BHARTI AIRTEL (JAPAN) PRIVATE LIMITED

Special Purpose Financial Statements

March 31, 2022

BHARTI AIRTEL (JAPAN) PRIVATE LIMITED
Special Purpose Financial Statements - March 31, 2022

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Independent Auditor’s Report

Special Purpose Financial Statements

BHARTI AIRTEL (JAPAN) PRIVATE LIMITED
Special Purpose Balance Sheet
(All amounts are in thousands of JPY; unless stated otherwise)

	Notes	As of		
		March 31, 2022 (In Rs. '000) (Unaudited)	March 31, 2022 (Audited)	March 31, 2021 (Audited)
Assets				
Non-current assets				
Property, plant and equipment	3	-	-	113
Financial assets				
- Other financial assets	4	-	-	48
		-	-	**161**
Current assets				
Financial assets				
- Trade receivables	5	14,650	23,530	24,541
- Cash and cash equivalents	6	5,361	8,613	12,606
- Others financial assets	4	2,220	3,566	-
Other current assets	7	4,846	7,783	-
		27,077	**43,492**	**37,147**
Total assets		**27,077**	**43,492**	**37,308**
Equity and liabilities				
Equity				
Equity share capital	8	31	50	50
Other equity		9,906	15,912	13,482
		9,937	**15,962**	**13,532**
Current liabilities				
Financial liabilities				
- Borrowings	10	6,434	10,335	10,335
- Trade payables				
-total outstanding dues of creditors other than micro enterprises and small enterprises	11	6,167	9,905	7,739
- Other financial liabilities	12	2,717	4,365	3,607
Income tax liabilities (net)		1,555	2,496	1,627
Other current liabilities	13	267	429	468
Total liabilities		**17,140**	**27,530**	**23,776**
Total Equity and liabilities		**27,077**	**43,492**	**37,308**

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

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

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

Nilesh H. Lahoti
Partner
Membership No: 130054

Ajay Chitkara
Director
Place: Gurugram
Date: June 20, 2022

Yasuhiko Hiiro
Director
Place: Japan
Date: June 20, 2022

Place: Gurugram
Date: June 23, 2022

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

	Notes	For the year ended March 31, 2022 (In Rs. '000) (Unaudited)	March 31, 2022 (Audited)	March 31, 2021 (Audited)
Income				
Revenue from operations	15	23,749	38,145	54,931
		23,749	**38,145**	**54,931**
Expenses				
Network operating expenses	16	18,170	29,185	45,016
Employee benefits expense	17	1,211	1,944	2,725
Other expenses	18	1,180	1,896	1,408
		20,561	**33,025**	**49,149**
Profit before depreciation, finance costs and tax		**3,188**	**5,120**	**5,782**
Depreciation expense	3	71	114	191
Finance costs	19	1,235	1,984	2,287
Profit before tax		**1,882**	**3,022**	**3,304**
Tax expense				
Current tax	20	395	635	774
Deferred tax		-	-	-
		395	**635**	**774**
Profit for the year		**1,487**	**2,387**	**2,530**
Other comprehensive (loss) / income				
Items will be reclassified subsequently to profit or loss :				
Currency translation		27	43	(309)
Total comprehensive income for the year		**1,514**	**2,430**	**2,221**
Earnings per share (In Rs. / JPY)				
Basic and Diluted earnings per share	22	1,485,833	2,386,551	2,529,565

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

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For Deloitte Haskins & Sells LLP
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Place: Gurugram
Date: June 23, 2022

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

Ajay Chitkara
Director
Place: Gurugram
Date: June 20, 2022

Yasuhiko Niiro
Director
Place: Japan
Date: June 20, 2022

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

	Equity share capital		Other equity			Total equity
	No. of shares	Amount	Retained earnings	Foreign currency translation reserve 'FCTR'	Total	
As of April 1, 2020	1	50	13,063	(1,802)	11,261	11,311
Profit for the year	-	-	2,530	-	2,530	2,530
Other comprehensive loss	-	-	-	(309)	(309)	(309)
Total comprehensive income	-	-	2,530	(309)	2,221	2,221
As of March 31, 2021	1	50	15,593	(2,111)	13,482	13,532
Profit for the year	-	-	2,387	-	2,387	2,387
Other comprehensive loss	-	-	-	43	43	43
Total comprehensive income	-	-	2,387	43	2,430	2,430
As of March 31, 2022	1	50	17,980	(2,068)	15,912	15,962

