**Bharti Airtel (USA) Limited**

**Ind AS Special Purpose Financial Statements**

**March 2021**

**Bharti Airtel (USA) Limited**

## Ind AS Special Purpose Financial Statements – March 2021

**Contents** **Page No.**


1. **Independent Auditor's Report**

2. **Ind AS Special Purpose Financial Statements**

- Special Purpose Balance Sheet as of March 31, 2021 and March 31, 2020 1
- Special Purpose Statement of Profit and Loss for the year ended March 31, 2021 and March 31, 2020 2
- Special Purpose Statement of Changes in Equity for the year ended March 31, 2021 and March 31, 2020 3
- Special Purpose Statement of Cash Flows for the year ended March 31, 2021 and March 31, 2020 4
- Notes to Special Purpose Financial Statements 5

# Independent Auditor’s Report

**INDEPENDENT AUDITOR'S REPORT**

**To the Board of Directors of Bharti Airtel (USA) Limited**

**Report on the Audit of the Special Purpose Ind AS Financial Statements**

**Opinion**

We have audited the accompanying special purpose Ind AS financial statements (SPFS) of Bharti Airtel (USA) Limited (the "Company"), which comprise the Balance Sheet as at March 31, 2021, the Statement of Profit and Loss (including Other Comprehensive loss), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as the "SPFS").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid SPFS is prepared, in all material respects, in accordance with the basis set out in note 2.1 to the SPFS.

**Basis for Opinion**

We conducted our audit of the SPFS in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the SPFS' 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 independence and ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 (the "Act") and the Rules made thereunder, and we have fulfilled our other responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our opinion on the SPFS.

**Emphasis of Matter- Basis of Accounting and Restriction on Distribution and Use**

We draw attention to Note 2.1 to the SPFS, which describes the purpose and basis of accounting. The SPFS have been prepared by the Company solely to assist Bharti Airtel Limited for its consolidation purpose and to comply with the requirements under the Companies Act 2013. As a result, the SPFS may not be suitable for another purpose. Our report is intended solely for the use of management and Board of Directors for the above purpose and should not be distributed to or used by any other parties. Our opinion is not modified in respect of this matter.

**Management's Responsibility for the Special Purpose Financial Statements**

The Company's Board of Directors is responsible for the preparation and presentation of these SPFS that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the basis and for the purpose stated in Note 2.1 to the SPFS.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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 SPFS that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the SPFS, 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 Responsibilities for the Audit of the Special Purpose Financial Statements**

Our objectives are to obtain reasonable assurance about whether the SPFS 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 SPFS.

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

- Identify and assess the risks of material misstatement of the SPFS, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the SPFS 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 SPFS, including the disclosures, and whether the SPFS represent the underlying transactions and events in a manner that achieves fair presentation.

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings that we identify during our audit.

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

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

Sd/-
Nilesh H. Lahoti
(Partner)
(Membership No. 130054)
(UDIN: 21130054AAAACZ6800)

Place: Gurugram
Date: June 21, 2021

# Ind AS Special Purpose Financial Statements

**Bharti Airtel (USA) Limited**
**Special Purpose Balance Sheet**
***(All amounts are in thousands of USD; unless stated otherwise)***

| | Notes | March 31, 2021 (In Rs. '000) (Unaudited) | March 31, 2021 (Audited) | March 31, 2020 (Audited) |
|---|---|---|---|---|
| **Assets** | | | | |
| **Non-current assets** | | | | |
| Property, plant and equipment | 4 | 267,373 | 3,643 | 3,545 |
| Capital work-in-progress | 4 | 1,356 | 18 | 8 |
| Right-of-use assets | 28 | 871 | 12 | 47 |
| **Financial assets** | | | | |
| - Security deposits | 5 | 16,291 | 222 | 222 |
| Income tax assets (net) | | 21,242 | 289 | 1,209 |
| Deferred tax assets (net) | 6 | 12,628 | 172 | 47 |
| Other non-current assets | 10 | 191,823 | 2,614 | 3,086 |
| | | **511,584** | **6,970** | **8,164** |
| **Current assets** | | | | |
| **Financial assets** | | | | |
| - Trade receivables | 7 | 168,670 | 2,298 | 2,444 |
| - Cash and cash equivalents | 8 | 47,260 | 644 | 1,301 |
| - Loans | 5 | 529,974 | 7,222 | 7,151 |
| -Others | 9 | 24,232 | 330 | 205 |
| Other current assets | 10 | 104,343 | 1,423 | 1,653 |
| | | **874,479** | **11,917** | **12,754** |
| **Total Assets** | | **1,386,063** | **18,887** | **20,918** |
| **Equity and Liabilities** | | | | |
| **Equity** | | | | |
| Equity Share capital | 11 | 0* | 0* | 0* |
| Other equity | | 819,286 | 11,164 | 12,680 |
| | | **819,286** | **11,164** | **12,680** |
| **Non-current liabilities** | | | | |
| **Financial liabilities** | | | | |
| - Lease liabilities | | - | - | 10 |
| Deferred revenue | 18 | 72,537 | 988 | 1,218 |
| | | **72,537** | **988** | **1,228** |
| **Current liabilities** | | | | |
| **Financial liabilities** | | | | |
| - Lease liabilities | | 971 | 13 | 40 |
| -Trade Payables | 13 | | | |
| - total outstanding dues of creditors other than micro enterprises and small enterprises | | 390,418 | 5,320 | 5,470 |
| -Others | 14 | 19,015 | 259 | 414 |
| Other current liabilities | 15 | 366 | 5 | - |
| Deferred revenue | 18 | 72,030 | 982 | 964 |
| Provisions | 16 | 11,440 | 156 | 122 |
| | | **494,240** | **6,735** | **7,010** |
| **Total Liabilities** | | **566,777** | **7,723** | **8,238** |
| **Total Equity and Liabilities** | | **1,386,063** | **18,887** | **20,918** |

* Less than USD 1.

