Bharti Airtel (Hong Kong) Limited

Special Purpose Ind AS Financial Statements

For the year ended March 31, 2020

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Bharti Airtel (Hong Kong) Limited.

Report on the Audit of the Special Purpose Financial Statements

Opinion

We have audited the accompanying Special Purpose Financial Statements (SPFS) of Bharti Airtel (Hong Kong) Limited (the "Company"), which comprise the Balance Sheet as at 31 March 2020, the Statement of Profit and Loss (including Other Comprehensive Income), 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 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 standalone 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 standalone 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 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 Lahoti
(Partner)
(Membership No. 130054)
UDIN: 20130054AAAAVZ2542

Place: Gurugram
Date: 24-July-2020

BHARTI AIRTEL (HONG KONG) LIMITED
Balance Sheet
(All amounts are in HK$, unless otherwise stated)

	Notes	As of		
		March 31,2020	March 31, 2020	March 31, 2019
		(In Rupees)	(In HK$)	(In HK$)
		(Unaudited)	(Audited)	(Audited)
Assets				
Non-current assets				
Property, plant and equipment	5	63,640,870	6,521,013	4,005,173
Capital work-in-progress		-	-	447,267
Right-of-use assets	26	463,586	47,502	-
Intangible assets	6	-	-	23,225,664
Financial assets				
- Security deposits		6,827,399	699,575	925,232
Deferred tax assets (net)	19	1,155,117	118,360	494,699
Prepaid expense		173,727,476	17,801,126	-
		245,814,448	**25,187,576**	**29,098,035**
Current assets				
Financial assets				
- Trade receivables	7	302,053,082	30,950,113	17,187,297
- Cash and cash equivalents	8	159,034,915	16,295,641	7,408,923
Income tax assets (net)		7,849,438	804,299	-
Other current assets	9	49,688,057	5,091,327	2,415,355
		518,625,492	**53,141,380**	**27,011,575**
Total Assets		**764,439,940**	**78,328,956**	**56,109,610**
Equity and Liabilities				
Equity				
Equity Share capital	10	48,401,317	4,959,480	4,959,480
Other Equity		326,510,497	33,456,162	15,849,350
Total equity		**374,911,814**	**38,415,642**	**20,808,830**
Non-current liabilities				
Deferred revenue	14	164,717,610	16,877,923	3,206,928
		164,717,610	**16,877,923**	**3,206,928**
Current liabilities				
Financial liabilities				
- Borrowings	11	24,749,436	2,535,971	10,175,776
- Lease Liabilities		485,987	49,797	-
- Trade payables	12	119,379,569	12,232,324	12,609,125
- Others	13	8,625,815	883,851	3,286,150
Deferred revenue	14	71,569,709	7,333,448	5,580,642
Current tax liabilities (net)		-	-	442,159
		224,810,516	**23,035,391**	**32,093,852**
Total liabilities		**389,528,126**	**39,913,314**	**35,300,780**
Total equity and liabilities		**764,439,940**	**78,328,956**	**56,109,610**

The accompanying note 1 to 27 form an integral part of these special purpose financial statements

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

Sd/-
Nilesh H. Lahoti
Partner
Membership No: 130054

For and on behalf of the Board of Directors of Bharti Airtel (Hong Kong) Limited

Sd/-

Director

Place: New Delhi

Date: July 24, 2020

BHARTI AIRTEL (HONG KONG) LIMITED
Statement of Profit & Loss
(All amounts are in HK$, unless otherwise stated)

	Notes	For the year ended March 31,2020 (In Rupees) (Unaudited)	March 31,2020 (In HK$) (Audited)	March 31,2019 (In HK$) (Audited)
Income				
Revenue from operations	14	669,694,355	68,620,773	65,396,507
Other income	15	278,190	28,505	1,108,409
		669,972,545	**68,649,278**	**66,504,916**
Expenses				
Network operating expenses		379,092,174	38,843,986	28,834,278
Access charges		38,175,811	3,911,715	5,710,412
Employee benefits expense		4,031,414	413,082	325,027
Other expenses	16	15,308,995	1,568,649	3,559,826
		436,608,394	**44,737,432**	**38,429,543**
Profit from operating activities before depreciation and amortisation expense		**233,364,151**	**23,911,846**	**28,075,373**
Depreciation and amortisation expense	17	17,205,701	1,762,996	4,335,658
Finance costs	18	9,409,451	964,147	1,168,808
Profit before tax		**206,748,999**	**21,184,703**	**22,570,907**
Tax expense/(credit)				
Current tax	19	28,243,094	2,893,951	3,888,283
Deferred tax	19	3,672,825	376,339	(416,708)
Profit for the year		**174,833,080**	**17,914,413**	**19,099,332**
Other comprehensive (loss)/income				
Items to be reclassified subsequently to profit or loss:				
Net gain/(loss) due to foreign currency translation differences		(2,950,731)	(302,349)	26,911
Other comprehensive loss for the year		**(2,950,731)**	**(302,349)**	**26,911**
Total comprehensive income for the year		**171,882,349**	**17,612,064**	**19,126,243**
Earnings per share (face value of HK$ 1/- each)				
Basic earning per share	24	35.23	3.61	3.85
Diluted earning per share	24	35.23	3.61	3.85

