

## **INDEPENDENT AUDITOR'S REPORT**

### **To The Members of Nxtra Data Limited Report on the Audit of the Financial Statements**

#### **Opinion**

We have audited the accompanying financial statements of Nxtra Data Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2021, and the Statement of Profit and Loss (including Other Comprehensive loss), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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 March 31, 2021, and its profit, total comprehensive income, 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 Board's Report including annexure to Board'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 on the other information that we obtained prior to the date of this auditor's report, 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 loss, 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 loss, the Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the 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 March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 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,

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.

- h. 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 did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
    - 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)



**Nilesh H. Lahoti**  
Partner  
(Membership No. 130054)  
UDIN: 21130054AAAACT6419

Place: New Delhi  
Date: June 03, 2021

**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 Nxtra Data 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 Nxtra Data Limited ("the Company") as of March 31, 2021 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 ("the Guidance Note"). 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 ("the Act").

**Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note 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 unauthorized 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 March 31, 2021, based on the criteria for internal financial control over financial reporting established by the respective Company considering the essential components of internal control stated in the Guidance Note.

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



**Nilesh H. Lahoti**  
Partner  
(Membership No. 130054)  
UDIN: 21130054AAAACT6419

Place: New Delhi  
Date: June 03, 2021

**“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 to the Members of Nxtra Data Limited 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.
  - 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, no fixed assets were physically verified by the Management during the year.
  - c) According to information and explanation given to us, the Company does not have any immovable properties and hence the provisions of the clause 3(i)(c) are not applicable.
- ii. During the year Company did not carried out physical verification of Inventory, considering it is insignificant in absolute value to overall operations of the Company.
- iii. According to information and explanation 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 deposits during the year and does not have any unclaimed deposits as at March 31, 2020 and therefore, the provisions of the clause 3 (v) of the Order are not applicable.
- vi. To the best of our knowledge and as explained, 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 Provident Fund, Employees’ State Insurance, 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 Provident Fund, Employees' State Insurance, Income-tax, Goods and Services Tax, Customs Duty, cess and other material statutory dues in arrears as at March 31, 2020 for a period of more than six months from the date they became payable, except below:

Name of the statute	Nature of dues	Amount Involved (₹)	Period to which the amount relates
Maharashtra Value Added Tax Act, 2002	Value Added Tax	51,958	2018-19
Karnataka Value Added Tax Act, 2003	Value Added Tax	2,978	2018-19

(c) There are no dues of Income-tax, Sales tax, Value Added Tax, Service tax, Goods and Services tax, Customs Duty which have not been deposited on account of any dispute.

- viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions, banks and government.
- ix. During the current year, the Company has not raised moneys by way of initial public offer or further public offer (including debt instruments). In our opinion and according to the information and explanations given to us, the term loans have been applied by the Company during the year for the purposes for which they were raised, other than temporary deployment pending application of proceeds.
- 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 paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- xii. The Company is not a Nidhi Company and hence reporting under clause 3 (xii) of the Order is not applicable.
- xiii. In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 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. In our opinion and according to the information and explanation given to us, the Company has made preferential allotment of compulsorily convertible preference shares during the year under review.

In respect of the above issue, we further report that:

- a) the requirements of Section 42 of the Companies Act, 2013, as applicable, has been complied with; and



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- b) the amounts raised have been applied by the Company during the year for the purpose for which the funds were raised i.e. to augment its working capital needs.
- xv. In our opinion and 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)



**Nilesh H. Lahoti**  
Partner  
(Membership No. 130054)  
UDIN: 21130054AAAAC6419

Place: New Delhi  
Date: June 03, 2021

**Independent Auditor's Report**

**Nxtra Data Limited**

**Ind AS Financial Statements – March 2021**

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## **Ind AS Financial Statements**