The accompanying notes 1 to 31 form an integral part of these Special Purpose Financial Statements.

As per our report of even date
**For DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W / W-100018)

**For and on behalf of the Board of Directors of BHARTI AIRTEL (USA) LIMITED**

Sd/-
**Nilesh H. Lahoti**
**Partner**
Membership No: 130054
Place: Gurugram, India

Sd/-
**Murali Nayar**
**Director**
Place: New Jersey, USA

Sd/-
**Eric Matthew Gillenwater**
**Director**
Place: New Jersey, USA

Date: June 21, 2021

**Bharti Airtel (USA) Limited**
**Special Purpose Statement of Profit and Loss**
***(All amounts are in thousands of USD; except per share data and unless stated otherwise)***

| | Notes | March 31, 2021 (In Rs. '000) (Unaudited) | March 31, 2021 (Audited) | March 31, 2020 (Audited) |
|---|---|---|---|---|
| **Income** | | | | |
| Revenue from operations | **18** | 1,153,217 | 15,715 | 18,914 |
| Other income | | 45,329 | 618 | 568 |
| | | **1,198,546** | **16,333** | **19,482** |
| **Expenses** | | | | |
| Network operating expenses | **19** | 1,064,460 | 14,505 | 15,901 |
| License fee | | 11,838 | 161 | 190 |
| Employee benefits expense | **20** | 98,225 | 1,338 | 1,280 |
| Sales and marketing expenses | **21** | 45,587 | 621 | 517 |
| Other expenses | **22** | 45,677 | 622 | 485 |
| | | **1,265,787** | **17,247** | **18,373** |
| **(Loss) / Profit before depreciation, finance costs and tax** | | **(67,241)** | **(914)** | **1,109** |
| Depreciation expense | **23** | 48,414 | 660 | 733 |
| Finance costs | **24** | 4,741 | 65 | 70 |
| **(Loss) / Profit before tax** | | **(120,396)** | **(1,639)** | **306** |
| **Tax (credit) / expense** | | | | |
| Current tax | **25** | 147 | 2 | 49 |
| Deferred tax | **25** | (9,147) | (125) | 94 |
| **Total tax (credit) / expense** | | (9,000) | (123) | 143 |
| **(Loss) / Profit for the year** | | **(111,396)** | **(1,516)** | **163** |
| Other comprehensive income for the year | | - | - | - |
| **Total comprehensive (loss) / income for the year** | | **(111,396)** | **(1,516)** | **163** |
| **Earnings per share (In Rupee / USD)** | | | | |
| **(Face Value USD 0.0001 each)** | | | | |
| Basic and Diluted earnings per share | **26** | (370,839) | (5,053) | 543 |

The accompanying notes 1 to 31 form an integral part of these Special Purpose Financial Statements.

As per our report of even date
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Membership No: 130054
Place: Gurugram, India

Sd/-
**Murali Nayar**
**Director**
Place: New Jersey, USA

Sd/-
**Eric Matthew Gillenwater**
**Director**
Place: New Jersey, USA

Date: June 21, 2021

**Bharti Airtel (USA) Limited**
**Special Purpose Statement of changes in equity**
***(All amounts are in thousands of USD; unless stated otherwise)***

| | Equity share capital | | Other Equity-Reserves & surplus | | | Total equity |
|---|---|---|---|---|---|---|
| | No. of shares | Amount | Securities premium | Retained earnings | Total | |
| **As of April 01, 2019** | **300** | **0*** | **12,600** | **(83)** | **12,517** | **12,517** |
| Profit for the year | - | - | - | 163 | 163 | 163 |
| Other comprehensive income | - | - | - | - | - | - |
| **Total comprehensive income** | **-** | **-** | **-** | **163** | **163** | **163** |
| **As of March 31, 2020** | **300** | **0*** | **12,600** | **80** | **12,680** | **12,680** |
| Loss for the year | - | - | - | (1,516) | (1,516) | (1,516) |
| Other comprehensive income | - | - | - | - | - | - |
| **Total comprehensive loss** | **-** | **-** | **-** | **(1,516)** | **(1,516)** | **(1,516)** |
| **As of March 31, 2021** | **300** | **0*** | **12,600** | **(1,436)** | **11,164** | **11,164** |

* Less than USD 1

The accompanying notes 1 to 31 form an integral part of these Special Purpose Financial Statements.

As per our report of even date
**For DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W / W-100018)

