Indo Teleports Limited

Ind AS Financial Statements

March 2020

Indo Teleports Limited

Ind AS Financial Statements – March 2020

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Independent Auditor’s Report

INDEPENDENT AUDITOR'S REPORT

To The Members of Indo Teleports Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Indo Teleports 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 Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2020, and its loss, total comprehensive loss, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

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

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Director's report, but does not include the financial statements and our auditor's report thereon.

- Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon
- In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty

exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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

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

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.

   d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.

   e) On the basis of the written representations received from the directors as on 31 March 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164(2) of the Act.

   f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

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

h) In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

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

  i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements.

  ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.

  iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **Deloitte Haskins & Sells LLP**

Chartered Accountants

(Firm's Registration No. 117366W/W-100018)

Signature

Nilesh H Lahoti

(Partner)

(Membership No. 130054)

(UDIN: 20130054AAAART7482)

Place: Gurugram

Date: 22 June 2020

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 (f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of INDO TELEPORTS LIMITED of even date)

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

We have audited the internal financial controls over financial reporting of **Indo Teleports Limited** ("the Company") as of 31 March 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2020, based on the criteria for internal control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Place: Gurugram
Date: 22 June 2020

Nilesh H Lahoti
Partner
(Membership No. 130054)
(UDIN: 20130054AAAART7482)

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

i. In respect of its fixed assets:

a) The Company has maintained proper records showing full particulars with respect to most of its fixed assets, and is in the process of updating quantitative and situation details with respect to certain fixed assets in the records maintained by the Company.

b) The Company has a program of verification of fixed assets to cover all the fixed assets items in a phased manner at reasonable intervals, over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the Management during the year.

c) The Company does not have any immovable properties of freehold or leasehold land and building and hence reporting under clause 3(i)(c) of the Order is not applicable.

ii. The Company does not have any inventory and hence reporting under clause 3(ii) of the Order is not applicable.

iii. According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to Companies, Firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.

iv. In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities granted in respect of which provisions of Section 185 and 186 of the Companies Act, 2013 are applicable.

v. According to the information and explanations given to us, the Company has not accepted any deposits during the year and does not have any unclaimed deposits as at 31 March 2020 and therefore, the provisions of the clause 3(v) of the Order are not applicable.

vi. To the best of our knowledge and explanations given to us, the central government has not prescribed maintenance of cost records under clause 148(1) of the Companies Act, 2013 for the services of the Company.

vii. According to the information and explanations given to us, in respect of statutory dues:

a) The Company is regular in depositing undisputed statutory dues, including Income-tax, Goods and Services Tax, Customs Duty, cess and other material statutory dues applicable to it to the appropriate authorities.

b) There were no undisputed amounts payable in respect of Income-tax, Goods and Services Tax, Customs Duty, cess and other material statutory dues in arrears as at 31 March 2020 for a period of more than six months from the date they became payable.

c) There are no dues of Income-tax, Goods and Services tax, Customs Duty, cess and other material statute as on 31 March 2020 on account of disputes.

viii. In our opinion and according to the information and explanations given to us, the Company has not taken any loans or borrowings from financial institutions, banks and government or has not issued any debentures. Hence reporting under clause 3(viii) of Order is not applicable.

ix. During the current year, the Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause 3(ix) of the Order is not applicable.

x. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

xi. In our opinion and according to the information and explanations given to us, the Company has not paid any managerial remuneration during the current year except directors sitting fees, accordingly provision of section 197 read with schedule V of the act are not applicable to the Company and hence reporting under clause 3(xi) of the Order is not applicable.

xii. The Company is not a Nidhi Company and hence reporting under clause 3(xii) of the Order is not applicable.

xiii. According to the information and explanations given to us the Company is in compliance with sections 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

xiv. During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause 3(xiv) of the Order is not applicable to the Company.

xv. According to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its holding company, or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.