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

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For Deloitte Haskins & Sells LLP
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Director
Place: Gurugram
Date: June 20, 2022

Yasuhiko Niiro
Director
Place: Japan
Date: June 20, 2022

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

	For the year ended	
	March 31, 2022	March 31, 2021
Cash flow from operating activities		
Profit before tax	**3,022**	3,304
Adjustments for :		
Depreciation expense	114	191
Finance cost	1,984	2,979
Operating cash flow before changes in assets and liabilities	**5,120**	**6,474**
Changes in assets and liabilities		
Trade receivables	1,170	43,688
Trade payables	2,509	(1,592)
Other financial and non financial assets	(13,090)	85
Other financial and non financial liabilities	(44)	(750)
Net Cash (used in) / generated from operations before tax	**(4,335)**	**47,905**
Income tax refund (net)	235	32
Net cash (used in) / generated from operating activities (a)	(4,100)	**47,937**
Cash flow from financing activities		
Repayment of borrowings	-	(27,303)
Interest and other finance charges paid	(1,227)	(9,770)
Net cash used in financing activities (b)	(1,227)	**(37,073)**
Net (decrease) / increase in cash and cash equivalents (a+b)	**(5,327)**	10,864
Effect of exchange rate changes on cash and cash equivalents	1,334	4
Cash and cash equivalents as at the beginning of the year	12,606	1,738
Cash and cash equivalents as at the end of the year (refer Note 6)	8,613	12,606

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

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

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

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

Nilesh H. Lahoti
Partner
Membership No: 130054

Place: Gurugram
Date: June 23, 2022

Ajay Chitkara
Director
Place: Gurugram
Date: June 20, 2022

Yasuhiko Hiro
Director
Place: Japan
Date: June 20, 2022

1. Corporate information

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

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

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

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 ('Ultimate parent company') for its consolidation purpose and to comply with the requirements under Companies Act 2013 ('Act'). These financial statements have been prepared to comply in all material respects with the Indian Accounting Standard ('Ind AS') as notified by the Ministry of Corporate Affairs ('MCA') under section 133 of the Act, read together with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and other accounting principles generally accepted in india, 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 20, 2022.

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

The functional currency of the Company is United States Dollars ('USD'). However, the presentation currency of the Company is Japanese Yen ('JPY') and therefore all the amounts included in the financial statements are reported in Japanese Yen ('JPY'), except per share data and unless stated otherwise. The translation of JPY to Rupee amounts is unaudited and is included solely for readers in India and has been calculated using the rate of JPY 1 = Rs 0.623, the RBI reference rate as announced by the Reserve Bank of India (RBI) on March 31, 2022. Such translations should not be construed as representations that the 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 judgement in the process of applying the Company's accounting policies.

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

The accounting policies, as set out in the following paragraphs of this note, have been consistently applied, by the Company, to all the periods presented in the said financial statements, except in case of adoption of any new standards and amendments during the year.

New amendments adopted during the year

a) Amendment to Ind AS

MCA vide notification no. G.S.R. 419(E) dated June 18, 2021 has issued the Companies (Indian Accounting Standards) Amendment Rules, 2021 which amends following Ind AS (as applicable to the Company):

- Ind AS 107, Financial Instruments: Disclosures
- Ind AS 109, Financial Instruments
- Ind AS 37, Provisions, Contingent Liabilities and Contingent Assets
- Ind AS 115, Revenue from Contracts with Customers
- Ind AS 1, Presentation of Financial Statements
- Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors
- Ind AS 12, Income Taxes
- Ind AS 16, Property, Plant and Equipment

The amendments are applicable for annual periods beginning on or after the April 1, 2021, however, these do not have material impact on the financial statements of the Company.

b) Amendment to Schedule III Division II

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

c) Amendments to Ind AS issued but not yet effective

MCA vide notification no. G.S.R. 255(E) dated March 23, 2022 has issued the Companies (Indian Accounting Standards) Amendment Rules, 2022 which amends following Ind AS (as applicable to the Company):

- Ind AS 109, Financial Instruments
- Ind AS 16, Property, Plant and Equipment
- Ind AS 37, Provisions, Contingent Liabilities and Contingent Assets

The amendments are applicable for annual periods beginning on or after April 1, 2022. The Company has evaluated the amendments and the impact is not expected to be material.