**For and on behalf of the Board of Directors of BHARTI AIRTEL (USA) LIMITED**

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Place: Gurugram, India

Sd/-
**Murali Nayar**
**Director**

Place: New Jersey, USA

Sd/-
**Eric Matthew Gillenwater**
**Director**

Place: New Jersey, USA

Date: June 21, 2021

**Bharti Airtel (USA) Limited**
**Special Purpose Statements of cash flows**

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

| | For the year ended | |
|---|---|---|
| | **March 31, 2021 (in USD)** | **March 31, 2020 (in USD)** |
| **Cash flows from operating activities** | | |
| (Loss) / Profit before tax | **(1,639)** | **306** |
| ***Adjustments for :*** | | |
| Depreciation and amortisation expense | 660 | 733 |
| Finance costs | 65 | 71 |
| Interest income | (87) | (190) |
| Unrealised foreign exchange gain | (0) | (1) |
| Other non - cash items | 185 | (378) |
| **Operating cash flow before changes in working capital** | **(816)** | **541** |
| **Changes in working capital** | | |
| Trade receivables | 421 | 1,485 |
| Trade payables | (150) | 979 |
| Other financial and non - financial liabilities | (387) | (561) |
| Other financial and non - financial assets | 104 | 477 |
| **Net cash (used in) / generated from operations before tax** | **(828)** | **2,921** |
| Income tax Refund / (Paid) (net) | 918 | (125) |
| **Net cash generated from operating activities (a)** | **90** | **2,796** |
| **Cash flows from investing activities** | | |
| Purchase of property, plant and equipment (including CWIP) | (644) | (730) |
| Loan given | (2,000) | (3,500) |
| Repayment of loan given | 1,929 | 1,849 |
| Interest received | 71 | 55 |
| **Net cash used in investing activities (b)** | **(644)** | **(2,326)** |
| **Cash flows from financing activities** | | |
| Interest and other finance charges paid | (65) | (65) |
| Payment of lease liabilities | (38) | (40) |
| **Net cash used in financing activities (c)** | **(103)** | **(105)** |
| **Net (decrease) / increase in cash and cash equivalents during the year (a+b+c)** | **(657)** | **365** |
| Add: Cash and cash equivalents as at beginning of the year | 1,301 | 936 |
| **Cash and cash equivalents as at end of the year (Note 8)** | **644** | **1,301** |

The accompanying notes 1 to 31 form an integral part of these Special Purpose Financial Statements.

As per our report of even date
**For DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W / W-100018)

**For and on behalf of the Board of Directors of BHARTI AIRTEL (USA) LIMITED**

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Place: Gurugram, India

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**Murali Nayar**
**Director**

Place: New Jersey, USA

Sd/-
**Eric Matthew Gillenwater**
**Director**

Place: New Jersey, USA

Date: June 21, 2021

## 1. Corporate information

Bharti Airtel (USA) Limited ('the Company'), incorporated on September 12, 2006, is registered in the United States of America (USA) having its registered office at CT Corporation System, 28 Liberty Street, New York, 10005.

The Company is a subsidiary of Bharti International (Singapore) Pte. Ltd. with effect from June 27, 2018.

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

## 2. Summary of significant accounting policies

### 2.1 Basis of preparation

The Special Purpose Financial Statements ('financial statements') have been prepared by the Company solely to assist Bharti Airtel Limited for its consolidation purpose and to comply with the requirement under the Companies Act, 2013 ('Act')

These financial statements have been prepared to comply in all material respects with the Indian Accounting Standard ('Ind AS') as notified by the Ministry of Corporate Affairs ('MCA') under section 133 of the Act, read together with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and other relevant provisions of the Act, except additional disclosures required by the Act (since the Company is not incorporated in India and these financial statements are not statutory financial statements, full compliance with the Act is not required).

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 dis-aggregated separately in the notes to the financial statements, where applicable or required.

The financial statements are presented in United States Dollars ('USD'), which is also the Company's functional currency. Therefore, all the amounts included in the financial statements are reported in USD and are rounded to the nearest thousands, except per share data and unless stated otherwise. Further, due to rounding off, certain amounts are appearing as '0'. The translation of USD to Indian Rupee amounts presented in the Balance Sheet and statement of Profit and loss is unaudited and is included solely for the readers in India and has been calculated using the exchange rate of USD 1 = Rs. 73.385, the RBI reference rate as announced by the Reserve Bank of India (RBI) on March 31, 2021. Such translations should not be construed as representations that the Indian Rupee amounts represent, or have been or could be converted into, United States Dollars at that or any other rate.

The preparation of the said financial statements requires the use of certain critical accounting estimates and judgements. It also requires the management to exercise judgements 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, except in case of adoption of any new standards and amendments during the year.

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 confirm 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 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.

## 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.

**Fair value measurement**

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

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

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

## 2.3 Foreign currency transactions

Initial Recognition

Foreign currency transactions are recorded in the functional currency, by applying to the foreign currency amount the exchange rate between the functional currency and the foreign currency at the date of the transaction.

Subsequent measurement

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

Exchange Difference

Exchange differences arising on the settlement of monetary items or on restatement of the Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or expense in the year in which they arise.

## 2.4 Current versus non-current classification

The Company presents assets and liabilities in the Balance Sheet based on current / non-current classification. Deferred tax assets and liabilities, and all assets and liabilities which are not current (as discussed in the below paragraphs) are classified as non-current assets and liabilities.

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

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

## 2.5 Property, plant and equipment ('PPE')

An item 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 de-recognised from the Balance Sheet and cost of the new item of PPE is recognised. Further, in case the replaced part was not being depreciated separately, the cost of the replacement is used as an indication to determine the cost of the replaced part at the time it was acquired.

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

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

Depreciation on PPE is computed using the straight-line method over the estimated useful lives. The management basis its past experience and technical assessment has estimated the useful life, which is at variance with the life prescribed in Part C of Schedule II of the Act and has accordingly, depreciated the assets over such useful life.

The Company has established the estimated range of useful lives of different categories of PPE as follows:

| | **Years** |
|---|---|
| Plant & Machinery | 3 - 20 |
| Office Equipment | 2 - 5 |
| Computer | 3 |
| Furniture & fixtures | 5 |

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

## 2.6 Impairment of non-financial assets

### PPE and Right of Use ('ROU') assets

PPE (including CWIP) and Right of use assets with definite lives are reviewed for impairment, whenever events or changes in circumstances indicate that their carrying values may not be recoverable.
For the purpose of impairment testing, the recoverable amount (that is, higher of the fair value less costs to sell and the value-in-use) is determined on an individual asset basis, unless the asset does not generate cash flows that are largely independent of those from other assets, in which case the recoverable amount is determined at the cash-generating-unit ('CGU') level to which the said asset belongs. A CGU is the smallest unit identifiable group of assets that generate cash inflows that are largely independent of the cash inflows from other assets or group of assets. 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.