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

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

Place: New Delhi
Date: 22 June 2020

Nilesh Lahoti
Partner
(Membership No. 130054)
UDIN: 20130054AAAART7482

Ind AS Financial Statements

Indo Teleports Limited
Balance Sheet
(All amounts are in thousands of Indian Rupee)

	Notes	As of March 31, 2020	As of March 31, 2019
Assets			
Non-current assets			
Property, plant and equipment	5	62,645	89,390
Capital work-in-progress	5	4,332	640
Right-of-use assets	25	320,080	-
Financial assets			
- Security deposits		1,950	1,800
Income tax assets (net)		33,298	52,586
Other non-current assets	6	-	32,868
		422,305	**177,284**
Current assets			
Financial assets			
- Trade receivables	7	63,430	63,551
- Cash and cash equivalents	8	1,148	1,437
Other current assets	6	52,207	55,329
		116,785	**120,317**
Total assets		**539,090**	**297,601**
Equity and liabilities			
Equity			
Share capital	9	230,000	230,000
Other equity		(921,378)	(820,989)
		(691,378)	**(590,989)**
Non-Current liabilities			
Financial liabilities			
- Lease liabilities		183,888	-
Deferred revenue	16	240	-
Current liabilities			
Financial liabilities			
- Borrowings	11	560,136	648,836
- Lease liabilities		173,466	-
- Trade payables	12		
-total outstanding dues of micro enterprises and small enterprises		-	-
-total outstanding dues of creditors other than micro enterprises and small enterprises		305,591	229,453
- Others	13	4,076	94
Deferred revenue	16	-	1,118
Other current liabilities	14	3,071	9,089
		1,230,468	**888,590**
Total liabilities		**1,230,468**	**888,590**
Total equity and liabilities		**539,090**	**297,601**

The accompanying notes 1 to 28 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 Indo Teleports Limited

Sd/-
Sridhar Natarajan
Director
DIN: 07143571

Sd/-
Harmeen Mehta
Director
DIN: 02274379

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

Sd/-
Shivam Agarwal
Chief Financial Officer

Sd/-
Harsh Agarwal
Company secretary

Place: Gurugram
Date: June 22, 2020

Indo Teleports Limited
Statement of Profit and Loss
(All amounts are in thousands of Indian Rupee; except per share data)

	Notes	For the year ended March 31, 2020	For the year ended March 31, 2019
Income			
Revenue from operations	**16**	260,115	274,794
Other income		180	211
		260,295	**275,005**
Expenses			
Network operating expenses	**17**	47,393	241,941
License fee		8,689	15,012
Employee benefits expense	**18**	8,951	8,828
Other expenses	**19**	38,009	13,422
		103,042	**279,203**
Profit/ (Loss) from operating activities before depreciation		**157,253**	**(4,198)**
Depreciation expense	**20**	186,960	29,337
Finance costs	**21**	46,097	6,125
Finance income	**21**	(6,591)	(8,784)
Loss before tax		**(69,213)**	**(30,876)**
Tax expense			
Current tax	**22**	-	-
Deferred tax	**22**	-	-
Loss for the year		**(69,213)**	**(30,876)**
Other comprehensive income / (loss) for the year		-	-
Total comprehensive loss for the year		**(69,213)**	**(30,876)**
(Loss) / earning per share (Face value : Rs. 10 each)			
Basic and Diluted (loss) / earning per share	**23**	(3.01)	(1.34)

The accompanying notes 1 to 28 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 Indo Teleports Limited

Sd/-
Sridhar Natarajan
Director
DIN: 07143571

Sd/-
Harmeen Mehta
Director
DIN: 02274379

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

Sd/-
Shivam Agarwal
Chief Financial Officer

Sd/-
Harsh Agarwal
Company secretary

Place: Gurugram
Date: June 22, 2020

Indo Teleports Limited
Statement of Changes in Equity
(All amounts are in thousands of Indian Rupee; except per share data)

	Share Capital		Other Equity - Reserves and Surplus		Total equity
	No of shares (In '000)	Amount	Retained earnings	Total	
As of April 1, 2018	**23,000**	**230,000**	**(790,113)**	**(790,113)**	**(560,113)**
Loss for the year	-	-	(30,876)	(30,876)	(30,876)
Total comprehensive loss	**-**	**-**	**(30,876)**	**(30,876)**	**(30,876)**
As of March 31, 2019	**23,000**	**230,000**	**(820,989)**	**(820,989)**	**(590,989)**
Transition impact on adoption of Ind AS 116 (refer note 25)	-	-	(31,176)	(31,176)	(31,176)
As of April 1, 2019	**23,000**	**230,000**	**(852,165)**	**(852,165)**	**(622,165)**
Loss for the year	-	-	(69,213)	(69,213)	(69,213)
Total comprehensive loss	**-**	**-**	**(69,213)**	**(69,213)**	**(69,213)**
As of March 31, 2020	**23,000**	**230,000**	**(921,378)**	**(921,378)**	**(691,378)**

The accompanying notes 1 to 28 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 Indo Teleports Limited

