Bharti Airtel (USA) Limited

Ind AS Financial Statements

March 2020

Bharti Airtel (USA) Limited

Ind AS Financial Statements – March 2020

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Independent Auditor’s Report

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Special Purpose Financial Statements

1. Opinion

We have audited the accompanying Special Purpose Financial Statements (SPFS) of Bharti Airtel (USA) 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 the basis set out in note 2.1 to the SPFS.

2. 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.

3. 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. 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.

4. **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.

5. **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.

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: 20130054AAAAWA6212

Place: Gurugram
Date: July 20, 2020

Ind AS Financial Statements

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

	Notes	March 31, 2020 (In Rs. '000) (Unaudited)	As of March 31, 2020 (Audited)	March 31, 2019 (Audited)
Assets				
Non-current assets				
Property, plant and equipment	4	268,260	3,545	3,331
Capital work-in-progress	4	570	8	184
Right-of-use assets	28	3,594	47	-
Intangible assets	5	-	-	4,459
Financial assets				
- Security deposits	6	16,800	222	226
Income tax assets (net)		91,522	1,209	1,133
Deferred tax assets (net)	7	3,557	47	141
Other non-current assets	11	233,527	3,086	-
		617,830	**8,164**	**9,474**
Current assets				
Financial assets				
- Trade receivables	8	184,941	2,444	3,549
- Cash and cash equivalents	9	98,459	1,301	936
- Loans	10	556,684	7,356	5,570
Other current assets	11	125,073	1,653	753
		965,157	**12,754**	**10,808**
Total Assets		**1,582,987**	**20,918**	**20,282**
Equity and Liabilities				
Equity				
Equity Share capital	12	0*	0*	0*
Other equity		959,539	12,680	12,519
		959,539	**12,680**	**12,519**
Non-current liabilities				
Financial liabilities				
- Lease liabilities		783	10	-
Deferred revenue	18	92,195	1,218	1,447
		92,978	**1,228**	**1,447**
Current liabilities				
Financial liabilities				
- Lease liabilities		3,059	40	-
-Trade Payables	14	413,876	5,470	4,491
-Others	15	31,324	414	479
Deferred revenue	18	72,970	964	1,228
Provisions	16	9,241	122	118
		530,470	**7,010**	**6,316**
Total Liabilities		**623,448**	**8,238**	**7,763**
Total Equity and Liabilities		**1,582,987**	**20,918**	**20,282**

* Less than USD 1.

The accompanying notes 1 to 31 form an integral part of these financial statements.

As per our report of even date

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

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

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

Sd/-
Murali Nayar
Director
Place: USA

Sd/-
Eric Matthew Gillenwater
Director
Place: USA

Date: July 20, 2020

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

	Notes	For the year ended		
		March 31, 2020 (In Rs. '000) (Unaudited)	March 31, 2020 (Audited)	March 31, 2019 (Audited)
Income				
Revenue from operations	18	1,431,322	18,914	22,351
Other income		1	0	13
		1,431,323	**18,914**	**22,364**
Expenses				
Network operating expenses	19	1,203,296	15,901	15,758
License fee		14,362	190	91
Employee benefits expense	20	96,898	1,280	1,139
Sales and marketing expenses	21	39,100	517	693
Other expenses	22	8,069	107	1,062
		1,361,725	**17,995**	**18,743**
Profit from operating activities before depreciation and amortisation		**69,598**	**919**	**3,621**
Depreciation and amortisation expense	23	55,466	733	1,722
Finance costs	24	5,386	71	60
Finance income	24	(14,481)	(191)	(126)
Profit before tax		**23,227**	**306**	**1,965**
Tax expense / (credit)				
Current tax	25	3,743	49	(145)
Deferred tax	25	7,145	94	(66)
Profit for the year		**12,339**	**163**	**2,176**
Other comprehensive income for the year		-	-	-
Total comprehensive income for the year		**12,339**	**163**	**2,176**
Earnings per share (In Rupee / USD)				
(Face Value USD 0.0001 each)				
Basic and Diluted earnings per share	26	41,125	543	7,253

The accompanying notes 1 to 31 form an integral part of these financial statements.