**Nxta Data Limited**  
**Balance Sheet**  
*(All amounts are in millions of Indian Rupee)*

	Notes	As of	
		March 31, 2021	March 31, 2020
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	8,262	8,134
Capital work-in-progress	5	4,612	1,273
Right-of-use assets	29	1,434	1,324
<b>Financial assets</b>			
- Investments	6	4	4
- Security deposits	7	324	226
- Others	12	2	-
Income tax assets (net)		103	451
Deferred tax assets (net)	8	583	579
Other non-current assets	9	1	1
		<b>15,325</b>	<b>11,992</b>
<b>Current assets</b>			
Inventories		38	17
<b>Financial assets</b>			
- Investments	6	690	-
- Trade receivables	10	822	1,244
- Cash and cash equivalents	11	124	46
- Other bank balances	11	8	-
- Others	12	71	60
Other current assets	9	1,837	1,363
		<b>3,590</b>	<b>2,690</b>
		<b>18,915</b>	<b>14,682</b>
<b>Total assets</b>			
<b>Equity and liabilities</b>			
<b>Equity</b>			
Equity Share capital	13	90	90
Other equity		2,751	966
		<b>2,841</b>	<b>1,056</b>
<b>Non-current liabilities</b>			
<b>Financial liabilities</b>			
- Borrowings	15	3,150	3,250
- Lease liabilities		665	900
- Derivative instruments		181	-
- Others	16	6,019	-
Deferred revenue	21	31	25
Provisions	17	25	19
		<b>10,871</b>	<b>7,194</b>
<b>Current liabilities</b>			
<b>Financial liabilities</b>			
- Borrowings	15	1,750	3,661
- Current maturities of long-term borrowings	15	-	500
- Lease liabilities		241	213
- Trade payables	18	-	-
- total outstanding dues of micro enterprises and small enterprises		49	10
- total outstanding dues of creditors other than micro enterprises and small enterprises		2,777	3,351
- Others	16	535	1,451
Deferred revenue	21	54	63
Provisions	17	17	13
Current tax liabilities (net)		182	-
Other current liabilities	19	98	170
		<b>5,203</b>	<b>9,432</b>
		<b>16,074</b>	<b>13,626</b>
		<b>18,915</b>	<b>14,682</b>
<b>Total equity and liabilities</b>			

The accompanying notes 1 to 32 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)



Nilesh H. Lahoti  
Partner  
Membership No: 130054

For and on behalf of the Board of Directors of Nxta Data Limited

  
Rajesh Tapadia  
WTD & Chief Executive Officer  
DIN: 8391891

  
Durgesh Pandey  
Chief Financial Officer

  
Harjeet Singh Kohli  
Director  
DIN: 07575784

  
Shvanganj Bajaj  
Company Secretary

Place: New Delhi  
Date: June 3, 2021

**Extra Data Limited**  
**Statement of Profit and loss**  
*(All amounts are in millions of Indian Rupee / except per share data)*

	Notes	For the year ended	
		March 31, 2021	March 31, 2020
<b>Income</b>			
Revenue from operations		11,091	10,854
Other income	21	346	100
		<b>11,437</b>	<b>10,954</b>
<b>Expenses</b>			
Data centre operating expenses	22	6,235	7,353
Employee benefits expense	23	263	187
Other expenses	24	511	526
		<b>7,009</b>	<b>8,066</b>
<b>Profit before depreciation, finance costs and tax</b>		<b>4,428</b>	<b>2,888</b>
Depreciation expense	25	1,773	1,798
Finance costs	26	241	186
<b>Profit before tax</b>		<b>2,414</b>	<b>904</b>
<b>Tax expense / (credit)</b>			
Current tax	8	629	285
Deferred tax	8	(3)	(93)
		<b>626</b>	<b>192</b>
<b>Profit for the year</b>		<b>1,788</b>	<b>712</b>
<b>Other comprehensive income</b>			
Items not to be reclassified to profit or loss :			
- Re-measurement (loss) on defined benefit plans	23	(4)	(1)
- Tax credit	8	1	0
<b>Other comprehensive loss for the year</b>		<b>(3)</b>	<b>(1)</b>
<b>Total comprehensive income for the year</b>		<b>1,785</b>	<b>711</b>
<b>Earnings per share (Face value: Rs. 10 each)</b>			
Basic and diluted earnings per share	27	187.44	78.98

The accompanying notes 1 to 32 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)



**Nilesh H. Lahoti**  
Partner  
Membership No: 130054

For and on behalf of the Board of Directors of Extra Data Limited



**Rajesh Taparia**  
WTD & Chief Executive Officer  
DIN: 8391891



**Durgesh Pandey**  
Chief Financial Officer



**Harjeet Singh Kohli**  
Director  
DIN: 07575784



**Shivangni Bajjal**  
Company Secretary

Place: New Delhi  
Date: June 3, 2021

Statement of Changes in Equity

(All amounts are in millions of Indian Rupee, unless stated otherwise)