Sd/-
Sridhar Natarajan
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DIN: 07143571

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Harmeen Mehta
Director
DIN: 02274379

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

Sd/-
Shivam Agarwal
Chief Financial Officer

Sd/-
Harsh Agarwal
Company secretary

Place: Gurugram

Date: June 22, 2020

Indo Teleports Limited
Statement of Cash Flows
(All amounts are in thousands of Indian Rupee)

	For the year ended March 31, 2020	For the year ended March 31, 2019
Cash flows from operating activities		
Loss before tax	**(69,213)**	**(30,876)**
Adjustments for:		
Depreciation expense	186,960	29,337
Finance costs	46,097	6,125
Finance income	(6,591)	(8,784)
Other non - cash items	22,384	5,583
Operating cash flow before changes in working capital	**179,637**	**1,385**
Changes in working capital		
Trade receivables	(22,086)	67,672
Trade payables	76,138	(35,205)
Other financial and non-financial liabilities	(6,894)	(43,738)
Other financial and non-financial assets	35,840	3,574
Net cash generated from / (used in) operations before tax	**262,635**	**(6,312)**
Income tax refund	19,288	44,323
Net cash generated from operating activities (a)	**281,923**	**38,011**
Cash flows from investing activities		
Purchase of property, plant and equipment	(6,103)	(6,972)
Interest received	6,591	-
Net cash generated from / (used in) investing activities (b)	**488**	**(6,972)**
Cash flows from financing activities		
Proceeds from borrowings	152,300	344,000
Repayment of borrowings	(241,000)	(386,800)
Interest and other finance charges paid	(19,927)	(76)
Payment of Lease Liabilities	(174,073)	-
Net cash used in financing activities (c)	**(282,700)**	**(42,876)**
Net decrease in cash and cash equivalents during the year (a+b+c)	**(289)**	**(11,837)**
Add : Cash and cash equivalents as at the beginning of the year	1,437	13,274
Cash and cash equivalents as at the end of the year (Refer note 8)	**1,148**	**1,437**

The accompanying notes 1 to 28 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 Indo Teleports Limited

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

Sd/-
Shivam Agarwal
Chief Financial Officer

Sd/-
Harsh Agarwal
Company secretary

Place: Gurugram
Date: June 22, 2020

1. Corporate information

Indo Teleports Limited ('the Company') is domiciled and incorporated in India as a public limited company. The registered office of the Company is situated at Bharti Crescent, 1 Nelson Mandela Road, Vasant Kunj, Phase – II, New Delhi – 110070.

The Company is principally engaged in establishing, setting, operating up linking hub amplification & related processes to provide end to end communication needs.

2. Summary of significant accounting policies

2.1 Basis of preparation

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

The company made a loss for the financial year ended March 31, 2020 of Rs. 69,213 (2018-19: Rs. 30,876) and as that date, the current liabilities exceeded its current assets by Rs. 929,554 (2018-19: Rs. 768,273). Management has undertaken initiatives to achieve profitability and reduce current assets and liability mismatch. These initiatives include: -

- Improving utilisation of spare capacity by increasing engagement with existing customers and on-boarding of new customers in the existing business
- Providing in-flight data & voice services
- Rationalisation of cost structure

The financial statements are prepared on the basis of accounting policies applicable to a going concern assumption. In making its assessment, management acknowledges that the ability of the Company to continue as a going concern is dependent on the generation of sufficient profits, positive cash flows and the continued support of principal shareholders as and when required in the future.

The financial statements are approved for issue by the Company's Board of Directors on June 22, 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.

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

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

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

The Company's ability to continue as going concern is dependent of the success of operations and its ability to arrange funding for the operations. The Company based on commitments and support from Bharti Airtel Limited, the Principal Shareholder, is confident of meeting its operating and capital funding requirements in the future. Accordingly, these financial statements have been prepared on a going concern basis.

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 25 for impact of adoption of Ind AS 116. Also refer note 2.8 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 in addition to what the Company has already recorded/ disclosed.

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

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

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

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

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

2.2 Basis of measurement

The financial statements have been prepared on the accrual and going concern basis, and the historical cost convention except where the Ind AS requires a different accounting treatment. The principal variations from the historical cost convention relate to financial instruments classified as fair value through profit or loss (refer note 2.7) - which are measured at fair value.