## 2.7 Financial instruments

### a. Recognition, classification and presentation

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

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

The Company classifies its 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 financial liabilities at amortised cost.

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

### b. Measurement – 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 a financial asset not at fair value through profit or loss, transaction costs. Otherwise transaction costs are expensed in the statement of profit and loss.

#### II. Subsequent measurement - financial assets

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

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

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

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

All financial assets that do not meet the criteria for amortised cost are measured at fair value through profit or loss. Interest (basis EIR method) income from financial assets at FVTPL 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.

### iii. Impairment

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

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

### III. Subsequent measurement - financial liabilities

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

### c. Derecognition

The financial assets are de-recognised from the Balance Sheet when the rights to receive cash flows from the financial assets have expired, or have been transferred and the Company has transferred substantially all risks and rewards of ownership. The financial liabilities are derecognised 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.

## 2.8 Leases

The Company, at the inception of a contract, assesses the contract as, or containing, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether the contract involves the use of an identified asset, the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and the Company has the right to direct the use of the asset.

### Company as a lessee

The Company recognises a ROU and a corresponding lease liability with respect to all lease agreements in which it is the lessee in the Balance Sheet. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the incremental borrowing rate (as the rate implicit in the lease cannot be readily determined). Lease liabilities include the net present value of fixed payments (including any in-substance fixed payments) and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Subsequently, the lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments including changes in the Company's assessment of whether it will exercise an extension or termination option or when the lease contract is modified and the lease modification is not accounted for as a separate lease. The corresponding adjustment is made to the carrying amount of the ROU, or is recorded in profit or loss if the carrying amount of the related ROU has been reduced to zero and there is a further reduction in the measurement of the lease liability.

ROU are measured at cost comprising the amount of the initial measurement of lease liability, any lease payments made at or before the commencement date and any initial direct costs less any lease incentives received.

Subsequent to initial recognition, ROU are stated at cost less accumulated depreciation and any impairment losses and adjusted for certain remeasurements of the lease liability. Depreciation is computed using the straight-line method from the commencement date to the end of the useful life of the underlying asset or the end of the lease term, whichever is shorter. The estimated useful lives of ROU are determined on the same basis as those of the underlying asset.

In the Balance Sheet, the ROU and lease liabilities are presented separately. In the statement of profit and loss, interest expense on lease liabilities are presented separately from the depreciation charge for the ROU. Interest expense on the lease liability is a component of finance costs, which are presented separately in the statement of profit and loss. In the statement of cash flows, cash payments for the principal portion of lease payments and the interest portion of lease liability are presented as financing activities, and short-term lease payments and payments for leases of low-value assets and variable lease payments not included in the measurement of the lease liability, if any, as operating activities.

When a contract includes lease and non-lease components, the Company allocates the consideration in the contract on the basis of the relative stand-alone prices of each lease component and the aggregate stand-alone price of the non-lease components.

### Short-term leases and leases of low-value assets

The Company has elected not to recognise ROU and lease liabilities for short term leases that have a lease term of twelve months or less and leases of low value assets. The Company recognises lease payments associated with these leases as an expense on a straight-line basis over the lease term.

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

### 2.10 Cash and cash equivalents

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

### 2.11 Equity Share capital

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

### 2.12 Employee benefits

The Company's employee benefits mainly include wages, salaries, bonuses, defined contribution 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.

#### Defined contribution plans

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

### 2.13 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources 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.

## 2.14 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. Contingent assets are not recognised and disclosed only where an inflow of economic benefits is probable.

## 2.15 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.

In order to determine if it is acting as a principal or as an agent, the Company assesses whether it is primarily responsible for fulfilling the performance obligation and whether it controls the promised service before transfer to customers.

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 basis pricing latitude and exposure to inventory risks 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.

Revenue is recognised when, or as, each distinct performance obligation is satisfied. The main categories of revenue and the basis of recognition are as follows:

**Point of Presence (POP) Services:** Revenue from these services are recognised based on the capacities interconnected at each such POP and varies from time to time. These services are recognised upon transfer of control of services over time.

**IP port services:** Revenue from IP port services is recognised on an accrual basis.

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

**Deferred Revenue:** Deferred revenue includes amount billed to customers upfront relating to Indefeasible Right of Use ("IRU") arrangements which are recognised over the period of the arrangements.

**Interest Income:** The interest income is recognised using the EIR method. For further details, refer note 2.7.

### 2.16 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.

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.

### 2.17 Segment reporting

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

## 3. Key source of estimation uncertainties and critical judgments

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

### a. Useful lives of PPE

As described at 2.5 above, the Company reviews the estimated useful lives of PPE at 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, change in economic conditions of the market, competition and technology, among others, are unpredictable and they may significantly impact the useful lives of PPE and therefore the depreciation charge.