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Membership No: 130054

For and on behalf of the Board of Directors of Bharti Airtel (Hong Kong) Limited

Sd/-

Director

Place: New Delhi

Date: July 24, 2020

BHARTI AIRTEL (HONG KONG) LIMITED
Statement of Changes in Equity
(All amounts are in HK$)

	Share Capital	Other equity			Total Equity
	Amount	Retained earnings	Foreign currency translation reserve	Total	
At April 1, 2018	4,959,480	(2,119,365)	(1,157,528)	**(3,276,893)**	**1,682,587**
Profit for the year	-	19,099,332		**19,099,332**	**19,099,332**
Other comprehensive income for the year	-		26,911	**26,911**	**26,911**
At March 31, 2019	4,959,480	16,979,967	(1,130,617)	**15,849,350**	**20,808,830**
Transition Impact on adoption of Ind AS 116		(5,252)		**(5,252)**	**(5,252)**
As of April 1, 2019	4,959,480	16,974,715	(1,130,617)	15,844,098	20,803,578
Profit for the year	-	17,914,413	-	**17,914,413**	**17,914,413**
Other comprehensive loss for the year	-	-	(302,349)	**(302,349)**	**(302,349)**
At March 31, 2020	4,959,480	34,889,128	(1,432,966)	**33,456,162**	**38,415,642**

The accompanying note 1 to 27 form an integral part of these special purpose financial statements

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Nilesh H. Lahoti
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Membership No: 130054

For and on behalf of the Board of Directors of Bharti Airtel (Hong Kong) Limited

Sd/-

Director

Place: New Delhi

Date: July 24, 2020

BHARTI AIRTEL (HONG KONG) LIMITED
Statement of Cash flows
(All amounts are in HK$)

	For the year ended	
	March 31, 2020	**March 31, 2019**
Cash flows from operating activities		
Profit before taxation	21,184,703	22,570,907
Adjustments for :		
Finance costs	468,818	842,975
Unrealised foreign exchange gains	55,610	52,851
Depreciation expense	1,762,996	1,734,478
Amortisation expense	-	2,601,181
Impairment (reversal)/loss recognised on trade receivables	(138,344)	965,622
	23,333,783	**28,768,014**
Operating cash flow before changes in working capital		
Changes in working capital		
Trade receivables	(13,715,559)	(7,520,958)
Trade payables	(376,125)	737,783
Other financial and non-financial assets	2,921,570	(1,053,282)
Other financial and non-financial Liabilities	15,383,461	2,955,066
Net cash flows from operating activities before tax	**27,547,130**	**23,886,623**
Income tax paid- net	(4,140,409)	(4,380,692)
Net cash flows generated from operating activities (a)	**23,406,721**	**19,505,931**
Cash flows from investing activities		
Purchase of property, plant and equipment	(3,925,964)	(745,047)
Purchase of intangible assets	-	(124,085)
Net cash flows used in investing activities (b)	**(3,925,964)**	**(869,132)**
Cash flows from financing activities		
Repayment of borrowings	(7,639,803)	(11,547,840)
Payment of lease liabilities	(156,337)	-
Finance costs paid	(2,707,388)	(3,566,431)
Net cash flows used in financing activities (c)	**(10,503,528)**	**(15,114,271)**
Net increase in cash and cash equivalents (a+b+c)	8,977,229	3,522,528
Effect of foreign exchange rate changes	(90,511)	1,437
Cash and cash equivalents at the beginning of year	7,408,923	3,884,958
Cash and cash equivalents at the end of the year (note 8)	**16,295,641**	**7,408,923**

The accompanying note 1 to 27 form an integral part of these special purpose financial statements

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

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Nilesh H. Lahoti
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For and on behalf of the Board of Directors of Bharti Airtel (Hong Kong) Limited

Sd/-

Director

Place: New Delhi

Date: July 24, 2020

1 Corporate Information

Bharti Airtel (Hong Kong) Limited (“the company”) is domiciled and incorporated in Hong Kong. The registered office of the Company is located at 4th Floor, Cheung Hing Industrial Building, 12P Smithfield Road, Kennedy town, Hong Kong.

The principle activities of the Company are international telecommunication operation.

The Company is a wholly-owned subsidiary of Bharti International (Singapore) Pte Ltd, a company incorporated in Singapore. Bharti Airtel Limited, the intermediate parent entity, is a company incorporated in India and listed on the stock exchange in India.

2 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 requirements under section 136 (1) of the under Companies Act 2013. These financial statements have been prepared in accordance with the recognition and measurement principles of 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. These financial statements are not statutory financial statements under Hong Kong Companies Ordinance.

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 4.

These special purpose financial statements are prepared in Hong Kong dollars ("HK$"), whereas the functional currency of the Company is USD ‘$’. Therefore all the amounts included in the financial statements are reported in Hong Kong Dollars (‘HK$’) and are rounded to the nearest thousands, except per share data and unless stated otherwise. Further, due to rounding off, certain amounts are appearing as '0'. The translation of HK$ to Rupee amounts is unaudited and is included solely for readers in India and has been calculated using the rate of HK$ 1 = Rs. 9.759, the RBI reference rate as announced by the Reserve Bank of India (RBI) on March 31, 2020. Such translations should not be construed as representations that the Rupee amounts represent, or have been or could be converted into, Hong Kong Dollars at that or any other rate.

The financial statements for the year ended March 31, 2020 were approved for issue by the Board of Directors on July 24, 2020.