Fair value measurement

Fair value is the price at the measurement date, at which an asset can be sold or 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

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

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

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

2.4 Current versus non-current classification

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

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

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

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

2.5 Property, plant and equipment ('PPE')

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

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

The expenditures that are incurred after the item of PPE has been 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 for different categories of PPE as follows:

Categories	Years
Plant & equipment	8 - 10
Computer	3
Office equipment	5

The useful lives, residual values and depreciation method of PPE are reviewed, and adjusted appropriately, at-least as at each financial year end so as to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from these assets. The effect of any change in the estimated useful lives, residual values and / or depreciation method 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.

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

2.6 Impairment of non-financial assets

PPE and Right-of-use assets

PPE (including CWIP) and Right-of-use assets ('ROU') 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 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 / CGU in previous years.

2.7 Financial instruments

a. Recognition, classification and presentation

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

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

The Company classifies its financial assets in the following categories: a) those to be measured subsequently at fair value through profit or loss, and b) those to be measured at amortised cost. The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. The Company has classified all the 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 (except financial guarantee) at its fair value plus, in the case of financial instruments not at fair value through profit or loss, transaction costs. Otherwise, transaction costs are expensed in the statement of profit and loss.

II. Subsequent measurement - financial assets

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

i. Financial assets measured at amortised cost

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

c. Derecognition

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

2.8 Leases

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

Company as a lessee

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.

2.9 Taxes

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

a. Current tax

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

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

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

b. Deferred tax

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

2.10 Cash and cash equivalents

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

2.11 Share capital

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

2.12 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.

2.13 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.

2.14 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.

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

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

a. Service revenues

Service revenues mainly pertain to establishing, setting, operating up linking hub amplification & related processes to provide end to end communication needs.

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

b. Interest income

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

2.15 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.

2.16 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.

2.17 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.

2.18 Segmental reporting

The Company operates only in one business segment viz. establishing, setting, operating up linking hub amplification & related processes, which is the only reportable segment and company has operations only in India. Accordingly, no further operating segment financial information is disclosed.

3. Key sources of estimation uncertainties and Critical judgements

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

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

3.1 Key sources of estimation uncertainties

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

b. 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).

4. Significant transactions / new developments

The Company elected to exercise the option permitted under section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Act, 2019 to pay taxes at a lower rate subject to certain conditions. Accordingly, the Company has recognised provision for income tax basis the rate prescribed in said section.

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

5. 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 and 2019:

	Plant and equipment	Office equipment	Computer	Total
Gross carrying value				
As of April 1, 2018	**301,272**	**5,676**	**1,454**	**308,402**
Additions	2,471	93	22	2,586
As of March 31, 2019	**303,743**	**5,769**	**1,476**	**310,988**
Additions	3,627	-	-	3,627
Disposals / adjustments	(1,505)	-	-	(1,505)
As of March 31, 2020	**305,865**	**5,769**	**1,476**	**313,110**
Accumulated depreciation				
As of April 1, 2018	**185,579**	**5,346**	**1,336**	**192,261**
Charge	29,066	184	87	29,337
Disposals / adjustments	(6)	4	2	-
As of March 31, 2019	**214,639**	**5,534**	**1,425**	**221,598**
Charge	30,208	134	30	30,372
Disposals / adjustments	(1,505)	-	-	(1,505)
As of March 31, 2020	**243,342**	**5,668**	**1,455**	**250,465**
Net carrying value				
As of March 31, 2019	89,104	235	51	89,390
As of March 31, 2020	62,523	101	21	62,645

The carrying value of capital work-in-progress as at March 31, 2020 and March 31, 2019 is Rs. 4,332 and Rs. 640 respectively, which mainly pertains to plant and equipment.

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

6. Other assets

Non-current

	As of March 31, 2020	As of March 31, 2019
Advances - paid under protest	-	28,378
Taxes recoverable (net)*	-	4,490
	-	**32,868**

Current

	As of March 31, 2020	As of March 31, 2019
Taxes recoverable (net)*	45,754	51,590
Prepaid expenses	3,274	3,235
Advances to suppliers (net)@	2,864	189
Others#	315	315
	52,207	**55,329**

* It includes goods and services tax ('GST'), customs duty, excise duty, sales, and service tax.

@ Advances to suppliers are disclosed net of provision of Rs. 899 and Rs. 712 as of March 31, 2020 and March 31, 2019 respectively.

It mainly includes finance lease receivable.