**b. 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

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

## 4. Property, Plant and Equipment ('PPE')

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

| | PPE | | | |
|---|---|---|---|---|
| | **Plant and Equipment** | **Furniture and office equipments** | **Computers** | **Total** |
| **Gross carrying value** | | | | |
| **Balance as of April 1, 2019** | **11,216** | **1** | **2** | **11,219** |
| Additions | 911 | - | - | 911 |
| **Balance as of March 31, 2020** | **12,127** | **1** | **2** | **12,130** |
| **Balance as of April 1, 2020** | **12,127** | **1** | **2** | **12,130** |
| Additions | 723 | - | - | 723 |
| **Balance as of March 31, 2021** | **12,850** | **1** | **2** | **12,853** |
| **Accumulated depreciation** | | | | |
| **Balance as of April 1, 2019** | 7,885 | 1 | 2 | **7,888** |
| Depreciation | 697 | - | - | 697 |
| **Balance as of March 31, 2020** | **8,582** | **1** | **2** | **8,585** |
| **Balance as of April 1, 2020** | **8,582** | **1** | **2** | **8,585** |
| Depreciation | 625 | - | - | 625 |
| **Balance as of March 31, 2021** | **9,207** | **1** | **2** | **9,210** |
| **Net carrying value** | | | | |
| **As of March 31, 2020** | 3,545 | - | - | 3,545 |
| **As of March 31, 2021** | 3,643 | - | - | 3,643 |

The carrying value of capital work-in-progress as at March 31, 2021 and March 31, 2020 is USD 18 and USD 8 respectively, which mainly pertains to plant and equipment.

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

## 5. Loans and security deposit

| | As of | |
|---|---|---|
| **Unsecured, considered good** | **March 31, 2021** | **March 31, 2020** |
| **Non- current** | | |
| Security Deposits* | 222 | 222 |
| | **222** | **222** |
| **Current** | | |
| Loan to related parties (Refer note 27)# | 7,222 | 7,151 |
| | **7,222** | **7,151** |

*Security deposits (net of allowance for bad and doubtful debts of USD 51 and USD 51 as at March 31, 2021 and March 31, 2020, respectively) primarily includes deposits given towards rented premises, cell sites and interconnect ports.

#Loans given to related parties are unsecured, bear average interest rate which is LIBOR plus margin, effective interest rate is 1.35% and 3.37% as at March 31, 2021 and March 31, 2020 and are given for a short term period on a revolving basis which is repayable on demand. The amounts are expected to be settled in cash.

## 6. Deferred Tax Assets (Net)

| | As of | |
|---|---|---|
| | **March 31, 2021** | **March 31, 2020** |
| **Deferred Tax Liabilities arising on account of :** | | |
| Depreciation expense | 790 | 508 |
| **Gross Deferred Tax Liabilities** | **790** | **508** |
| **Less:** | | |
| **Deferred Tax Assets arising on account of :** | | |
| Provision for impairment of debtors | 240 | 298 |
| Losses available for offset against future taxable income | 465 | - |
| Unearned Income | 257 | 257 |
| **Gross Deferred Tax Assets** | **962** | **555** |
| **Deferred Tax Assets (net)** | **172** | **47** |

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

## 7. Trade Receivables

| | As of | |
|---|---|---|
| | March 31, 2021 | March 31, 2020 |
| Trade Receivable considered good- unsecured * | 3,443 | 3,864 |
| Less: Allowances for doubtful receivables | (1,145) | (1,420) |
| | **2,298** | **2,444** |

* Includes amount due from related parties (refer note 27).

**The movement in allowances for doubtful receivables is as follows:**

| | For the year ended | |
|---|---|---|
| | March 31, 2021 | March 31, 2020 |
| **Opening balance** | 1,420 | 1,798 |
| Additions / (reversal) | (275) | (378) |
| **Balance at the end of the year** | **1,145** | **1,420** |

## 8. Cash and Cash Equivalents

| | As of | |
|---|---|---|
| | March 31, 2021 | March 31, 2020 |
| Balance with banks | 644 | 1,301 |
| | **644** | **1,301** |

## 9. Other Financial Assets

### Current

| | As of | |
|---|---|---|
| | March 31, 2021 | March 31, 2020 |
| Interest accrued on loan (Refer note 27) | 222 | 205 |
| Unbilled revenue | 21 | - |
| Receivables from employees | 87 | - |
| | **330** | **205** |

## 10. Other assets

### Non-current

| | As of | |
|---|---|---|
| | March 31, 2021 | March 31, 2020 |
| Prepaid expenses | 2,614 | 3,086 |
| | **2,614** | **3,086** |

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

### Current

| | As of March 31, 2021 | As of March 31, 2020 |
|---|---|---|
| Prepaid expenses | 1,043 | 1,130 |
| Taxes receivable | - | 518 |
| Advances to suppliers (net)* | 380 | 5 |
| | **1,423** | **1,653** |

* Net of provision of USD 154 and USD 101 as on March 31, 2021 and March 31, 2020 respectively.

## 11. Equity Share Capital

| | As of March 31, 2021 | As of March 31, 2020 |
|---|---|---|
| **Authorised shares** | | |
| 1,000 equity shares of USD 0.0001 each | **0*** | **0*** |
| **Issued, Subscribed and fully paid-up shares** | | |
| 300 equity shares of USD 0.0001 each | 0* | 0* |
| | **0*** | **0*** |

* Less than USD 1.

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

| | For the year ended March 31, 2021 | | For the year ended March 31, 2020 | |
|---|---|---|---|---|
| | No. of shares | USD | No. of shares | USD |
| At the beginning of the year | 300 | 0* | 300 | 0* |
| **Outstanding at the end of the year** | **300** | **0*** | **300** | **0*** |

* Less than USD 1.

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

The Company has only one class of equity shares having par value of USD 0.0001 per share. Each holder of equity shares is entitled to one vote per share.

### c. Shares held by holding Company

| | As of March 31, 2021 | | As of March 31, 2020 | |
|---|---|---|---|---|
| | No. | % holding | No. | % holding |
| Bharti International (Singapore) Pte. Ltd., the holding company 300 (March 31, 2020 - 300) equity shares of USD 0.0001 each fully paid up | 300 | 100% | 300 | 100% |

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

**d. 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 |
| **Equity shares of USD 0.0001 each fully paid up** | | | | |
| Bharti International (Singapore) Pte. Ltd. | 300 | 100% | 300 | 100% |

## 12. Reserves and surplus

a) **Retained earnings** : Retained earnings represent the amount of accumulated earnings of the Company.

b) **Securities premium account :** Securities premium is used to record the premium on issue of shares.