	Equity share capital		Other equity - Reserves and Surplus				Total	Total equity
	No. of shares (in '000)	Amount	Securities premium	Deemed capital contribution	Retained earnings	Capital reserve		
As of April 1, 2019	9,018	-	-	258	186	(189)	255	345
Profit for the year	-	-	-	-	712	-	712	712
Other comprehensive loss	-	-	-	-	(1)	-	(1)	(1)
Total comprehensive income	-	-	-	-	711	-	711	711
As of March 31, 2020	9,018	90	-	258	897	(189)	966	1,056
Issue of Shares	0	0	0	-	-	-	0	0
Profit for the year	-	-	-	-	1,788	-	1,788	1,788
Other comprehensive loss	-	-	-	-	(3)	-	(3)	(3)
Total comprehensive income	-	-	-	-	1,785	-	1,785	1,785
As of March 31, 2021	9,018	90	0	58	2,682	(189)	2,751	2,841

Total 10 (Ten) equity shares of Rs. 5,750 per share being term issue of Rs 50 per share.

The accompanying notes 1 to 32 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)



Nilesh H. Lahoti  
 Partner  
 Membership No: 130054

For and on behalf of the Board of Directors of Extra Data Limited



Rajesh Tapadia  
 WTD & Chief Executive Officer  
 UIN: 8394901



Durgesh Pandey  
 Chief Financial Officer



Harjeet Singh Kohli  
 Director  
 DIN: 07525784



Shwagati Bajjal  
 Company Secretary

Place: New Delhi  
 Date: June 3, 2021

Extra Data Limited  
Statement of Cash Flows  
(All amounts are in millions of Indian Rupee)

	For the year ended	
	March 31, 2021	March 31, 2020
<b>Cash flows from operating activities</b>		
Profit before tax	7,414	904
<b>Adjustments for:</b>		
Depreciation	1,773	1,798
Finance costs	230	186
Interest Income	(31)	(9)
Other non-cash items	77	89
<b>Operating cash flow before changes in working capital</b>	<b>4,463</b>	<b>2,968</b>
<b>Changes in working capital</b>		
Trade receivables	369	4,618
Trade payables	(536)	1,704
Inventories	(25)	(17)
Other financial and non-financial liabilities	(912)	865
Other financial and non-financial assets	(491)	(984)
<b>Net cash generated from operations before tax</b>	<b>2,868</b>	<b>9,154</b>
Income tax paid- net	(100)	(389)
<b>Net cash generated from operating activities (a)</b>	<b>2,768</b>	<b>8,765</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(5,101)	(7,550)
Purchase of investments	(690)	-
Interest received	31	12
<b>Net cash used in investing activities (b)</b>	<b>(5,760)</b>	<b>(7,538)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares	0	-
Proceeds from borrowings	4,400	16,918
Repayment of borrowings	(3,750)	(17,775)
Net repayment from short term borrowings	(3,661)	-
Proceeds from issuance of compulsorily convertible preference shares	7,000	-
Payment of lease liabilities	(669)	(186)
Interest and other finance charges paid	(250)	(179)
<b>Net cash generated from / (used in) financing activities (c)</b>	<b>3,070</b>	<b>(1,222)</b>
<b>Net increase in cash and cash equivalents during the year (a + b + c)</b>	<b>78</b>	<b>5</b>
Add : Cash and cash equivalents as at the beginning of the year	46	41
<b>Cash and cash equivalents as at the end of the year (refer note 11)</b>	<b>124</b>	<b>46</b>


The accompanying notes 1 to 32 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)




Nilesh H. Lahoti  
Partner  
Membership No: 130014

For and on behalf of the Board of Directors of Extra Data Limited



Rajesh Tapadia  
WTD & Chief Executive Officer  
DIN: 8391291



Durgesh Pandey  
Chief Financial Officer



Harjeet Singh Kohli  
Director  
DIN: 07575701



Shivangni Bajjal  
Company Secretary



## **1. Corporate information**

Nxtra Data 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 the business of data center, managed services and sale of hardware.