New Standards and amendments adopted during the year

The Company has applied the following Standards and amendments for the first time for their annual reporting period commencing April 1, 2019:

- Ind AS 116, Leases
- Appendix C to Ind AS 12, Uncertainty over Income Tax Treatments

Ind AS 116, Leases

MCA had notified Ind AS 116 'Leases' effective for annual reporting periods beginning on or after April 01, 2019. The Company has applied Ind AS 116 using the modified retrospective approach.. Refer note 26 for impact of adoption of Ind AS 116. Also refer note 3 (m) for accounting policy on 'leases'.

Appendix C to Ind AS 12, Uncertainty over Income Tax Treatments

MCA had notified Appendix C to Ind AS 12, Uncertainty over Income Tax Treatments, effective for annual reporting periods beginning on or after April 1, 2019. Appendix C to Ind AS 12 addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of Ind AS 12, Income Taxes. It does not apply to taxes or levies outside the scope of Ind AS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. Appendix C to Ind AS 12 addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

The Company has applied Appendix C to Ind AS retrospectively with the cumulative effect of initial application recognised at the date of initial application.

Upon application of Appendix C to Ind AS 12, the Company considered whether it has any uncertain tax positions. The Company's tax filings include deductions and the taxation authorities may challenge those tax treatments. The Company determined, based on its tax compliance, that it is probable that its tax treatments will be accepted by the taxation authorities. Appendix C to Ind AS 12 does not have a material impact on the financial statements of the Company in addition to what the Company has already recorded/ disclosed.

2.1 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 paid to transfer a liability, in an orderly transaction between market participants. The Company's accounting policies require, measurement of certain financial / non-financial assets and liabilities 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.

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.

An asset will be depreciated as and when the asset is ready to use in the period.

(a) Depreciation on PPE is computed using the straight-line method over the estimated useful lives which are as follows:

Telecommunication equipment	-	8 to 10 years
Computer equipment	-	3 years

b. Intangible assets

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

b.1 Impairment of non-financial assets

PPE, intangible assets and ROU 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. 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. Impairment losses, if any, are recognised in statement of profit and loss.

c. Financial instruments

I. Recognition, classification and presentation

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

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

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

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

Financial assets and liabilities arising from different transactions are off-set against each other and the resultant net amount is presented in the balance sheet, if and only when, the Company currently has a legally

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 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 and 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.

2.4 Going Concern

The Directors believe that the Company has considerable financial resources. The Directors' assessment has been made with reference to the Company's favourable net current assets position, forecasts of positive future cash inflows, our strategy, the Board's risk appetite and Company's principal risks and how these are managed. As a consequence, the Directors believe that the Company is well placed to manage its business successfully and has adequate resources to continue in operational existence. Thus, they continue to adopt the going concern basis in preparing these financial statements.

3 Summary of Significant Accounting Policies

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

An item of PPE is recognised as an asset, if and only if, it is probable that the future economic benefits associated with the item will flow to the Company and its cost can be measured reliably. PPE are initially recognised at cost. The initial cost of PPE comprises its purchase price (including non-refundable duties and taxes but excluding any trade discounts and rebates), and any directly attributable cost of bringing the asset to its working condition and location for its intended use. In case of multiple element contracts whereby the vendor supplies PPE as well as other components, PPE is recorded on the basis of relative fair values.

Subsequent to initial recognition, PPE are stated at cost less accumulated depreciation and any impairment losses. When significant parts of property, plant and equipment are required to be replaced in regular intervals, the Company recognises such parts as separate component of assets.

The expenditures that are incurred after the item of PPE has been put to use, such as repairs and maintenance, are normally charged to the statement of 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 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.

II. Measurement – Non-derivative financial instruments

1. 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.

2. Subsequent measurement - financial assets

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

a) Financial assets measured at amortised cost

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

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

All financial assets that do not meet the criteria for amortised cost are measured at FVTPL. Interest (basis EIR method) and dividend income from financial assets at FVTPL is recognised in the statement of profit and loss within finance income 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, 12 month, expected credit loss (ECL) is used to provide for impairment loss, otherwise lifetime ECL is used.

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

3. 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).

III. Derecognition

The financial liabilities are de-recognised from the balance sheet when the under-lying obligations are extinguished, discharged, lapsed, cancelled, expires or legally released. 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 resultant impact of derecognition is recognised in the statement of profit and loss.

d. Functional and foreign currency transactions

Functional currency

The financial statements are presented in Hong Kong dollars ("HK$") whereas the functional currency of the Company is United States Dollar (‘USD’).

Transactions and balances

The Company's functional currency is USD, which is different from the Company's presentation currency. These financial statements are presented in HK$ as the Company is domiciled in Hong Kong and, in the opinion of the directors of the Company, most of the external users of the financial statements are located Hong Kong. Transactions in foreign currencies are initially recorded by the Company at the functional currency spot rates at the date the transaction first qualifies for recognition.

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

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

e. Revenue recognition

The Company recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Company’s performance as the Company performs;
- the Company’s performance creates or enhances an asset that the customer controls as the Group performs; or
- the Company’s performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract asset represents the Company’s right to consideration in exchange for goods or services that the Company has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with Ind AS 9. In contrast, a receivable represents the Company’s unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Company’s obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer.

A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation

Output method

The progress towards complete satisfaction of a performance obligation is measured based on output method, which is to recognise revenue on the basis of direct measurements of the value of the goods or services transferred to the customer to date relative to the remaining goods or services promised under the contract, that best depict the Company’s performance in transferring control of goods or services.