## 13. Trade Payables

| | As of | |
|---|---|---|
| | March 31, 2021 | March 31, 2020 |
| Others* | 5,320 | 5,470 |
| | **5,320** | **5,470** |

* Includes amount due to related parties (refer note 27).

There is no amount payable to micro and small enterprises as of March 31, 2021 and March 31, 2020.

## 14. Other Financial Liabilities

### Current

| | As of | |
|---|---|---|
| | March 31, 2021 | March 31, 2020 |
| Dues to employees | - | 79 |
| Contribution to funds | 162 | 162 |
| Payable against capital expenditure | 97 | 7 |
| Others | - | 166 |
| | **259** | **414** |

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

## 15. Other liabilities

### Current

| | As of | |
|---|---|---|
| | March 31, 2021 | March 31, 2020 |
| Taxes payable | 5 | - |
| | **5** | **-** |

## 16. Provisions

### Current

| | As of | |
|---|---|---|
| | March 31, 2021 | March 31, 2020 |
| Provision for leave encashment | 156 | 122 |
| | **156** | **122** |

## 17. Contingencies and commitments

**(i) Contingencies**

Claims against the company not acknowledged as debts amounting to USD Nil as of March 31, 2021 (March 31, 2020: USD 4)

**(ii) Commitments**

Estimated amount of contracts to be executed on capital account and not provided for (net of advances) USD 522 as of March 31, 2021 (March 31, 2020: USD 635).

## 18. Revenue from operations

| | For the year ended | |
|---|---|---|
| | March 31, 2021 | March 31, 2020 |
| Service revenue | 15,715 | 18,914 |
| | **15,715** | **18,914** |

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

## Disaggregation of Revenue

Revenue is disaggregated by timing of revenue recognition is as follows:

| | For the year ended | |
|---|---|---|
| **Particulars** | **March 31, 2021** | **March 31, 2020** |
| **Timing of Revenue Recognition** | | |
| Services transferred over time | 15,715 | 18,914 |
| | **15,715** | **18,914** |

## Contract Balances

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

| | As of | |
|---|---|---|
| | **March 31, 2021** | **March 31, 2020** |
| Unbilled Revenue (refer note 9) | 21 | - |
| Deferred Revenue | 1,970 | 2,182 |

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

| | For the year ended |
|---|---|
| | **March 31, 2021** |
| | **Deferred Revenue** |
| Revenue recognised that was included in the deferred revenue at the beginning of the year | 964 |
| Increases due to cash received, excluding amounts recognised as revenue during the year | 752 |

## 19. Network operating Expense

| | For the year ended | |
|---|---|---|
| | **March 31, 2021** | **March 31, 2020** |
| Internet Access & Bandwidth charges | 13,524 | 14,631 |
| Repair & Maintenance | 981 | 1,270 |
| | **14,505** | **15,901** |

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

## 20. Employee Benefits Expense

| | For the year ended | |
|---|---|---|
| | **March 31, 2021** | **March 31, 2020** |
| Salaries, wages and bonus | 1,172 | 1,123 |
| Contribution to employee's funds | 49 | 46 |
| Staff welfare expenses | 117 | 111 |
| | **1,338** | **1,280** |

## 21. Sales and marketing expenses

| | For the year ended | |
|---|---|---|
| | **March 31, 2021** | **March 31, 2020** |
| Sales commission & distribution | 614 | 456 |
| Advertisement & marketing | 7 | 61 |
| | **621** | **517** |

## 22. Other Expenses

| | For the year ended | |
|---|---|---|
| | **March 31, 2021** | **March 31, 2020** |
| Legal and professional charges# | 47 | 355 |
| Telephone, telex and postage | 8 | 5 |
| Travelling and conveyance | 13 | 46 |
| Miscellaneous expenses | 554 | 78 |
| | **622** | **485** |

#Details of auditor's remuneration (excluding Goods & Services Tax) included in legal and professional charges:

| | For the year ended | |
|---|---|---|
| | **March 31, 2021** | **March 31, 2020** |
| Audit fees | 6 | 6 |
| Reimbursement of expenses | 0 | 0 |
| | **6** | **6** |

## 23. Depreciation Expense

| | For the year ended | |
|---|---|---|
| | **March 31, 2021** | **March 31, 2020** |
| Depreciation (incuding on ROU) | 660 | 733 |
| | **660** | **733** |

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

## 24. Finance Costs

| | For the year ended | |
|---|---|---|
| | March 31, 2021 | March 31, 2020 |
| Interest expense- lease liabilities | 3 | 6 |
| Bank charges | 62 | 65 |
| Net foreign exchange gain | (0) | (1) |
| | **65** | **70** |

## 25. Income Tax (credit) / expense

| | For the year ended | |
|---|---|---|
| | March 31, 2021 | March 31, 2020 |
| Current tax | 2 | 49 |
| Deferred tax | (125) | 94 |
| | **(123)** | **143** |

A reconciliation of the tax charge applicable to (loss) / profit before tax at the USA statutory rate to the tax charge at the effective tax rate, and a reconciliation of the applicable rate (that is, the USA statutory tax rate) to the effective tax rate, is as follows:

| | For the year ended | |
|---|---|---|
| | March 31, 2021 | March 31, 2020 |
| (Loss) / Profit before tax | **(1,639)** | **306** |
| | | |
| Tax (credit) / charge at the USA statutory tax rate @ 21% | (344) | 64 |
| Non deductible expenses | 0 | 71 |
| Adjustment in respect to current income tax of previous years | 219 | - |
| Minimum tax | 2 | 8 |
| | **(123)** | **143** |

| | For the year ended | |
|---|---|---|
| | March 31, 2021 | March 31, 2020 |
| **Deferred tax (income) / expense** | | |
| Carry forward losses | (465) | - |
| Provision for impairment of debtors / advances | 58 | 79 |
| Depreciation on PPE / ROU | 15 | (82) |
| Unearned income | 48 | 97 |
| Deferred Tax (Reversed) / Recognised in respect of previous years | 219 | - |
| **Net deferred tax (income) / expense** | **(125)** | **94** |