7. Trade receivables

	As of March 31, 2020	As of March 31, 2019
Trade receivable considered good - unsecured	228,878	210,308
Less: Allowances for doubtful debts	(165,448)	(146,757)
	63,430	**63,551**

Refer note 26 (1) (c) for credit risk

The movement in allowances for doubtful debts is as follows:

	As of March 31, 2020	As of March 31, 2019
Opening balance	146,757	141,174
Additions	22,384	5,583
Write off /reversal	(3,693)	-
	165,448	**146,757**

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

8. Cash and cash equivalents ('C&CE')

	As of	
	March 31, 2020	March 31, 2019
Balances with banks		
- On current accounts	1,148	1,437
	1,148	**1,437**

9. Share capital

	As of	
	March 31, 2020	March 31, 2019
Authorised shares		
23,000,000 (March 31,2019 - 23,000,000) equity shares of Rs 10 each	230,000	230,000
Issued, Subscribed and fully paid-up shares		
23,000,000 (March 31,2019 - 23,000,000) equity shares of Rs 10 each	230,000	230,000
	230,000	**230,000**

a. Terms / rights attached to equity shares

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

b. 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. of shares	% holding	No. of shares	% holding
Equity shares of Rs 10 each fully paid up				
Bharti Airtel Limited (Parent Company)	22,998,995	99.9956%	22,998,995	99.9956%
Bharti Enterprises Limited	1,005	0.0044%	1,005	0.0044%

10. Reserves and surplus - retained earnings

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

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

11. Borrowings

Current

	As of	
	March 31, 2020	**March 31, 2019**
Unsecured		
Term Loans		
Loan from holding company (refer note 24)	560,165	648,865
Less:- Interest accrued but not due (refer note 13)	(29)	(29)
	560,136	**648,836**

The borrowings of Rs. 560,136 and Rs. 648,836 as of March 31, 2020 and 2019 respectively, are repayable on demand carrying no interest for the year ended March 31, 2020 and 2019 respectively.

Unused lines of credit

The below table provides the details of un-drawn credit facilities that are available to the Company:

	As of	
	March 31, 2020	**March 31, 2019**
Unsecured	249,864	161,164
	249,864	**161,164**

12. Trade payables

	As of	
	March 31, 2020	**March 31, 2019**
Trade payables *	305,591	229,453
	305,591	**229,453**

*Includes amount payable to related parties (refer note 24).

There is no amount payable to micro and small enterprises as of March 31, 2020 and March 31, 2019. Accordingly, disclosures as required under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) are not applicable on the Company.

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

13. Financial liabilities - Others

Current

	As of	
	March 31, 2020	March 31, 2019
Payables against capital expenditure	4,047	65
Interest accrued but not due*	29	29
	4,076	**94**

* Represents amount due to parent company (refer note 24)

14. Other liabilities

Current

	As of	
	March 31, 2020	March 31, 2019
Taxes payable*	3,071	9,089
	3,071	**9,089**

*It mainly pertains to goods & services tax ('GST'), service tax and other taxes payable.

15. Contingencies and commitments

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

16. Revenue from operations

	For the year ended	
	March 31, 2020	March 31, 2019
Service revenue	260,115	273,884
Sale of Products	-	910
	260,115	**274,794**

Disaggregation of revenue

Timing of Revenue Recognition

	For the year ended	
	March 31, 2020	March 31, 2019
Products and services transferred over time	260,115	273,884
Products transferred at a point in time	-	910
	260,115	274,794

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

Contract Balances

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

	As of	
	March 31, 2020	March 31, 2019
Current	-	1,118
Non Current	240	-
	240	1,118

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

	For the year ended	
	March 31, 2020	March 31, 2019
Transfers from deferred revenue recognised at the beginning of the year to receivables	1,118	28,303
	1,118	28,303

17. Network Operating Expense

	For the year ended	
	March 31, 2020	March 31, 2019
Communication and space segment charges	37,630	217,512
Leased line charges	3,252	13,007
Repair and maintenance	2,002	4,916
Installation charges	701	230
Others*	3,808	6,276
	47,393	**241,941**

*It includes charges towards data centre cost and insurance.

18. Employee benefits expense

	For the year ended	
	March 31, 2020	March 31, 2019
Cost allocation from parent company	8,951	8,828
	8,951	**8,828**

19. Other expenses

	For the year ended	
	March 31, 2020	March 31, 2019
Billing and software expenses	2,880	4,623
Legal and professional fees#	1,052	1,115
IT expenses	11,440	-
Provision for doubtful debts	18,691	5,583
Bad debts written off	3,693	-
Miscellaneous expense*	253	2,101
	38,009	**13,422**

* It includes cost of goods sold , repairs and maintenance and other miscellaneous expenses.