As a practical expedient, if the Company has a right to consideration in an amount that corresponds directly with the value of the Company 's performance completed to date, the Company recognises revenue in the amount to which the Group has the right to invoice.

Input method

The progress towards complete satisfaction of a performance obligation is measured based on input method, which is to recognise revenue on the basis of the Company's efforts or inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation, that best depict the Company’s performance in transferring control of goods or services.

Existence of significant financing component

In determining the transaction price, the Company adjusts the promised amount of consideration for the effects of the time value of money if the timing of payments agreed (either explicitly or implicitly) provides the customer or the Company with a significant benefit of financing the transfer of goods or services to the customer. In those circumstances, the contract contains a significant financing component. A significant financing component may exist regardless of whether the promise of financing is explicitly stated in the contract or implied by the payment terms agreed to by the parties to the contract.

For contracts where the period between payment and transfer of the associated goods or services is less than one year, the Company applies the practical expedient of not adjusting the transaction price for any significant financing component.

For advance payments received from customers before the transfer of the associated goods or services in which the Company adjusts for the promised amount of consideration for a significant financing component, the Company applies a discount rate that would be reflected in a separate financing transaction between the Company and the customer at contract inception. The relevant interest expenses during the period between the advance payments were received and the transfer of the associated goods and services are accounted for on the same basis as other borrowing costs.

For contracts where the Company transferred the associated goods or services before payments from customers in which the Company adjusts for the promised amount of consideration for significant financing components, the Company applies a discount rate that would be reflected in a separate financing transaction between the Company and the customer at contract inception. The Company recognises interest income during the period between the payment from customers and the transfer of the associated goods or services.

Revenue from telecommunication services are recognised when the relevant services are rendered or over the period of the arrangement of the contract using output method.

f. Taxes

The income tax expense comprises of current and deferred income tax. Income tax is recognised in the statement of profit and loss.

I. 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.

II. 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 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 nor 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.

g. Employee benefits

The Company's employee benefits mainly include wages, salaries and bonuses. The employee benefits are recognised in the period in which the associated services are rendered by the Company employees.

h. 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 un-winding of interest over passage of time is recognised within finance costs.

i. 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.

j. 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).

k. 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.

l. Earnings per share ('EPS')

The Company presents the Basic and Diluted EPS data.

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.

m. **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

On initial application of Ind AS 116, the Company recognised a lease liability measured at the present value of all the remaining lease payments, discounted using the lessee's incremental borrowing rate at April 1, 2019 whereas the Company has elected to measure ROU at its carrying amount as if Ind AS 116 had been applied since the lease commencement date, but discounted using the lessee's incremental borrowing rate at April 1, 2019.

For new lease contracts, the Company recognises a Right-of-use assets ('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 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

III. 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-by-case basis if deemed not to be collectible on the assessment of the underlying facts and circumstances.

b. Critical judgement's in applying the Company's accounting policies

I. Revenue recognition and presentation

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 credit / 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.

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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 or 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.

4 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 year in which they become known.

a. 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:

I. Useful lives of PPE

As described at note 3(a) 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.

II. Impairment reviews

PPE (including CWIP), intangible assets and ROU assets with definite lives, are reviewed for impairment, whenever events or changes in circumstances indicate that their carrying values may not be recoverable.

In calculating the value in use, the Company is required to make significant judgements, estimates and assumptions inter-alia concerning the earnings before interest, taxes, depreciation and amortisation (‘EBITDA’) margins, capital expenditure, long-term growth rates and discount rates to reflect the risks involved.

The Company operates in developing market and in such market, the plan for shorter duration is not indicative of the long-term future performance. Considering this and the consistent use of such robust 10-year information for management reporting purpose, the Company uses 10-year plans for the purpose of impairment testing.

5. Property, plant and equipment

	Telecommunication Equipment	Computer equipment	Total
Gross Carrying value			
At April 1, 2018	**22,418,604**	**17,000**	**22,435,604**
Additions	371,732	-	**371,732**
Disposal	(4,983,031)	0	**(4,983,031)**
Currency Translation	(310,442)	215	**(310,227)**
At March 31, 2019	**17,496,863**	**17,215**	**17,514,078**
Additions	4,213,336	-	4,213,336
Currency Translation	(255,813)	(210)	(256,023)
At March 31, 2020	**21,454,386**	**17,005**	**21,471,391**
Accumulated Depreciation			
At April 1, 2018	**(16,740,243)**	**(17,000)**	**(16,757,243)**
Charge for the year	(1,734,478)	-	(1,734,478)
Disposal	4,983,031	0	4,983,031
Currency translation	-	(215)	(215)
At March 31, 2019	**(13,491,690)**	**(17,215)**	**(13,508,905)**
Charge for the year	(1,619,965)	-	(1,619,965)
Currency translation	178,282	210	178,492
At March 31, 2020	**(14,933,373)**	**(17,005)**	**(14,950,378)**
Net Carrying Value			
At March 31, 2020	**6,521,013**	**(0)**	**6,521,013**
At March 31, 2019	**4,005,173**	**(0)**	**4,005,173**