2.2 Basis of measurement

The financial statements have been prepared on an accrual and going concern basis, and the historical cost convention except where the Ind AS requires a different accounting treatment. The principal variations from the historical cost convention relate to financial instruments classified at fair value through profit or loss.

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

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

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

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

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

2.4 Current versus non-current classification

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

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

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

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

2.5 Property, plant and equipment ('PPE')

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

Subsequent to initial recognition, PPE are stated at cost less accumulated depreciation and any impairment losses. When significant parts of property, plant and equipment are required to be replaced in regular intervals, the Company recognises such parts as separate component of assets. When an item of PPE is replaced, then its carrying amount is de-recognised from the balance sheet and cost of the new item of PPE is recognised. Further, in case the replaced part was not being depreciated separately, the cost of the replacement is used as an indication to determine the cost of the replaced part at the time it was acquired.

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

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

	Years
Plant and machinery	3 – 10

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

2.6 Impairment of non-financial assets

PPE

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

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

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

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

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

b. Measurement – Non-derivative financial instruments

I. Initial measurement

At initial recognition, the Company measures the non-derivative financial instruments at its fair value plus, in the case of 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 is recognised in the Statement of Profit and Loss within other income separately from the other gains/ losses arising from changes in the fair value.

Impairment

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

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

III. Subsequent measurement - financial liabilities

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

c. Derecognition

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

2.8 Taxes

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

a. Current tax

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

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

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

b. Deferred tax

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

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

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

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

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

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

2.9 Cash and cash equivalents

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

2.10 Equity share capital

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

2.11 Employee benefits

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

2.12 Provisions

a. General

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

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

2.13 Revenue recognition

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

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

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

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

2.14 Borrowing costs

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

2.15 Earnings per share ('EPS')

The Company presents the Basic and Diluted EPS.

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

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

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

2.16 Segment Reporting

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

3 Property Plant and equipment ('PPE')

The following table presents the reconciliation of changes in the carrying value of PPE for the year ended March 31, 2022 and March 31, 2021:

Particulars	Plant and machinery
Gross carrying value	
As at April 1, 2020	**24,184**
Currency translation	(541)
Disposals /adjustments	(22,019)
As at March 31, 2021	**1,624**
Currency translation	172
Disposals /adjustments	-
As at March 31, 2022	**1,796**
Accumulated depreciation	
As at April 1, 2020	**23,925**
Charge for the year	191
Currency translation	(527)
Disposals /adjustments	(22,078)
As at March 31, 2021	**1,511**
Charge for the year	114
Currency translation	171
Disposals /adjustments	-
As at March 31, 2022	**1,796**
Net carrying value	
At March 31, 2021	113
At March 31, 2022	-

4 Other financial assets

Non-current

	As of March 31, 2022	As of March 31, 2021
Security deposits	-	48
	-	**48**

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

Current

	As of March 31, 2022	As of March 31, 2021
Security deposits	53	-
Unbilled revenue	3,513	-
	3,566	**-**

5 Trade receivables

	As of March 31, 2022	As of March 31, 2021
Trade receivables -considered good unsecured*	23,530	24,541
	23,530	**24,541**

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

6 Cash and cash equivalents

	As of March 31, 2022	As of March 31, 2021
Balance with banks		
- On current accounts	8,613	12,606
	8,613	**12,606**

7 Other current assets

	As of March 31, 2022	As of March 31, 2021
Taxes receivable	7,783	-
	7,783	**-**

8 Equity Share Capital

Authorised Share

The Company has authorised share of 100 with no par value.

	As of March 31, 2022	As of March 31, 2021
Issued, subscribed and fully paid-up shares		
1 (March 31, 2021- 1) equity share of JPY 50,000 each, fully paid-up	50	50
	50	**50**

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

	As of March 31, 2022		As of March 31, 2021	
Particulars	**No. of shares**	**JPY**	**No. of shares**	**JPY**
At the beginning of the year	1	50	1	50
Outstanding at the end of the year	**1**	**50**	**1**	**50**

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

b) Terms/rights attached to equity shares

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

c) Shares held by holding company

	As of March 31, 2022		As of March 31, 2021	
Name of the shareholder	**No. of shares**	**% holding**	**No. of shares**	**% holding**
Equity shares of JPY 50,000 each fully paid				
Bharti International (Singapore) Pte Ltd	1	100%	1	100%

9 Other equity

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

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

10 Borrowings

Current

	As of	
Unsecured	**March 31, 2022**	**March 31, 2021**
Loan from holding company (refer note 21)	10,335	10,335
	10,335	**10,335**

Maturity of borrowings

	As of	
	March 31, 2022	**March 31, 2021**
On demand	10,335	10,335
	10,335	**10,335**

The JPY fixed rate borrowings bear an interest rate of 7.33% (March 31, 2021 – 7.33%) per annum and is repayable on demand.