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

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

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

Sd/-
Murali Nayar
Director
Place: USA

Sd/-
Eric Matthew Gillenwater
Director
Place: USA

Date: July 20, 2020

Bharti Airtel (USA) Limited
Statement of changes in equity
(All amounts are in thousands of USD; except per share data and unless stated otherwise)

	Equity share capital		Other Equity-Reserves & surplus			
	No. of shares	Amount *	Securities premium	Retained earnings	Total	Total equity
As of April 01, 2018	**300**	**0**	**12,600**	**(2,257)**	10,343	10,343
Profit for the year	-	-	-	2,176	2,176	2,176
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	-	-	**2,176**	**2,176**	**2,176**
As of March 31, 2019	**300**	**0**	**12,600**	**(81)**	**12,519**	**12,519**
Transition impact on adoption of Ind AS 116 (Note 28)	-	-		**(2)**	**(2)**	**(2)**
As of April 01, 2019	**300**	**-**	**12,600**	**(83)**	**12,517**	**12,517**
Profit for the year	-	-	-	163	163	163
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	-	-	**163**	**163**	**163**
	-	-	-	-	-	-
As of March 31, 2020	**300**	**0**	**12,600**	**80**	**12,680**	**12,680**

* Less than USD 1.

The accompanying notes 1 to 31 form an integral part of these financial statements.

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

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

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

Sd/-
Murali Nayar
Director

Place: USA

Sd/-
Eric Matthew Gillenwater
Director

Place: USA

Date: July 20, 2020

Bharti Airtel (USA) Limited
Statements of cash flows

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

	For the year ended	
	March 31, 2020 (in USD)	**March 31, 2019 (in USD)**
Cash flows from operating activities		
Profit before tax	**306**	**1,965**
Adjustments for :		
Depreciation and amortisation expense	733	1,722
Finance costs	71	60
Finance income	(190)	(115)
Unrealised foreign exchange gain	(1)	(1)
Other non- cash items	(378)	748
Operating cash flow before changes in working capital	**541**	**4,379**
Changes in working capital		
Trade receivables	1,485	(1,328)
Trade payables	979	(350)
Other financial and non- financial liabilities	(561)	(823)
Other financial and non - financial assets	477	(21)
Net cash generated from operations before tax	**2,921**	**1,857**
Income tax paid (net)	(125)	(215)
Net cash generated from operating activities (a)	**2,796**	**1,642**
Cash flows from investing activities		
Purchase of property, plant and equipment (including CWIP)	(730)	(828)
Loan given	(3,500)	(6,500)
Repayment of loan given	1,849	5,517
Interest received	55	106
Net cash used in investing activities (b)	**(2,326)**	**(1,705)**
Cash flows from financing activities		
Interest and other finance charges paid	(65)	(60)
Payment of lease liabilities	(40)	-
Net cash used in financing activities (c)	**(105)**	**(60)**
Net increase / (decrease) in cash and cash equivalents during the year (a+b+c)	**365**	**(123)**
Add: Cash and cash equivalents as at beginning of the year	936	1,059
Cash and cash equivalents as at end of the year (Note 9)	**1,301**	**936**

The accompanying notes 1 to 31 form an integral part of these financial statements.

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

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

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

Sd/-
Murali Nayar
Director
Place: USA

Sd/-
Eric Matthew Gillenwater
Director
Place: USA

Date: July 20, 2020

1. Corporate information

Bharti Airtel (USA) Limited ('the Company'), incorporated on September 12, 2006, is registered in the United States of America (USA) having its registered office at Thompson Hine LLP, 335, Madison Avenue, 12th Floor, New York, NY 10017.

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

The Company has point of presence (POP) in the United States of America to provide the telecommunication services so as to interconnect international and domestic capacities 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 for its consolidation purpose and to comply with the requirements under Companies Act, 2013.

These financial statements have been prepared to comply in all material respects with the Indian Accounting Standard ('Ind AS') notified under section 133 of the Companies Act, 2013, 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 issued by the Ministry of Corporate Affairs ('MCA'), except additional disclosures required by the Companies Act, 2013 (since the Company is not incorporated in India and these financial statements are not statutory financial statements, full compliance with the above mentioned Act is not required).