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6. Intangible Assets

	Bandwidth
Gross carrying value	
At April 1, 2018	**38,774,898**
Additions	251,156
Currency translation	6,885
At March 31, 2019	**39,032,939**
As of April 01, 2019	39,032,939
Transition impact of Ind AS 116	(39,032,939)
Adjusted balance as on April 1, 2019	-
At March 31, 2020	-
Accumulated Amortisation	
At April 1, 2018	**(13,206,093)**
Charge for the year	(2,601,182)
Currency translation	
At March 31, 2019	**(15,807,275)**
As on April 01, 2019	(15,807,275)
Transition impact of Ind AS 116	15,807,275
Adjusted balance as on April 1, 2019	-
At March 31, 2020	-
Net Carrying Value	
At March 31, 2020	-
At March 31, 2019	**23,225,664**

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7. Trade receivables

	As of	
	March 31, 2020	**March 31, 2019**
Trade receivable considered good, unsecured	10,977,010	12,600,056
Less: Allowance for doubtful debts	(5,303,937)	(5,520,872)
	5,673,073	**7,079,184**
Amount due from related parties (Refer Note 23)	25,277,040	10,108,113
Total	**30,950,113**	**17,187,297**

Refer note 21 for credit risk.

8. Cash and cash equivalents

	As of	
	March 31, 2020	**March 31, 2019**
Balance with banks -		
on current accounts	16,295,641	7,408,923
Total	**16,295,641**	**7,408,923**

9. Other current assets

	As of	
	March 31, 2020	**March 31, 2019**
Prepaid expenses	5,091,327	2,135,678
Advances to suppliers	-	279,677
Total	**5,091,327**	**2,415,355**

10. Equity Share Capital

	As of	
	March 31, 2020	**March 31, 2019**
Authorised shares		
333,935 equity shares of HK$ 1 each	**4,959,480**	**4,959,480**
Issued, Subscribed and fully paid-up shares		
333,935 equity shares of HK$ 1 each	4,959,480	4,959,480
	4,959,480	**4,959,480**

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

	For the year ended			
	March 31, 2020		March 31, 2019	
	No. of shares	Amount	No. of shares	Amount
At the beginning of the year	4,959,480	4,959,480	4,959,480	4,959,480
Issued during the year	-	-	-	-
Outstanding at the end of the year	**4,959,480**	**4,959,480**	**4,959,480**	**4,959,480**

b) Terms/ rights attached to equity shares

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

c) Details of shareholding as per the register of shareholder holding more than 5% shares in the Company

Details of shareholders holding more than 5% shares in the company

	As of			
	March 31, 2020		March 31, 2019	
	No. of shares	% holding	No. of shares	% holding
Equity shares of HK$ 1 each fully paid up				
Bharti International (Singapore) Pte. Ltd.	4,959,480	100%	4,959,480	100.00%

11. Borrowings

The amount due to Bharti International (Singapore) Pte. Limited, amounting to HK$ 2,535,971 as at 31 March 2020 (2019: HK$10,175,776) is unsecured and interest-bearing at average Hong Kong Inter-Bank Offered Rate ("HIBOR") for the three-month period plus 190 basis points (2019: at average HIBOR for the three-month period plus 190 basis points). The same is repayable on demand.

12. Trade payables

	As of	
	March 31, 2020	March 31, 2019
Trade creditors	5,105,213	6,328,252
Accrued expenses	7,127,111	6,280,873
Total	**12,232,324**	**12,609,125**

Refer note 21 for liquidity risk details.

13. Other financial liabilities

	As of	
	March 31, 2020	**March 31, 2019**
Payable against capital expenditure	-	153,899
Interest accrued but not due	883,851	3,132,251
Total	**883,851**	**3,286,150**

14. Revenue from operations

	For the year ended	
	March 31,2020	**March 31,2019**
Service Revenue	68,620,773	65,396,507
Sale of products		
Total	**68,620,773**	**65,396,507**

Disaggregation of Revenue

Revenue is disaggregated as follows-

	For the year ended	
	March 31,2020	**March 31,2019**
Services transferred over time	68,620,773	65,396,507
	68,620,773	**65,396,507**

	For the year ended	
	March 31, 2020	**March 31, 2019**
Bandwidth Revenue	47,500,166	43,443,243
Airtel Talks	6,324,750	8,316,898
Others	14,795,857	13,636,366
	68,620,773	65,396,507

Revenue from telecommunication services are recognized when the relevant services are rendered or over the period of the arrangement of the contract using output method.

Bandwidth services: Bandwidth revenue is recognised over time as the performance obligation is satisfied over the period of arrangement.

Airtel Talk: This includes revenue from voice calling, video calling and messaging using mobile application. Revenues from prepaid customer are recognised based on actual usage.

Others include POP revenue, IP Port and ISP:

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

IP port services: The Revenue from IP port services is recognised when data start transmitting.

Contract Balances

The following table provides information about Deferred Revenue from contract with customers

	As of	
	March 31, 2020	**March 31, 2019**
Deferred Revenue		
Non Current	16,877,923	3,206,928
Current	7,333,448	5,580,642

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

	For the year ended	
	March 31, 2020	**March 31, 2019**
Increased due to cash received, excluding amount recognised as revenue during the year	15,423,801	8,787,571

Contract liabilities are recognised when the Company receives an amount from customers before services are provided, this will give rise to contract liabilities at the beginning of a contract, until the revenue recognised on the relevant contract exceeds the amount received. The Company typically receives a 100% of the contract amount as deposits from customer when the Company enter into the contracts with their customers.