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

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

	For the year ended	
	March 31, 2020	**March 31, 2019**
Audit fee	468	456
Reimbursement of expenses	35	
	503	**456**

20. Depreciation expense

	For the year ended	
	March 31, 2020	**March 31, 2019**
Depreciation (including on ROU)	186,960	29,337
	186,960	**29,337**

21. Finance cost and income

	For the year ended	
	March 31, 2020	**March 31, 2019**
Finance costs		
Interest expense - Finance lease	19,863	0
Net exchange loss	26,171	6,050
Bank charges	63	75
	46,097	**6,125**
Finance income		
Interest income	6,591	8,784
	6,591	**8,784**

22. Income Taxes

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

	For the year ended	
	March 31, 2020	**March 31, 2019**
Loss before tax	(69,213)	(30,876)
Tax income @ company's domestic tax rate of 25.168% / 30.9%	(17,420)	(9,541)
Effect of:		
Losses and deductible temporary difference against which no deferred tax asset recognised	17,420	9,541
Income tax expense	-	-

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry forward of unabsorbed depreciation and unused tax losses can be utilised. Accordingly, the company has not recognised deferred tax assets in respect of deductible temporary differences, carry forward of unabsorbed depreciation and unused tax losses of

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

Rs. 748,292 and Rs. 741,746 as of March 31, 2020 and 2019 respectively, as it is not probable that taxable profits will be available in future.

Of the above balance as of March 31, 2020 and 2019, tax losses, unabsorbed depreciation and deductible temporary differences to the extent of Rs. 422,232 and Rs. 385,175 respectively, have an indefinite carry forward period and the balance amount expires unutilised as follows:

	As of	
Expiry date	**March 31, 2020**	**March 31, 2019**
Within one - three years	223,735	238,960
Within three - five years	44,237	91,677
Above five years	58,088	25,934
	326,059	356,571

23. Earnings per share ('EPS')

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

	As of	
	March 31, 2020	**March 31, 2019**
Weighted average shares outstanding ('000) for basic / diluted EPS	23,000	23,000
Loss for the year	(69,213)	(30,876)

24. Related Party disclosures

(i) Parent Company

Bharti Airtel Limited

(ii) 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.

(iii) Other entities with whom the transactions have taken place during the reporting periods

Fellow subsidiary

Nxtra Data Limited

Bharti Telemedia Limited

(iv) Key Management Personnel

Ravi Prakash Gandhi

The remuneration paid to Key Management Personnel of the Company is borne by its Parent Company, Bharti Airtel Limited and cross charged as part of a single composite consideration. Accordingly, the same is not reported under related party transaction.

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

The summary of significant transactions with the above mentioned parties are as follows:

	For the year ended			
	March 31, 2020		March 31, 2019	
	Parent company	Fellow subsidiary	Parent company	Fellow subsidiary
Receiving of services	20,021	11,860	17,326	21,096
Loans taken	152,300	-	344,000	-
Repayment of loans taken	241,000	-	386,800	-
Expenses incurred on behalf of the company	8,951	-	8,828	-

The outstanding balances of the above mentioned related parties are as follows:

	Parent company	Fellow subsidiaries
As of March 31, 2020		
Loan outstanding	560,136	-
Interest accrued but not due on borrowings	29	-
Trade payables / (Receivables)	146,949	(6,649)
As of March 31, 2019		
Loan outstanding	648,836	-
Interest accrued but not due on borrowings	29	-
Trade payables	154,887	24,599

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

25. 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:

	As of April,1 2019
Right-of-use assets	254,609
Lease liabilities	285,785
Decrease in equity	**(31,176)**

Company as a lessee

Right-of-use assets ('ROU')

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

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

	Transponder
Balance at April 1, 2019	254,609
Additions	245,398
Depreciation charge for the year	(156,588)
Disposals / adjustments	(23,339)
Balance at March 31, 2020	**320,080**

- Transponder

  The Company's leases comprise of capacity in the space segment in satellite system in direct to home business.