The financial statements are approved for issue by the Company's Board of Directors on July 20, 2020.

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 Companies Act 2013. Further, for the purpose of clarity, various items are aggregated in the statement of profit and loss and balance sheet. Nonetheless, these items are dis-aggregated separately in the notes to the financial statements, where applicable or required.

The financial statements are presented in United States Dollars ('USD'), which is also the Company's functional currency. Therefore all the amounts included in the financial statements are reported in United States Dollars ('USD') and are rounded to the nearest thousands, except per share data and unless stated otherwise. Further, due to rounding off, certain amounts are appearing as '0'. The translation of USD to Rupee amounts presented in the balance sheet and statement of Profit and loss is unaudited and is included solely for the readers in India and has been calculated using the exchange rate of USD 1 = Rs. 75.675, 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, United States Dollars at that or any other rate.

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

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

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

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
- Amendment to Ind AS 12, Income Taxes
- 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. The Company elected to apply the practical expedient included in Ind AS 116 and therefore retained its existent assessment under Ind AS 17 as to whether a contract entered or modified before April 01, 2019 contains a lease. Refer note 28 for impact of adoption of Ind AS 116. Also refer note 2.9 for accounting policy on 'leases'.

Amendment to Ind AS 12, Income Taxes

MCA had notified amendment to Ind AS 12, Income taxes, effective for annual reporting periods beginning on or after April 1, 2019. As per the amendment, an entity shall recognise the income tax consequences of dividends when it recognises a liability to pay a dividend and shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The amendment does not have a material impact on the financial statements of the Company.

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 any material impact on the financial statements of the Company, in addition to what the Company has already recorded/ disclosed.

2.2 Basis of measurement

The financial statements have been prepared on the accrual and going concern basis, and the historical cost convention except where the Ind AS requires a different accounting treatment.

Fair value measurement

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

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

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

Level 1: Quoted (unadjusted) prices for identical assets or liabilities in active markets
Level 2: Significant inputs to the fair value measurement are directly or indirectly observable
Level 3: Significant inputs to the fair value measurement are unobservable

2.3 Foreign currency transactions

Initial Recognition

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

Subsequent measurement

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

Exchange Difference

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

2.4 Current versus non-current classification

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

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

An asset is classified as current when it is expected to be realised or intended to be sold or consumed in normal operating cycle, held primarily for the purpose of trading, expected to be realised within twelve months after the reporting year, 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.

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 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 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 Companies Act, 2013 and has accordingly, depreciated the assets over such useful life. The Company has established the estimated range of useful lives of different categories of PPE as follows:

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

The useful lives, residual values and depreciation method of PPE are reviewed, and adjusted appropriately, at-least as at each 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 is accounted prospectively, and accordingly the depreciation is calculated over the PPE's remaining revised useful life. The cost and the accumulated depreciation for PPE sold, scrapped, retired or otherwise disposed off are de-recognised from the balance sheet and the resulting gains / (losses) are included in the statement of profit and loss within other expenses / other income.

The cost of capital work-in-progress (CWIP) is presented separately in the balance sheet.

2.6 Intangible assets

Intangible assets are recognised when the Company controls the asset, it is probable that future economic benefits attributed to the asset will flow to the Company and the cost of the asset can be measured reliably.

Intangible assets are recognised at cost. These assets having finite useful life are carried at cost less accumulated amortisation and any impairment losses. Amortisation is computed using the straight-line method over the expected useful life of intangible assets.

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

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

2.7 Impairment of non-financial assets

PPE, Right-of-use assets and Intangible assets

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

For the purpose of impairment testing, the recoverable amount (that is, higher of the fair value less costs to sell and the value-in-use) is determined on an individual asset basis, unless the asset does not generate cash flows that are largely independent of those from other assets, in which case the recoverable amount is determined at the cash-generating-unit ('CGU') level to which the said asset belongs. A CGU is the smallest unit identifiable group of assets that generate cash inflows that are largely independent of the cash inflows

from other assets or group of assets. If such individual assets or CGU are considered to be impaired, the impairment to be recognised in the statement of profit and loss is measured by the amount by which the carrying value of the asset / CGU exceeds their estimated recoverable amount and allocated on pro-rata basis.