15. Other income

	For the year ended	
Particulars	**March 31,2020**	**March 31,2019**
Balance written back	28,505	1,108,409
Total	**28,505**	**1,108,409**

16. Other expenses

	For the year ended	
	March 31,2020	**March 31,2019**
Allowance for doubtful debts	23,232	1,003,358
Rent expenses	11,540	205,819
Legal and professional charges	149,882	54,038
Other administrative expenses	579,805	1,559,848
Sales & marketing expense	804,190	736,763
Total	**1,568,649**	**3,559,826**

17. Depreciation and amortisation expense

	For the year ended	
	March 31,2020	**March 31,2019**
Depreciation (including on ROU)	1,762,996	1,734,478
Amortisation	-	2,601,180
	1,762,996	**4,335,658**

18. Finance Cost

	For the year ended	
	March 31,2020	**March 31,2019**
Interest on loan	281,835	728,767
Interest on finance lease liabilities	9,830	-
Net exchange loss	495,329	325,833
Other finance charges	177,153	114,208
Total	**964,147**	**1,168,808**

19. Income Tax

	For the year ended	
	March 31, 2020	**March 31, 2019**
Tax Charge/(credit) for the year		
Corporate Tax	2,893,951	3,888,283
Deferred Tax	376,339	(416,708)
	3,270,290	**3,471,575**

	For the year ended	
	March 31, 2020	**March 31, 2019**
Profit Before Tax	21,184,702	22,570,907
Tax charge at the Hong Kong Statutory Tax Rate	3,495,476	3,724,199
Tax effect of expenses not deductible from tax purposes	910,758	1,526,444
Tax effect of income not taxable for tax purposes	(948,567)	(1,557,179)
Income tax at concessionery rate	(165,000)	(165,000)
One off tax rebate	(20,000)	(20,000)
Others	(2,377)	(36,889)
	3,270,290	**3,471,575**

Deferred Tax

The movement in deferred tax liabilities of the company during the year as follows:

	Depreciation Allowance in excess of related depreciation	Provision for impairment for Trade Receivables	Adjustment with respect to previous years	Total
As at 31 March 2019	410,709	(958,721)	53,313	(494,699)
Deferred Tax Charged/ (Credited) to profit & loss account during the year	343,935	85,717	(53,313)	376,339
As at March 31, 2020	**754,644**	**(873,004)**	**-**	**(118,360)**
As at 31 March 2018	605,527	(736,831)	53,313	(77,991)
Deferred Tax Charged/ (Credited) to profit & loss account during the year	(194,818)	(221,890)	-	(416,708)
As at 31 March 2019	**410,709**	**(958,721)**	**53,313**	**(494,699)**

20. Capital Commitments

The Company has contractual commitments towards capital expenditure (net of related advances) of HK$ 13,179,621 and HK$ 3,675,644 as of March 31, 2020 and March 31, 2019 respectively.

21. Financial and Capital risk

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Company's overall strategy remains unchanged from prior year. The capital structure of the Company consists of net debt (which include borrowings as disclosed in note 11 and equity attributable to owners of the Company, comprising issued share capital and reserves)

The Directors review the capital structure on a regular basis. As part of this review, the directors consider the cost of capital and the risks associated with capital. Based on recommendations of the director, the Company will balance its overall capital structure through raising of new share capital as well as the issue of new debts.

The Company's major financial instruments include cash and cash equivalents, trade receivables, other financial assets, trade and other payables and borrowings from Bharti International (Singapore) Pte. Limited. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure that appropriate measures are implemented on a timely and effective manner.

Market risk

(i) Interest rate risk

The Company is exposed to cash flow interest rate risk in relation to variable-rate borrowing from Bharti International (Singapore) Pte. Limited. The Company's cash flow interest rate risk is mainly concentrated on the fluctuation of HIBOR arising from the Company's US$ dominated borrowings.

The directors of the Company consider that the overall interest rate risk is not significant as the fluctuation of interest rates on HIBOR is minimal. Accordingly, no sensitivity analysis is prepared and presented.

(ii) Currency risk

The Company has no significant exposure to foreign exchange risk arising from various currency exposures. The transactions and recognised assets and liabilities are mainly denominated in either United States dollars ("US$") (the Company's functional currency) or HK$. The Company does not anticipate significant movements in US$ to HK$ exchange rate. The Company will continuously monitor its foreign currency risk exposures in light of various market conditions to determine if any hedging arrangements are required in the future.

Credit risk

As at 31 March 2020 and 2019, the Company's maximum exposure to credit risk which will cause a financial loss to the Company due to failure to discharge an obligation by the counterparties arises from the carrying amount of the respective recognised financial assets as stated in the statement of financial position.