Amounts recognised in statement of profit or loss

Leases under Ind AS 116	For year ended March 31, 2020
Interest on lease liabilities	19,863

Amounts recognised in statement of cash flows

Leases under Ind AS 116	For year ended March 31, 2020
Total cash outflow for leases	189,975

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	**313,717**
Discounted using the incremental borrowing rate at April 1, 2019	285,785
Lease liabilities recognised at April 1, 2019	**285,785**

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

The Company has made use of the following practical expedients available on transition to Ind AS 116: (a) used a single discount rate to a portfolio of leases of similar assets in similar economic environment, (b) not recognised ROU assets and lease liabilities for leases with less than twelve months of remaining lease term and low-value assets on the date of initial application, (c) relied on previous assessments that none of the

leases were onerous and concluded that there is no need for impairment review and (d) used hindsight in determining the lease term where the contracts contained options to extend or terminate the lease.

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

Leases under Ind AS 116	**As of March 31, 2020**
Not later than one year	194,516
Later than one year but not later than five years	212,447
Later than five years	-
Total	**406,963**

26. 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, interest rate risk and price risk), credit risk and liquidity risk. The Company's risk management strategies focus on the un-predictability of these elements and seek to minimise the potential adverse effects on its financial performance.

The financial risk management for the Company is driven by the Company's senior management ('CSM'), in close co-ordination with the operating entities and internal / external experts subject to necessary supervision. The Company does not undertake any speculative transactions either through derivatives or otherwise. The CSM are accountable to the Board of Directors and Audit Committee. They ensure that the Company's financial risk-taking activities are governed by appropriate financial risk governance frame work, policies and procedures. The Board of Directors of the respective operating entities periodically reviews the exposures to financial risks, and the measures taken for risk mitigation and the results thereof.

a) Foreign currency risk

Foreign exchange risk arises on all recognised monetary assets and liabilities, and any highly probable forecasted transactions, which are denominated in a currency other than the functional currency of the Company. The Company has foreign currency trade payables which carries foreign exchange exposure.

The foreign exchange risk management policy of the Company requires it to manage the foreign exchange risk by transacting as far as possible in the functional currency.

Foreign currency sensitivity

The impact of foreign exchange sensitivity on loss for the year is given in the table below:

	Change in currency exchange rate	Effect on loss before tax	Effect on equity (OCI)
For the year ended March 31, 2020			
US Dollars	+5%	(3,211)	-
	-5%	3,211	-
For the year ended March 31, 2019			
US Dollars	+5%	(8)	-
	-5%	8	-

The sensitivity disclosed in the above table is mainly attributable to, in case of to foreign exchange gains / (losses) on translation of USD denominated balances.

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.

Based on the movements in the foreign exchange rates historically and the prevailing market conditions as at the reporting date, the Company's management has concluded that the above mentioned rates used for sensitivity are reasonable benchmarks.

b) Interest rate risk

As the Company does not have exposure to any floating-interest bearing assets, or any significant long-term fixed-interest bearing assets, its interest income and related cash inflows are not affected by changes in market interest rates. The Company does not have exposure to any floating interest rate liabilities.

c) 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.

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

Trade receivables

The Trade receivables of the Company are typically non-interest bearing un-secured and derived from sales made to corporate customers. As the customer base is widely distributed both economically and geographically, there is no concentration of credit risk.

As there is no independent credit rating of the customers available with the Company, the management reviews the credit-worthiness of its customers based on their financial position, past experience and other factors. The credit risk related to the trade receivables is managed / mitigated by each business unit, basis the Company's established policy and procedures, by setting appropriate payment terms and credit period, and by setting and monitoring internal limits on exposure to individual customers. The credit period provided by the Company to its customers generally ranges between 0-90 days.

The Company uses a provision matrix to measure the expected credit loss of trade receivables, which comprise a very large numbers of small balances. Based on the industry practices and the business environment in which the entity operates, management considers that the trade receivables are credit impaired if the payments are more than 90 days past due (except receivables from related parties).

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

		Past due but not impaired				
	Neither past due nor impaired	Less than 30 days	30 to 60 days	60 to 90 days	Above 90 days	Total
Trade receivables as of March 31, 2020	779	20,459	14,564	18,107	9,521	63,430
Trade receivables as of March 31, 2019	5,563	17,733	17,287	13,447	9,521	63,551

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 its ordinary course of business. The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amount due. Where the financial asset has been written-off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit and loss.

Other financial instruments

The Company's treasury, in accordance with the board approved policy, maintains its cash and cash equivalents - with banks, financial and other institutions, having good reputation and past track record, and high credit rating. Similarly, counter-parties of the Company's other receivables carry either no or very minimal credit risk. Further, the Company reviews the credit-worthiness of the counter-parties (on the basis of its ratings, credit spreads and financial strength) of all the above assets on an on-going basis, and if required, takes necessary mitigation measures.