Reversal of impairment losses

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

2.8 Financial instruments

a. Recognition, classification and presentation

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

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

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

The Company has classified all the financial liabilities at amortised cost category.

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

b. Measurement – financial instruments

I. Initial measurement

At initial recognition, the Company measures the 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 finance income.

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

All financial assets that do not meet the criteria for amortised cost are measured at fair value through profit or loss. Interest (basis EIR method) income from 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, twelve month ECL is used to provide for impairment loss, otherwise lifetime ECL is used.

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

III. Subsequent measurement - financial liabilities

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

c. Derecognition

The financial assets are de-recognised from the balance sheet when the rights to receive cash flows from the financial assets have expired, or have been transferred and the Company has transferred substantially all risks and rewards of ownership. The financial liabilities are derecognised from the balance sheet when the underlying obligations are extinguished, discharged, lapsed, cancelled, expires or legally released. The resultant impact of derecognition is recognised in the statement of profit and loss.

2.9 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 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 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.

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

Short-term leases and leases of low-value assets

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

When a contract includes lease and non-lease components, the Company applies Ind AS 115 'Revenue from Contracts with Customers' to allocate the consideration under the contract to each component.

2.10 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 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. However, deferred tax are not recognised if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.
The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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

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

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

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

2.11 Cash and cash equivalents

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

2.12 Share capital / securities premium

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.

Securities premium is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Act.

2.13 Employee benefits

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

Defined contribution plans

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

2.14 Provisions

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

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

2.15 Contingencies

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

2.16 Revenue recognition

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

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

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

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

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.

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

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

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

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

2.17 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.

2.18 Dividends paid

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

2.19 Earnings per share ('EPS')

The Company presents the Basic and Diluted EPS.

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

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

2.20 Segment reporting

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

3. Key source of estimation uncertainties and critical judgments

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

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

3.1 Key sources of estimation uncertainties

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

a. Useful lives of PPE

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

b. Allowance for impairment of trade receivables

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

3.2 Critical judgement's in applying the Company's accounting policies

a. Determining the lease term

Under Ind AS 116 if it is reasonably certain that a lease will be extended / will not be early terminated, the Company is required to estimate the expected lease period which may be different from the contractual tenure. The Company has various tower lease agreements with a right to extend / renew / terminate wherein it considers the nature of the contractual terms and economic factors to determine the lease term. After assessing such factors, the lease liability has been calculated using the remaining lease period until which significant exit penalties are payable.

b. Determining the incremental borrowing rate for lease contracts

The initial recognition of lease liabilities at present value requires the identification of an appropriate discount rate. The Company has determined the incremental borrowing rate based on considerations specific to the leases by taking consideration of the risk free borrowing rates as adjusted for country / company specific risk premiums (basis the readily available data points).

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

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

The following table presents the reconciliation of changes in the carrying value of PPE for the year ended March 31, 2020, March 31, 2019:

	PPE			
	Plant and Equipment	**Furniture and office equipments**	**Computers**	**Total**
Gross carrying value				
Balance as of April 1, 2018	**9,553**	**1**	**2**	**9,556**
Additions	1,663	-	-	1,663
Disposals / adjustment	-	-	-	-
Balance as of March 31, 2019	**11,216**	**1**	**2**	**11,219**
Balance as of April 1, 2019	**11,216**	**1**	**2**	**11,219**
Additions	911	-	-	911
Disposals / adjustment	-	-	-	-
Balance as of March 31, 2020	**12,127**	**1**	**2**	**12,130**
Accumulated depreciation				
Balance as of April 1, 2018	6,937	1	2	**6,940**
Depreciation	948	-	-	948
Disposals / adjustment	-	-	-	-
Balance as of March 31, 2019	**7,885**	**1**	**2**	**7,888**
Balance as of April 1, 2019	**7,885**	**1**	**2**	**7,888**
Depreciation	697	-	-	697
Disposals / adjustment	-	-	-	-
Balance as of March 31, 2020	**8,582**	**1**	**2**	**8,585**
Net carrying value				
As of March 31, 2019	3,331	-	-	3,331
As of March 31, 2020	3,545	-	-	3,545

The carrying value of capital work-in-progress as at March 31, 2020 and March 31, 2019 is 8 and 184 respectively, which mainly pertains to plant and equipment.