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

## 26. Earnings per share ('EPS')

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

(USD thousands, except number of shares and per share data)

| | | For the year ended | |
|---|---|---|---|
| | | **March 31, 2021** | **March 31, 2020** |
| (a) | Profit attributable to equity shareholders (i) | (1,516) | 163 |
| (b) | Total number of shares outstanding at the end of the year | 300 | 300 |
| (c) | Weighted average number of equity shares oustanding during the year (ii) | 300 | 300 |
| (d) | Nominal value of equity shares (in USD) | 0.0001 | 0.0001 |
| (e) | Earnings per share (Basic and Diluted) (i) / (ii) | (5,053) | 543 |

## 27. Related Party Transactions

In accordance of the requirements of Ind AS – 24 on Related Party Disclosures, the name of the related parties where control exists and / or with whom transactions have taken place during the year and description of the relationships are as following:

i. **Ultimate Parent Company**
Bharti Airtel Limited

ii. **Intermediate Parent Company**
Network i2i Limited

iii. **Parent Company**
Bharti International (Singapore) Pte. Ltd.

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

v. **Entity having significant influence over the parent company**
Singapore Telecommunication Limited

vi. **Other entities with whom transactions have taken place during the reporting periods**

**Fellow Subsidiaries**
Bharti Airtel (UK) Limited
Bharti Airtel Services Limited
Bharti Airtel (Hong Kong) Limited
Bharti Airtel Lanka (Private) Limited
Bharti Airtel (Japan) Private Limited
Bharti Airtel (France) SAS
Bharti Telemedia Limited
Nxtra Data Limited

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

The details of amounts due to or due from the related parties as of March 31, 2021 and March 31, 2020 are as follows:

| S.No | Particulars | As of March 31, 2021 | As of March 31, 2020 |
|---|---|---|---|
| 1 | **Loan given** | | |
| | Network i2i Limited | 7,222 | 7,151 |
| | | **7,222** | **7,151** |
| 2 | **Interest receivable** | | |
| | Network i2i Limited | 222 | 205 |
| | | **222** | **205** |
| 3 | **Receivables/ (Payables)** | | |
| | Bharti Airtel Limited | 1,178 | 962 |
| | Bharti Airtel Services Limited | 1 | 1 |
| | Bharti Telemedia Limited | (0) | (0) |
| | Bharti Airtel (France) SAS | 11 | (64) |
| | Bharti Airtel (Japan) Private Limited | (9) | (8) |
| | Bharti Airtel Lanka (Private) Limited | (2) | (2) |
| | Singapore Telecommunication Limited | (269) | (453) |
| | Bharti Airtel (Hong Kong) Limited | (12) | (72) |
| | Network i2i Limited | (343) | (662) |
| | Bharti Airtel (UK) Limited | 113 | (32) |
| | Bharti International (Singapore) Pte. Ltd. | 147 | (67) |
| | Nxtra Data Limited | (1) | (1) |
| | | **814** | **(398)** |

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

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

The details of related party transactions entered into by the Company for the years ended March 31, 2021 and March 31, 2020 are as follows:

| S.No | Particulars | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|---|---|---|---|
| **1** | **Rendering of services** | | |
| | Bharti Airtel Limited | 3,146 | 4,968 |
| | Bharti Airtel (France) SAS | 13 | - |
| | Bharti Airtel (UK) Limited | 820 | 481 |
| | Bharti International (Singapore) Pte. Ltd. | 1,581 | 899 |
| | Bharti Airtel (Hong Kong) Limited | 102 | 48 |
| | Network i2i Limited | 405 | 16 |
| | | **6,067** | **6,412** |
| **2** | **Purchase of goods / Receiving of services** | | |
| | Bharti Airtel Limited | 1,507 | 1,415 |
| | Bharti Airtel (France) SAS | 204 | 140 |
| | Bharti Airtel (Japan) Private Limited | 13 | 10 |
| | Bharti Airtel Lanka (Private) Limited | 8 | 7 |
| | Singapore Telecommunication Limited | 195 | 329 |
| | Bharti Airtel (Hong Kong) Limited | 527 | 528 |
| | Network i2i Limited | 4,728 | 4,251 |
| | Bharti Airtel (UK) Limited | 220 | 200 |
| | Bharti International (Singapore) Pte. Ltd. | 419 | 841 |
| | Nxtra Data Limited | (0) | (1) |
| | | **7,821** | **7,720** |
| **3** | **Loans given** | | |
| | Network i2i Limited | 2,000 | 3,500 |
| | | **2,000** | **3,500** |
| **4** | **Repayment of Loans given** | | |
| | Network i2i Limited | 1,929 | 1,849 |
| | | **1,929** | **1,849** |
| **5** | **Interest income** | | |
| | Network i2i Limited | 87 | 190 |
| | | **87** | **190** |

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

## 28. Leases

### Right-of-use assets ('ROU')

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

| | Building | Total |
|---|---|---|
| Balance as at April 1, 2019 | 83 | 83 |
| Depreciation expense | 36 | 36 |
| **Balance as at March 31, 2020** | **47** | **47** |

| | Building | Total |
|---|---|---|
| Balance as at April 1, 2020 | 47 | 47 |
| Depreciation expense | 35 | 35 |
| **Balance as at March 31, 2021** | **12** | **12** |

- Building

  The Company's leases of building comprise of lease of offices.