In order to minimise the credit risk, the management of the Company has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Company reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In addition, the Company performs impairment assessment under ECL model upon application of Ind AS 109 on trade balances based on individually assessed. In this regard, the Directors consider that the Company's credit risk is significantly reduced. The following table provides information about the exposure to credit risk and ECL for trade receivables:

As at 31 March 2020:

Internal Credit Rating	12-month or lifetime ECL	Gross Average loss rate	Impairment carrying amount	loss allowance
Categories A	Lifetime ECL	4.29%	5,117,338	358,214
			5,117,338	358,214
Credit impaired			5,859,672	4,945,723
			10,977,010	5,303,937

As at 31 March 2019:

Internal Credit Rating	12-month or lifetime ECL	Gross Average loss rate	Impairment carrying amount	loss allowance
Categories A	Lifetime ECL	7.82%	7,679,794	600,610
			7,679,794	600,610
Credit impaired			4,920,262	4,920,262
			12,600,056	5,520,872

The following tables show reconciliation of loss allowances that has been recognized for finance Lease receivable and entrusted loan payment receivable:

	Lifetime ECL (Non-credit impaireed)	Gross Credit impaired	Total
Balance as at April 01, 2018	867,630	3,686,252	4,553,882
Impairment loss recognised	(267,281)	1,232,903	965,622
Exchange difference	261	1,107	1,368
As at March 31, 2019	600,610	4,920,262	5,520,872
Impairment loss recognised	(64,494)	(73,850)	(138,344)
Exchange difference	(36,638)	(41,953)	(78,591)
As at March 31, 2020	358,214	4,945,723	5,303,937

The Company writes off a finance lease receivable when there is information indicating that the finance lease borrower is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtors has been placed under liquidation or has entered into bankruptcy proceedings, whichever occurs earlier.

For the amount due from related parties, the Company measure on 12month ECL basis as there had been no significant increase in credit risk since initial recognition. The Company considers there is a low risk of default and does not have any past-due amounts and no loss allowance has been made on this balance as at 31 March 2020.

The Company measures the loss allowance on bank balances on 12month ECL basis as there had been no significant increase in credit risk since initial recognition. The credit risk is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies

Liquidity risk

The Company had net current assets and net assets as at 31 March 2020. Therefore, the Company is not exposed to liquidity risk. In the management of the liquidity risk, the Company monitors and maintains a level of cash and cash equivalents deemed adequate by the management and will ensure adequate funding would obtain from Bharti International (Singapore) Pte. Limited to finance the Company's operations and mitigate the effects of fluctuations in cash flows.

The following table details the Company's remaining contractual maturity for its non-derivative financial liabilities which are repayable on demand or in less than 1 year. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows.

Liquidity table

	As of	
	March 31, 2020	**March 31, 2019**
Trade and other payables	12,232,014	12,763,024
Due to a holding company *	2,645,246	13,719,746
	14,877,260	**26,482,770**

* includes contractual interest payments based on the interest rate prevailing at the end of the reporting period, over the tenure of the borrowings.

Reconciliation of liabilities arising from financing activities

The table below details changes in the Company's liabilities arising from financing activities. Liabilities arising from financing activities are those for which cash flows were, of future cash flows will be, classified in the Company's statements of cash flows as cash flows from financing activities.

	April 1, 2020	P&L Change	Cash Flow	March 31, 2020
Borrowings	10,175,776		(7,639,805)	**2,535,971**
Interest accrued	3,132,251	458,988	(2,707,388)	**883,851**
	13,308,027	**458,988**	**(10,347,193)**	**3,419,822**

22. 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:

a. Categories of financial instruments

	March 31, 2020	March 31, 2019
Financial Assets		
Amortised cost		
Security deposits	699,575	925,232
Trade receivables	30,950,113	17,187,297
Cash and cash equivalents	16,295,641	7,408,923
	47,945,329	**25,521,452**
Financial Liabilities		
Amortised cost		
Borrowings	2,535,971	10,175,776
Trade payables	12,232,324	12,609,125
Other financial liabilities	883,851	3,286,150
	15,652,146	**26,071,051**

b. Fair value measurement of financial instruments

The fair value of financial assets and financial liabilities is determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The Directors consider that the carrying amounts of the financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values.

The carrying value of loans, deposits, trade receivables, trade payables, other current financial assets and liabilities approximate their fair value mainly due to the short-term maturities of these instruments.

23. Related party disclosure

(a) The Company had transactions and balances with the following related parties during the year:

i Parent company

Bharti International (Singapore) Pte. Limited

ii Intermediate parent entity

Network i2i Limited

Bharti Airtel Limited (Parent of Network i2i Limited)

iii 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.

iv Entity having significant influence over Bharti Airtel Limited

Singapore Telecommunications Limited

v Other entities with whom transactions have taken place during the year

Fellow Subsidiaries

Bharti International (Singapore) Pte. Limited

Network i2i Limited

Bharti Airtel (UK) Limited

Bharti Airtel (USA) Limited

Bharti Airtel (Japan) Private Limited

Bharti Airtel (France) SAS

Nxtra Data Limited

(b) The Company had the following transactions with related parties during the year:

	Notes	As of March 31, 2020	As of March 31, 2019
Telecommunications service revenue from Bharti Airtel Limited	(i)	16,666,131	16,670,943
Telecommunications service fee charged by Bharti Airtel Limited	(i)	4,833,232	6,949,841
Telecommunications service revenue from Bharti International (Singapore) Pte. Limited	(i)	3,607,910	6,112,723
Telecommunications service fee charged by Bharti International (Singapore) Pte. Limited	(i)	3,964,207	2,942,662
Telecommunications service revenue from Singapore Telecommunications Limited	(i)	-	29,481
Telecommunications service fee charged by Singapore Telecommunications Limited	(i)	-	(6,031)
Telecommunications service revenue from Bharti Airtel (USA) Limited	(i)	4,124,542	5,592,184
Telecommunications service fee charged by Bharti Airtel (USA) Limited	(i)	376,485	90,579
Telecommunications service revenue from Bharti Airtel (UK) Limited	(i)	587,944	79,063
Telecommunications service fee charged by Bharti Airtel (UK) Limited	(i)	540,079	594,589
Telecommunications service fee charged by Network i2i Limited	(i)	2,488,433	2,131,142
Telecommunications service fee charged by Bharti Airtel (Japan) Private Limited	(i)	30,103	171,707
Telecommunications service fee charged by Bharti Airtel (France) SAS	(i)	1,857,509	75,364
Repayment of loan from Bharti International (Singapore) Pte. Limited		7,639,805	11,547,840
Service fee charged by Nxtra Data Limited		400,067	-
Interest charged by Bharti International (Singapore) Pte. Limited	(ii)	281,835	728,767

^The interest rate is disclosed in note 11 to the financial statements.