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

5. Intangible Assets

The following table presents the reconciliation of changes in the carrying value of intangible assets for the year ended March 31, 2020 and March 31, 2019:

	Bandwidth
Gross carrying value	
Balance as of April 1, 2018	11,200
Additions	-
Balance as of March 31, 2019	**11,200**
Transition impact on adoption of Ind AS 116$	(11,200)
Adjusted balance as of April 1, 2019	-
Additions	-
Balance as of March 31, 2020	-
Accumulated amortisation	
Balance as of April 1, 2018	5,967
Amortisation	774
Balance as of March 31, 2019	**6,741**
Transition impact on adoption of Ind AS 116$	(6,741)
Adjusted balance as of April 1, 2019	-
Amortisation	-
Balance as of March 31, 2020	-
Net carrying value	
As of March 31, 2019	4,459
As of March 31, 2020	-

$ refer note 2.1

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

6. Security deposit

	As of	
Unsecured, considered good	**March 31, 2020**	**March 31, 2019**
Non- current		
Security Deposits*	222	226
	222	**226**

*Security deposits (net of allowance for bad and doubtful debts of Rs. 51 and Rs. 47 as at March 31, 2020 and 2019, respectively) primarily includes deposits given towards rented premises, cell sites and interconnect ports.

7. Deferred Tax Assets (Net)

	As of	
	March 31, 2020	**March 31, 2019**
Deferred Tax Liabilities arising on account of :		
Depreciation and amortisation expense	508	590
Gross Deferred Tax Liabilities	**508**	**590**
Less:		
Deferred Tax Assets arising on account of :		
Provision for impairment of debtors/advances and other provisions	298	378
Unearned Income	257	353
Gross Deferred Tax Assets	555	731
Deferred Tax Assets (net)	**47**	**141**

8. Trade Receivables

	As of	
	March 31, 2020	**March 31, 2019**
Trade Receivable considered good- unsecured *	3,864	5,347
Less: Allowances for doubtful receivables	(1,420)	(1,798)
	2,444	**3,549**

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

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

The movement in allowances for doubtful receivables is as follows:

	For the year ended	
	March 31, 2020	**March 31, 2019**
Opening balance	1,798	1,050
Additions / reversal	(378)	748
Balance, end of the year	**1,420**	**1,798**

9. Cash and Cash Equivalents

	As of	
	March 31, 2020	**March 31, 2019**
Balance with banks	1,301	936
	1,301	**936**

10. Loans

Current

	As of	
	March 31, 2020	**March 31, 2019**
Interest accrued on loan (Refer note 27)	205	70
Loan to related party (Refer note 27)#	7,151	5,500
	7,356	**5,570**

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

11. Other assets

Non-current

	As of	
	March 31, 2020	**March 31, 2019**
Prepaid expenses	3,086	-
	3,086	-

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

Current

	As of	
	March 31, 2020	**March 31, 2019**
Prepaid expenses	1,130	360
Taxes receivable	518	393
Advances to suppliers (net)*	5	-
	1,653	**753**

* Net of provision of 101 and 97 as on March 31, 2020 and 2019.

12. Share Capital

	As of	
	March 31, 2020	**March 31, 2019**
Authorised shares		
1000 equity shares of USD 0.0001 each	**0***	**0***
Issued, Subscribed and fully paid-up shares		-
300 equity shares of USD 0.0001 each	0*	0*
	0*	**0***

* Less than USD 1.