**Amounts recognised in profit or loss**

| | For the year ended | |
|---|---|---|
| **Leases under Ind AS 116** | **March 31, 2021** | **March 31, 2020** |
| Interest on lease liabilities | 3 | 6 |

**Amounts recognised in statement of cash flows**

| | For the year ended | |
|---|---|---|
| **Leases under Ind AS 116** | **March 31, 2021** | **March 31, 2020** |
| Total cash outflow for leases | 38 | 40 |

Refer note 29(1)(b) for maturity profile of Lease Liabilities

## 29. Financial and capital risk

### 29. 1. Financial Risk

The business activities of the Company expose it to a variety of financial risks, namely market risks (that is, foreign exchange risk and interest rate risk), credit risk and liquidity risk. The overall risk management seeks to minimize potential adverse effects of these risks on the financial performance of the Company. The Company has established risk management policies, guidelines and control procedures to manage its exposure to financial risks.

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

**(a) *Credit risk***

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

The Company is exposed to credit risk mainly with respect to trade receivables. The trade receivables of the Company are typically non-interest bearing un-secured and derived from sales made to a number of independent customers including group entities. The credit period provided by the Company to its customers (other than Company entities), generally ranges between 0-90 days.

As the customer base is widely distributed both economically and geographically, there is no concentration of credit risk other than Company receivables. For details of trade receivables / revenues from related-parties, refer note 7 and 27.

The Company performs on-going credit evaluations of its customers' financial condition and monitors the credit worthiness of its customers to which it grants credit in the ordinary course of business.

Consequently, the allowance for impairment of trade receivables is created to the extent and as and when required, based upon the expected collectability of accounts receivables.

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

| | Neither past due nor impaired | Past due but not impaired | | | | |
|---|---|---|---|---|---|---|
| | | Less than 30 days | 30 to 60 days | 60 to 90 days | Above 90 days | Total |
| Trade Receivables as of March 31, 2021 | 1,840 | 162 | 218 | 58 | 20 | 2,298 |
| Trade Receivables as of March 31, 2020 | 1,307 | 520 | 426 | 191 | (0) | 2,444 |

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.

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

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

***Analysis of financial instruments by remaining contractual maturities***

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

| | As of March 31, 2021 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Carrying amount | On demand | Less than 6 months | 6 to 12 months | 1 to 2 years | > 2 years | Total |
| Trade payables | 5,320 | - | 5,320 | - | - | - | 5,320 |
| Other financial liabilities | 259 | - | 259 | - | - | - | 259 |
| Lease Liabilities | 13 | - | 13 | 0 | 0 | - | 13 |
| | 5,592 | - | 5,592 | 0 | 0 | - | 5,592 |

| | As of March 31, 2020 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Carrying amount | On demand | Less than 6 months | 6 to 12 months | 1 to 2 years | > 2 years | Total |
| Trade payables | 5,470 | - | 5,470 | - | - | - | 5,470 |
| Other financial liabilities | 414 | - | 414 | - | - | - | 414 |
| Lease Liabilities | 50 | - | - | 40 | 13 | - | 53 |
| | 5,934 | - | 5,884 | 40 | 13 | - | 5,937 |

## *(c) Foreign currency risk*

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

Sensitivity analysis for foreign currency risk

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

| | Change in currency exchange rate | Effect on profit / (loss) before tax March 31, 2021 | March 31, 2020 |
|---|---|---|---|
| LKR | +5% | (0) | (0) |
| | -5% | 0 | 0 |
| GBP | +5% | 0 | (0) |
| | -5% | (0) | 0 |
| INR | +5% | (4) | - |
| | -5% | 4 | - |

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

### 19.2. Capital management

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

## 30. COVID-19

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 asset sand company believes that the carrying amount of these assets will be recovered.

The Company has not experienced any loss of significant customer on account of force majeure clauses in the revenue contracts. Besides, the Company has also assessed its other arrangements, including leasing arrangements and no changes in terms of those arrangements are expected due to COVID-19.

The Company has also re-assessed its financial risk management policies and impact of any change on the related disclosures in the financial statements, on counterparty credit risk, liquidity risk and foreign currency risk and no material impact has been noted.

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

## 31. Fair value of financial instruments

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

| | As of | | | |
|---|---|---|---|---|
| | March 31, 2021 | | March 31, 2020 | |
| | Carrying Value | Fair Value | Carrying Value | Fair Value |
| **Assets at amortised costs** | | | | |
| Security deposits | 222 | 222 | 222 | 222 |
| Loans | 7,222 | 7,222 | 7,151 | 7,151 |
| Trade receivables | 2,298 | 2,298 | 2,444 | 2,444 |
| Cash and cash equivalent | 644 | 644 | 1,301 | 1,301 |
| Other financial assets | 330 | 330 | 7,356 | 7,356 |
| | 10,716 | 10,716 | 18,474 | 18,474 |
| **Liabilities at amortised costs** | | | | |
| Trade payables | 5,320 | 5,320 | 5,470 | 5,470 |
| Other financial liabilities | 259 | 259 | 414 | 414 |
| | 5,579 | 5,579 | 5,884 | 5,884 |

Management has determined that the carrying amounts of cash and cash equivalents, trade receivables, trade payables and other payables and accruals reasonably approximate their fair values because these are short term in nature and re-priced regularly. Amounts due to / from related companies, approximate their fair value as the interest rates charged to / by related companies are approximately equivalent to interest rate prevailing in the market or re-priced regularly.