11 Trade payables

	As of	
	March 31, 2022	**March 31, 2021**
Trade payables		
Due to micro and small enterprises	-	-
Others	9,905	7,739
	9,905	**7,739**

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

12 Other financial liabilities

Current

	As of	
	March 31, 2022	March 31, 2021
Interest accrued (refer note 21)	4,365	3,607
	4,365	**3,607**

13 Other liabilities

Current

	As of	
	March 31, 2022	March 31, 2021
Taxes payable	70	143
Advance from cutomers (refer note 21)	359	325
	429	**468**

14 Contingencies and Commitments

There are no contingent liabilities and capital commitments in current year as well as previous year.

15 Revenue from operations

	For the year ended	
	March 31, 2022	March 31, 2021
Service revenue*	38,145	54,931
	38,145	**54,931**

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

Disaggregation of Revenue

Revenue is disaggregated by timing of revenue recognition.

	For the year ended	
Timing of Revenue Recognition	March 31, 2022	March 31, 2021
Services transferred over time	38,145	54,931
	38,145	**54,931**

Contract Balances

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

	As of	
	March 31, 2022	March 31, 2021
Unbilled revenue	3,513	-

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

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

	For the year ended March 31, 2022
	Unbilled revenue
Transfers from unbilled revenue recognised at the beginning of the year to receivables	-

16 Network operating expenses

	For the year ended	
	March 31, 2022	**March 31, 2021**
Internet Access & Bandwidth charges	29,185	44,900
Others	-	116
	29,185	**45,016**

17 Employee benefits expense

	For the year ended	
	March 31, 2022	**March 31, 2021**
Salaries and bonus	1,944	2,725
	1,944	**2,725**

18 Other expenses

	For the year ended	
	March 31, 2022	**March 31, 2021**
Legal and professional charges*	1,661	1,147
Rates, fees and taxes	13	49
Rent expenses	195	60
Others	27	152
	1,896	**1,408**

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

	For the year ended	
	March 31, 2022	**March 31, 2021**
Audit fees	942	555
Reimbursement of expenses	71	42
	1,013	**597**

19 Finance costs

	For the year ended	
	March 31, 2022	**March 31, 2021**
Net exchange (gain) / loss	850	983
Interest expense (refer note 21)	758	906
Other finance charges	376	398
	1,984	**2,287**

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

20 Income Tax

The major component of income tax expense are:

	For the year ended	
	March 31, 2022	**March 31, 2021**
Current income tax	693	774
Tax expense attributable to current year's profit	**693**	**774**
Adjustment in respect of income tax of previous year		
- Current income tax	(58)	-
Income tax expense recorded in statement of comprehensive income	**635**	**774**

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

	For the year ended	
	March 31, 2022	**March 31, 2021**
Profit before tax	3,022	3,304
Tax at effective rate of 35.60%/35.19%	**1,076**	**1,163**
Tax impact on expenses not deductible for tax purpose	310	386
Adjustment in respect to current income tax of previous years	(58)	-
Adjustment in respect of brought forward losses	(693)	(775)
	635	**774**

21 Related party disclosure

Name of related party and related party relationship:

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

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

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

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

Related party transactions for 2021-22

Nature of Transactions	Bharti Airtel Limited	Bharti International (Singapore) Pte Ltd	Bharti Airtel (USA) Limited	Bharti Airtel (Hong Kong) Limited	Total
Purchase of services	135	-	-	-	**135**
Interest expense	-	(758)	-	-	**(758)**
Rendering of services	8,314	25,813	4,018	-	**38,145**
Closing Balance					
Interest accrued	-	(4,365)	-	-	**(4,365)**
Borrowings	-	(10,335)	-	-	**(10,335)**
Trade receivables	2,800	19,333	1,397	-	**23,530**
Advance from related parties	-	-	-	(359)	**(359)**
Total	**2,800**	**4,633**	**1,397**	**(359)**	**8,471**