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

	For the year ended			
	March 31, 2020		**March 31, 2019**	
	No.	**USD**	**No.**	**USD**
At the beginning of the year	300	0*	300	0*
Issued during the year	-	-	-	-
Outstanding at the end of the year	**300**	**0***	**300**	**0***

* Less than USD 1.

b. Terms/rights attached to equity shares

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

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

c. Shares held by holding Company

	As of			
	March 31, 2020		March 31, 2019	
	No.	% holding	No.	% holding
Bharti International (Singapore) Pte. Ltd., the holding company 300 (March 31, 2019 - 300) equity shares of USD 0.0001 each fully paid up	300	100%	300	100%

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

	As of			
	March 31, 2020		March 31, 2019	
	No.	% holding	No.	% holding
Equity shares of USD 0.0001 each fully paid up				
Bharti International (Singapore) Pte. Ltd.	300	100%	300	100%

13. Reserves and surplus- retained earnings

Retained earnings represent the amount of accumulated earnings of the Company.

14. Trade Payables

	As of	
	March 31, 2020	March 31, 2019
Trade payables	5,470	4,491
	5,470	**4,491**

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

15. Other Financial Liabilities - Current

	As of	
	March 31, 2020	March 31, 2019
Dues to employees	79	98
Contribution to funds	162	162
Payable against capital expenditure	7	-
Others	166	219
	414	**479**

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

16. Provision - Current

	As of	
	March 31, 2020	March 31, 2019
Provision for leave encashment	122	118
	122	**118**

17. Commitments and contingencies

(i) Contingencies

Claims against the company not acknowledged as debts amounting to USD 4 as of March 31, 2020 (March 31, 2019: USD 4)

(ii) Commitments

Estimated amount of contracts to be executed on capital account and not provided for (net of advances) USD 635 as of March 31, 2020 (March 31, 2019: USD 807).

18. Revenue from operations

	For the year ended	
	March 31, 2020	March 31, 2019
Service revenue	18,914	22,351
	18,914	**22,351**

Disaggregation of Revenue

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

	For the year ended	
Particulars	**March 31, 2020**	**March 31, 2019**
Timing of Revenue Recognition		
Products and services transferred over time	18,914	22,351
	18,914	**22,351**

Contract Balances

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

	As of	
	March 31, 2020	March 31, 2019
Deferred Revenue	2,182	2,675

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

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

	For the year ended March 31, 2020
	Deferred Revenue
Revenue recognised that was included in the deferred revenue at the beginning of the year	1,228
Increases due to cash received, excluding amounts recognised as revenue during the year	735

19. Network operating Expense

	For the year ended	
	March 31, 2020	March 31, 2019
Internet Access & Bandwidth charges	14,631	14,362
Repair & Maintenance	1,223	1,349
Others	47	47
	15,901	**15,758**

20. Employee Benefits Expense

	For the year ended	
	March 31, 2020	March 31, 2019
Salaries, wages and bonus	1,123	1,054
Contribution to employee's funds	46	47
Staff welfare expenses	111	38
	1,280	**1,139**

21. Sales and marketing expenses

	For the year ended	
	March 31, 2020	March 31, 2019
Sales commission & distribution	456	538
Advertisement & marketing	61	155
	517	**693**

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

22. Other Expenses

	For the year ended	
	March 31, 2020	March 31, 2019
Legal and professional charges#	355	98
Telephone, telex and postage	5	6
Allowance for doubtful debts and advances	(378)	748
Travelling and conveyance	46	43
Rent	1	46
Miscellaneous expenses	78	121
	107	**1,062**

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

	For the year ended	
	March 31, 2020	March 31, 2019
Audit fees	6	7
Reimbursement of expenses	0	1
	6	**8**

23. Depreciation and amortisation Expense

	For the year ended	
	March 31, 2020	March 31, 2019
Depreciation (incuding on ROU)	733	948
Amortisation	-	774
	733	**1,722**

24. Finance Costs and income

Finance costs

	For the year ended	
	March 31, 2020	March 31, 2019
Finance charge on lease	6	-
Bank charges	65	60
	71	**60**

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

Finance income

	For the year ended	
	March 31, 2020	March 31, 2019
Interest income on loans (Refer note 27)	190	115
Net foreign exchange gain	1	11
	191	**126**

25. Income Tax Expense / (credit)

	For the year ended	
	March 31, 2020	March 31, 2019
Current tax expense	49	(145)
Deferred tax expense	94	(66)
	143	**(211)**

