade payables               | 2,905          | 1,793          | 2,905          | 1,793          |
| Other financial liabilities  | 45             | 31             | 45             | 31             |
|                              | <b>5,908</b>   | <b>2,479</b>   | <b>5,908</b>   | <b>2,479</b>   |

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

- i. The carrying value of trade receivables, trade payables, short-term borrowings, other current financial assets and liabilities approximate their fair value mainly due to the short-term maturities of these instruments or where impact of discounting considered not to be material.
- ii. The fair value of investments is estimated by discounting future cash flows using discount rates applicable to the instruments with similar terms and on the basis of recent arm's length transaction in the entity by a third party.

The following table describes the key inputs used in the valuation (basis discounted cash flow technique) of the Level 2 financial assets / liabilities as of March 31, 2021 and March 31, 2020:

| Financial assets / liabilities | Inputs used  |
|--------------------------------|--|
| Investments                    | Prevailing interest rates in market, future cashflows and on the basis of recent arm's length transaction in the entity by a third party |

During the year ended March 31, 2021 and March 31, 2020, there were no transfers between Level 1 and Level 2 fair value measurements. None of the financial assets and financial liabilities are in Level 3.



**33. Financial and capital risk**

The Company is exposed to financial risks arising from its operations. The key financial risks include credit risk, liquidity risk and foreign currency risk and they are summarised below:

**(a) Credit risk**

Credit risk is the risk of financial loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Company's exposure to credit risk arises primarily from cash and cash equivalents, trade and other receivables and amounts due from related companies. No other financial assets carry a significant exposure to credit risk.

The Company's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Company trades mainly with holding company and fellow subsidiaries. In addition, receivable balances are monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant.

*Exposure to credit risk*

At the end of the reporting period, the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position.

Company's substantial revenue is generated from the holding company and fellow subsidiaries. The Company has no major concentration of credit risk other than trade receivables and the amount due from related companies as disclosed in Note 9 and Note 28, respectively.

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

|  | Neither past due nor impaired | Past due but not impaired |               |               |               | Total |
|--|-------------------------------|---------------------------|---------------|---------------|---------------|-------|
|  |                               | Less than 30 days         | 30 to 60 days | 60 to 90 days | Above 90 days |       |
| Trade Receivables as of March 31, 2021 | 465                           | 194                       | 384           | 75            | 113           | 1,231 |
| Trade Receivables as of March 31, 2020 | -                             | 79                        | 334           | 34            | 69            | 516   |

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.

Based on past performance and current expectations, the Company believes that the cash and cash equivalents, cash generated from operations and available undrawn credit facilities, will satisfy its working capital needs, capital expenditure, investment requirements, commitments and other liquidity requirements associated with its existing operations, through at least the next twelve months.



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

|                             | As of March 31, 2021 |              |                    |                |              |           |              |
|-----------------------------|----------------------|--------------|--------------------|----------------|--------------|-----------|--------------|
|                             | Carrying amount      | On demand    | Less than 6 months | 6 to 12 months | 1 to 2 years | > 2 years | Total        |
| Borrowings                  | 2,958                | 2,958        | -                  | -              | -            | -         | 2,958        |
| Trade payables              | 2,905                | -            | 2,905              | -              | -            | -         | 2,905        |
| Other financial liabilities | 45                   | -            | 45                 | -              | -            | -         | 45           |
|                             | <b>5,908</b>         | <b>2,958</b> | <b>2,950</b>       | -              | -            | -         | <b>5,908</b> |

|                             | As of March 31, 2020 |            |                    |                |              |           |              |
|-----------------------------|----------------------|------------|--------------------|----------------|--------------|-----------|--------------|
|                             | Carrying amount      | On demand  | Less than 6 months | 6 to 12 months | 1 to 2 years | > 2 years | Total        |
| Borrowings                  | 655                  | 655        | -                  | -              | -            | -         | 655          |
| Trade payables              | 1,793                | -          | 1,793              | -              | -            | -         | 1,793        |
| Other financial liabilities | 31                   | -          | 31                 | -              | -            | -         | 31           |
|                             | <b>2,479</b>         | <b>655</b> | <b>1,824</b>       | -              | -            | -         | <b>2,479</b> |

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

**For the year ended March 31, 2021**

|            | April 1, 2020 | Cash flows | Non-cash changes | March 31, 2021 |
|------------|---------------|------------|------------------|----------------|
| Borrowings |               | 655        | 2,303            | 2,958          |

**(c) Foreign currency risk**

The foreign exchange risk of the Company arises from the generation of revenue and expenses incurred in foreign currencies.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Company's profit before tax to a reasonably possible change in the exchange rates against the functional currency of the Company, with all other variables held constant.

|     | Change in currency exchange rate | Effect on profit before tax |                |
|-----|----------------------------------|-----------------------------|----------------|
|     |                                  | March 31, 2021              | March 31, 2020 |
| USD | +5%                              | 3                           | (4)            |
|     | -5%                              | (3)                         | 4              |

**(d) Capital Risk**

The Company's objective while managing capital is to safeguard its ability to continue as a going concern (so that it is enabled to provide returns and create value for its shareholders, and benefits for other stakeholders), support business stability and growth, ensure adherence to the covenants and restrictions



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imposed by lenders and / or relevant laws and regulations, and maintain an optimal and efficient capital structure so as to reduce the cost of capital. However, the key objective of the Company's capital management is to, ensure that it maintains a stable capital structure with the focus on total equity, uphold investor' creditor and customer confidence, and ensure future development of its business activities. 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.

The Company monitors capital using a gearing ratio calculated as below:

|                                   | As of          |                |
|-----------------------------------|----------------|----------------|
|                                   | March 31, 2021 | March 31, 2020 |
| Borrowings                        | 2,958          | 655            |
| Less: Cash and cash Equivalents   | 284            | 2              |
| <b>Net Debt (A)</b>               | <b>2,674</b>   | <b>653</b>     |
| Equity                            | (2,356)        | (343)          |
| <b>Total capital (B)</b>          | <b>(2,356)</b> | <b>(343)</b>   |
| <b>Capital and Net Debt (A+B)</b> | <b>318</b>     | <b>310</b>     |
| <b>Gearing Ratio {A/(A+B)}</b>    | <b>842%</b>    | <b>210%</b>    |

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