Related party transactions for 2020-21

Nature of Transactions	Bharti Airtel Limited	Bharti International (Singapore) Pte Ltd	Bharti Airtel (USA) Limited	Bharti Airtel (Hong Kong) Limited	Total
Purchase of services	446	-	-	-	**446**
Interest expense	-	(906)	-	-	**(906)**
Rendering of services	6,351	47,168	1,412	-	**54,931**
Closing Balance					
Interest accrued	-	(3,607)	-	-	**(3,607)**
Borrowings	-	(10,335)	-	-	**(10,335)**
Trade receivables / Payables	2,471	21,032	1,038	-	**24,541**
Advance from related parties	-	-	-	(325)	**(325)**
Total	**2,471**	**7,090**	**1,038**	**(325)**	**10,274**

22 Earnings per share

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Profit attributable to equity shareholders as per statement of profit and loss (A)	2,387	2,530
Weighted average number of equity shares for calculating basic earning per share (B)	1	1
Nominal value of equity shares (in JPY)	50,000	50,000
Earnings per share (Basic and Diluted) (A / B)	2,386,551	2,529,565

23 Financial risk and capital risk

1. Financial risk

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

(All amounts are in thousands of JPY; 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 group entities. Revenue earned from the related parties is disclosed in note 21. The credit period provided by the Company to its customers generally ranges between 0-60 days.

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

	0-60 days	Total
March 31, 2022	**In JPY**	**In JPY**
Trade Receivables	23,530	23,530
	23,530	**23,530**

	0-60 days	Total
March 31, 2021	**In JPY**	**In JPY**
Trade Receivables	24,541	24,541
	24,541	**24,541**

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

(b) *Liquidity risk*

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

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

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

Analysis of financial instruments by remaining contractual maturities

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

	As of March 31, 2022						
	Carrying amount	On demand	Less than 6 months	6 to 12 months	1 to 2 years	> 2 years	Total
Interest bearing borrowings	10,335	10,335	-	-	-	-	10,335
Trade payables	9,905	-	9,905	-	-	-	9,905
Other financial liabilities	4,365	4,365	-	-	-	-	4,365
	24,605	**14,700**	**9,905**	-	-	-	**24,605**

	As of March 31, 2021						
	Carrying amount	On demand	Less than 6 months	6 to 12 months	1 to 2 years	> 2 years	Total
Interest bearing borrowings	10,335	10,335	-	-	-	-	10,335
Trade payables	7,739	-	7,739	-	-	-	7,739
Other financial liabilities	3,607	3,607	-	-	-	-	3,607
	21,681	**13,942**	**7,739**	-	-	-	**21,681**

(c) Foreign currency risk

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

Sensitivity analysis for foreign currency risk

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

	Change in currency exchange rate	Effect on Profit/Loss before Tax	
		March 31, 2022	March 31, 2021
JPY	+5%	(31)	(15)
JPY	-5%	31	15
INR	+5%	(52)	-
INR	-5%	52	-

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

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

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.

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

	As of	
	March 31, 2022	March 31, 2021
Loans and Borrowings	10,335	10,335
Less: Cash and Cash Equivalents *	8,613	10,335
Net Debt	**1,722**	-
Equity	15,962	13,532
Total Capital	**15,962**	**13,532**
Capital and Net Debt	17,684	13,532
Gearing Ratio	9.74%	0.00%

*As of March 31, 2021, cash and cash equivalents has been considered to the extent of outstanding loans and borrowings for the purpose of computation of net debt.

24. Fair value of financial instruments

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

	March 31, 2022		March 31, 2021	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Assets at amortised costs				
Trade receivables	23,530	23,530	24,541	24,541
Cash and cash equivalents	8,613	8,613	12,606	12,606
Other financial assets	3,566	3,566	48	48
	35,709	**35,709**	**37,195**	**37,195**
Liabilities at amortised costs				
Borrowing	10,335	10,335	10,335	10,335
Trade payables	9,905	9,905	7,739	7,739
Other financial liabilities	4,365	4,365	3,607	3,607
	24,605	**24,605**	**21,681**	**21,681**

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

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