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

	For the year ended	
	March 31, 2020	March 31, 2019
Profit before tax	**306**	**1,965**
Tax charge at the USA statutory tax rate @ 21%	64	413
Non deductible expenses	71	(2)
Adjustment in respect to current income tax of previous years	-	(684)
Minimum tax on which no credit is allowed	8	62
	143	**(211)**

	For the year ended	
	March 31, 2020	March 31, 2019
Deferred tax (expense) / income		
Provision for impairment of debtors / advances	(79)	(545)
Depreciation on PPE/ROU and amortisation on Intangible assets	82	584
Minimum tax credit	-	(150)
Unearned income	(97)	(237)
Deferred Tax Reversed / (Recognized) in respect of previous years	-	414
Net deferred tax (expense) / income	**(94)**	**66**

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

26. Earnings per share ('EPS')

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

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

		For the year ended	
		March 31, 2020	**March 31, 2019**
(a)	Profit attributable to equity shareholders (i)	163	2,176
(b)	Weighted average number of equity shares oustanding during the year (ii)	300	300
(c)	Total number of shares outstanding at the end of the year	300	300
(d)	Nominal value of equity shares (in USD)	0.0001	0.0001
(e)	Earnings per share (Basic and Diluted) (i)/(ii)	543	7,253

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27. Related Party Transactions

In accordance of the requirements of Indian Accounting Standards (Ind AS) – 24 on Related Party Disclosures, the name of the related parties where control exists and/or with whom transactions have taken place during the year and description of the relationships

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

ii. **Parent Company**
Bharti International (Singapore) Pte. Ltd. (Erstwhile Bharti Airtel Holdings (Singapore) Pte. Ltd.) (w.e.f. June 27, 2018)

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 the parent company**
Singapore Telecommunication Limited

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

Fellow Subsidiaries
Network i2i Limited
Bharti Airtel (UK) Limited
Bharti Airtel Services Limited
Bharti Airtel (Hong Kong) Limited
Bharti Airtel Lanka (Private) Limited
Bharti Airtel (Japan) Private Limited
Bharti Airtel (France) SAS
Bharti Airtel International (Netherlands) B.V
Bharti Telemedia Limited

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

The details of amounts due to or due from the related parties as of March 31, 2020 and March 31, 2019 are as follows:

S.No	Particulars	As of March 31, 2020	As of March 31, 2019
1	**Loan given**		
	Network i2i Limited	7,151	5,500
		7,151	**5,500**
2	**Interest receivable**		
	Network i2i Limited	205	70
		205	**70**
3	**Receivables/ (Payables)**		
	Bharti Airtel Limited	962	931
	Bharti Airtel Services Limited	1	1
	Bharti Telemedia Limited	(0)	(0)
	Bharti Airtel (France) SAS	(64)	13
	Bharti Airtel (Japan) Private Limited	(8)	2
	Bharti Airtel Lanka (Private) Limited	(2)	(3)
	Singapore Telecommunication Limited	(453)	(159)
	Bharti Airtel (Hong Kong) Limited	(72)	(118)
	Network i2i Limited	(662)	(443)
	Bharti Airtel (UK) Limited	(32)	67
	Bharti International (Singapore) Pte. Ltd.	(67)	(64)
		(397)	**227**

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

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

The details of related party transactions entered into by the Company for the years ended March 31, 2020 and March 31, 2019 are as follows:

S.No	Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
1	**Rendering of services**		
	Bharti Airtel Limited	4,968	5,795
	Bharti Airtel (UK) Limited	481	594
	Bharti International (Singapore) Pte. Ltd.	899	878
	Bharti Airtel (Hong Kong) Limited	48	-
	Network i2i Limited	16	-
		6,412	**7,267**
2	**Purchase of goods / Receiving of services**		
	Bharti Airtel Limited	1,415	2,004
	Bharti Airtel (France) SAS	140	90
	Bharti Airtel (Japan) Private Limited	10	-
	Bharti Airtel Lanka (Private) Limited	7	7
	Singapore Telecommunication Limited	329	242
	Bharti Airtel (Hong Kong) Limited	528	713
	Network i2i Limited	4,251	5,223
	Bharti Airtel (UK) Limited	200	29
	Bharti International (Singapore) Pte. Ltd.	841	987
		7,721	**9,295**
3	**Loans given**		
	Bharti Airtel International (Netherlands) B.V.	-	1,000
	Network i2i Limited	3,500	5,500
		3,500	**6,500**
4	**Repayment of Loans given**		
	Bharti Airtel International (Netherlands) B.V.	-	5,517
	Network i2i Limited	1,849	-
		1,849	**5,517**
5	**Interest income**		
	Bharti Airtel International (Netherlands) B.V.	-	69
	Network i2i Limited	190	46
		190	**115**

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

28. Leases

Impact of 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:

	April 1, 2019
Right-of-use assets	83
Lease liabilities	(85)
Decrease in equity	**(2)**

The weighted average incremental borrowing rate applied to lease liabilities as at April 1, 2019 is 8.30% p.a

Right-of-use assets ('ROU')

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

	Building
Balance as at April 1, 2019	83
Depreciation / amortization expense	36
Balance as at March 31, 2020	**47**

- Building

  The Company's leases of building comprise of lease of offices, warehouses and shops.

Amounts recognised in profit or loss

Leases under Ind AS 116	**For year ended March 31, 2020**
Interest on lease liabilities	6

Amounts recognised in statement of cash flows

Leases under Ind AS 116	**For year ended March 31, 2020**
Total cash outflow for leases	40

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	**95**
Discounted using the incremental borrowing rate at April 1, 2019	**85**
Lease liabilities recognised at April 1, 2019	**85**

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.

29. Financial 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.

(a) *Credit risk*

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

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

As the customer base is widely distributed both economically and geographically, there is no concentration of credit risk other than Company receivables. For details of trade receivables / revenues from related-parties, refer note 8 and 27.

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

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

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

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

	Neither past due nor impaired	Past due but not impaired				Total
		Less than 30 days	30 to 60 days	60 to 90 days	Above 90 days	
Trade Receivables as of March 31, 2020	1,307	520	426	191	(0)	2,444
Trade Receivables as of March 31, 2019	1,185	1,052	1,014	298	0	3,549

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

(b) *Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. Accordingly, as a prudent liquidity risk management measure, the Company closely monitors its liquidity position and deploys a robust cash management system.

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

Analysis of financial instruments by remaining contractual maturities

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

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

	As of March 31, 2019						
	Carrying amount	On demand	Less than 6 months	6 to 12 months	1 to 2 years	> 2 years	Total
Trade payables	4,491	-	4,491	-	-	-	4,491
Other financial liabilities	479	-	479	-	-	-	479
	4,970	-	4,970	-	-	-	4,970

(c) Foreign currency risk

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

Sensitivity analysis for foreign currency risk

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

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, 2020	March 31, 2019
LKR	+5%	(0)	(0)
	-5%	0	0
GBP	+5%	(0)	1
	-5%	0	(1)
INR	+5%	-	0
	-5%	-	(0)

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

2. Capital management

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

30. COVID-19

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, including leasing arrangements and no changes in terms of those arrangements are expected due to COVID-19.
The Company has also re-assessed its financial risk management policies and impact of any change on the related disclosures in the financial statements, on counterparty credit risk, liquidity risk and foreign currency risk and no material impact has been noted.

Accordingly, there is no material impact on the financial statements for the year ended March 31, 2020.

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

31. Fair value of financial instruments

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

	As of			
	March 31, 2020		**March 31, 2019**	
	Carrying Value	**Fair Value**	**Carrying Value**	**Fair Value**
Assets at amortised costs				
Security deposits	222	222	226	226
Trade receivables	2,444	2,444	3,549	3,549
Cash and cash equivalent	1,301	1,301	936	936
Other financial assets	7,356	7,356	5,570	5,570
	11,323	11,323	10,281	10,281
Liabilities at amortised costs				
Trade payables	5,470	5,470	4,491	4,491
Other financial liabilities	414	414	479	479
	5,884	5,884	4,970	4,970

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