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

d) 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. Refer note 11 for unused line of credit.

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

	March 31, 2020						
	Carrying amount	On demand	Less than 6 months	6 to 12 months	1 to 2 years	> 2 years	Total
Borrowings *	560,165	560,165	-	-	-	-	560,165
Trade payables	305,591	-	305,591	-	-	-	305,591
Other financial liabilities *	4,047	-	4,047	-	-	-	4,047
Lease Liabilities	357,354	-	106,507	88,009	153,784	58,663	406,963
	1,227,157	560,165	416,145	88,009	153,784	58,663	1,276,766

	March 31, 2019						
	Carrying amount	On demand	Less than 6 months	6 to 12 months	1 to 2 years	> 2 years	Total
Borrowings *	648,865	648,865	-	-	-	-	648,865
Trade payables	229,453	-	229,453	-	-	-	229,453
Other financial liabilities *	65	-	65	-	-	-	65
	878,383	648,865	229,518	-	-	-	878,383

*Interest accrued but not due has been included in interest bearing borrowings and excluded from other financial liabilities.

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

Reconciliation to liabilities whose net cash flow movements are disclosed as part of financing activities in the statement of cash flows

	April 1, 2019	Cash flows	Non-cash changes Interest expenses	March 31, 2020
Borrowings	648,836	(88,700)	-	560,136
Interest accrued but not due	29	(19,863)	19,863	29

2. Capital Risk

The Company's objective while managing capital is to safeguard its ability to continue as a going concern (so that it is enabled to provide returns and create value for its shareholders, and benefits for other stakeholders), support business stability and growth, ensure adherence to the covenants and restrictions imposed by lenders and / or relevant laws and regulations, and maintain an optimal and efficient capital structure so as to reduce the cost of capital. However, the key objective of the Company's capital management is to, ensure that it maintains a stable capital structure with the focus on total equity, uphold investor; creditor and customer confidence, and ensure future development of its business activities. In order to maintain or adjust the capital structure, the Company may issue new shares, declare dividends, return capital to shareholders, etc.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions or its business requirements.

The Company monitors capital using a gearing ratio as below:

	As of	
	March 31, 2020	**March 31, 2019**
Borrowings	560,136	648,836
Less: Cash and cash equivalents	1,148	1,437
Net debt	**558,988**	**647,399**
Equity	(691,378)	(590,989)
Total capital	**(691,378)**	**(590,989)**
Capital and net debt	**(132,390)**	**56,410**
Gearing ratio	**-422%**	**1148%**

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

27. COVID – 19

Covid 19 pandemic has resulted in a nationwide locked down with restrictions imposed on movement of people and goods. Consequently, the Company formulated a robust Business Continuity Plan to ensure that its operations are not disrupted. The Company has considered a range of possible scenarios to understand potential outcomes on its business and plan appropriately.

A detail assessment has been carried out by the Company with regards to impact on revenue and costs. Impact due to any extended credit terms, cancelled orders, change in contractual terms, price concession request, onerous obligations etc. were comprehensively evaluated for any risk due to Covid-19 on revenue recognized and collectability thereof and no material impact has been noted. The Company has not experienced any loss of significant customer on account of force majeure clauses in the revenue contracts. Besides, the Company has also assessed its other arrangements, 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.

28. Fair Value of financial assets and liabilities

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

	Carrying Value as of		Fair Value as of	
	March 31, 2020	**March 31, 2019**	**March 31, 2020**	**March 31, 2019**
Financial Assets				
Amortised cost				
Security deposits	1,950	1,800	1,950	1,800
Trade receivables	63,430	63,551	63,430	63,551
Cash and cash equivalents	1,148	1,437	1,148	1,437
	66,528	**66,788**	**66,528**	**66,788**
Financial Liabilities				
Amortised cost				
Borrowings	560,136	648,836	560,136	648,836
Trade payables	305,591	229,453	305,591	229,453
Other financial liabilities	4,076	94	4,076	94
	869,803	**878,383**	**869,803**	**878,383**

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

i. The carrying value of security deposit, trade receivables, trade payables, borrowings, other current financial liabilities approximate their fair value mainly due to the short-term maturities of these instruments or where impact of discounting considered not to be material.

During the year ended March 31, 2020 and 2019, there were no transfers between Level 1 and Level 2 fair value measurements. None of the financial assets and financial liabilities are in Level 3.