(c) Outstanding balances with related parties:

	Bharti Airtel Limited	Bharti International (Singapore) Pte. Limited	Singapore Telecommunications Limited	Bharti Airtel (USA) Limited	Bharti Airtel (UK) Limited	Network i2i Limited	Bharti Airtel (Japan) Private Limited	Bharti Airtel (France) SAS	Nxtra Data Limited	Total outstanding balances with related parties
As of March 31, 2020										
Trade payables	-	-	-	-	-	(270,181)	-	(1,792,825)	(803,837)	(2,866,843)
Trade receivables	26,542,373	69,248	113,177	1,360,271	35,991	-	22,822	-	-	28,143,882
Borrowings (including accrued interest)	-	(3,419,822)	-	-	-	-	-	-	-	(3,419,822)
	26,542,373	**(3,350,574)**	**113,177**	**1,360,271**	**35,991**	**(270,181)**	**22,822**	**(1,792,825)**	**(803,837)**	**21,857,217**
As of March 31, 2019										
Trade payables	-	(408,593)	-	-	-	(384,814)	-	(17,399)	-	(810,806)
Trade receivables	9,777,520	-	114,577	924,363	49,132	-	53,327	-	-	10,918,919
Borrowings (including accrued interest)	-	(13,308,027)	-	-	-	-	-	-	-	(13,308,027)
	9,777,520	**(13,716,620)**	**114,577**	**924,363**	**49,132**	**(384,814)**	**53,327**	**(17,399)**	**-**	**(3,199,914)**

As at 31 March 2020 all balances with the parent entity, intermediate parent entity, fellow subsidiaries and entity having significant influence over Bharti Airtel Limited are unsecured, interest-free and have no fixed terms of repayment.

24. Earnings per share (EPS)

	March 31, 2020	March 31, 2019
Profit after Tax	17,914,413	19,099,332
Weighted average no.of shares outstanding	4,959,480	4,959,480
Basic and Diluted EPS	**3.61**	**3.85**

25. 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. Accordingly, no further operating segment financial information is disclosed.

26. Leases

Impact on adoption of IND AS 116 where the company is a lessee

The adoption of the said change in accounting policy affected the following items in the balance sheet on April 1, 2019

	As of April 1, 2019
Right-of-use Assets	192,368
Other non-current assets	23,225,664
Intangibles	(23,225,664)
Lease liabilities	(197,620)
Decrease in equity	**(5,252)**

Company as a lessee

Rights-of-use assets ('ROU')

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

	Building
As of April 1, 2019	192,368
Depreciation charge for the year	(143,031)
Currency translation	(1,835)
As of March 31, 2020	47,502

- **Building**
  The Company's leases of building comprise of office space.

Amount recognised in statement of profit or loss:

Lease under IND AS 16	For the year ended March 31, 2020
Interest on lease liabilities	9,830
Depreciation expense	143,031

Amounts recognised in statement of cash flows:

Lease under IND AS 16	For the year ended March 31, 2020
Lease rentals	146,507
Interest expense	9,830

The reconciliation of operating lease commitments disclosed as at March 31, 2019 to lease liabilities recognised as at April 1, 2019 is given below:

Operating lease commitment at March 31, 2019	**208,220**
Discounted using the incremental borrowing rate at April 1, 2019	197,620
Lease liabilities recognised at April 1, 2019	**197,620**

When measuring lease liabilities for leases that were classified as operating leases, the Company discounted lease payments using its incremental borrowing rate at 1 April 2019. The weighted-average pre-tax rate applied is 8.3%.

The Company has made use of the following practical expedients available on transition to IND AS 116: (a) used a single discount rate to a portfolio of leases of similar assets in similar economic environment, (b) not recognised ROU assets and lease liabilities for leases with less than twelve months of remaining lease term and low-value assets on the date of initial application, (c) relied on previous assessments that none of the leases were onerous and concluded that there is no need for impairment review and (d) used hindsight in determining the lease term where the contracts contained options to extend or terminate the lease.

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be paid after the reporting date:

Lease under IND AS 16	**As of March 31, 2020**
Not later than one year	52,000

27. COVID-19

COVID-19 pandemic has resulted in worldwide issues with restrictions imposed on movement of people and goods. 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.

A detail assessment has been carried out by the Company with regards to impact on revenue and costs. Impact due to any extended credit terms, cancelled orders, change in contractual terms, price concession request, onerous obligations etc. were comprehensively evaluated for any risk due to COVID-19 on revenue recognized and collectability thereof and no material impact has been noted. 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 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, liquidity risk and foreign currency risk and no material impact has been noted.
Accordingly, there is no material impact on the financial statements for the year ended March 31, 2020.