## **2. Summary of significant accounting policies**

### **2.1 Basis of preparation**

These financial statements have been prepared to comply in all material respects with the Indian Accounting Standards ('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 accounting principles generally accepted in India.

The financial statements are approved for issue by the Company's Board of Directors on June 3, 2021.

The financial statements are based on the classification provisions contained in Ind AS 1, 'Presentation of Financial Statements' and Division II of Schedule III of the 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 disaggregated separately in the notes to the financial statements, where applicable or required.

All the amounts included in the financial statements are reported in millions of Indian Rupee ('Rupee' or 'Rs.') and are rounded to the nearest million, 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 Profit to these regrouping / reclassifications.

### **New Amendments adopted during the year**

MCA vide notification no. G.S.R. 463(E) dated July 24, 2020 has issued the Companies (Indian Accounting Standards) Amendment Rules, 2020 which amends following Ind AS:

- Ind AS 103, Business Combinations
- Ind AS 107, Financial Instruments: Disclosures
- Ind AS 109, Financial Instruments
- Ind AS 116, Leases
- Ind AS 1, Presentation of Financial Statements
- Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors
- Ind AS 10, Events after the Reporting Period
- Ind AS 37, Provisions, Contingent Liabilities and Contingent Assets

The amendments are applicable for annual periods beginning on or after the April 1, 2020, however, these do not have material impact on the financial statements of the Company.

### **Schedule III Division II**

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

## **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 which are classified as fair value through profit or loss (refer note 2.8) – 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

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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 rates 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. 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.

The equity items denominated in foreign currencies are translated at historical cost.

### **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 Common control transactions**

Transactions arising from transfers of assets / liabilities, interest in entities or businesses between entities that are under the common control, are accounted at historical carrying amounts. The difference, between consideration paid / received and the aggregate historical carrying amount of assets / liabilities and interest in entities acquired / disposed (other than impairment, if any), is recorded in capital reserve / retained earnings, as applicable.

## **2.6 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 derecognised from the balance sheet and cost of the new item of PPE is recognised. Further, in case the replaced part was not being depreciated separately, the cost of the replacement is used as an indication to determine the cost of the replaced part at the time it was acquired.

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

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



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

<b>Categories</b>	<b>Years</b>
Building	20
Plant and Machinery	2-20
Computer	1-3
Office equipment	2 - 5
Furniture and Fixtures	5
Leasehold improvements	Lease term or 20 years, whichever is less

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 (CWIP) is presented separately in the balance sheet.

## **2.7 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 cash-generating-unit ('CGU') level to which the said asset belongs. If such individual assets or CGU are considered to be impaired, the impairment to be recognised in the statement of profit and loss is measured by the amount by which the carrying value of the asset / CGU exceeds their estimated recoverable amount and allocated on pro-rata basis. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets.

### **Reversal of impairment losses**

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

## **2.8 Financial instruments**

### **a. Recognition, classification and presentation**

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

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

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

The Company has classified all the non-derivative financial liabilities 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 a 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 other income.

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

All financial assets that do not meet the criteria for amortised cost are measured at FVTPL. Interest (basis EIR method) income from financial assets at FVTPL is recognised in the statement of profit and loss within other income separately from the other gains / losses arising from changes in the fair value.



### **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 months, 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**

The 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. Measurement – derivative financial instruments**

Derivative financial instruments, including separated embedded derivatives are classified as financial instruments at fair value through profit or loss - Held for trading. Such derivative financial instruments are initially recognised at fair value. They are subsequently measured at their fair value, with changes in fair value being recognised in the statement of profit and loss.

#### **d. Derecognition**

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

### **2.9 Leases**

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



### Company as a lessee

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.

### **Company as a lessor**

Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Amounts due from lessees under a finance lease are recognised as receivables at an amount equal to the net investment in the leased assets. Finance lease income is allocated to the periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the finance lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised 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.

The Company enters into arrangements wherein the right to use the data centre (mainly pertains to building, P&M and other assets) is given over the substantial part of the asset life. However, as the title to the assets and the significant risks associated with the operation and maintenance of these assets remains with the Company, such arrangements are recognised as operating lease. The contracted price is recognised as revenue during the tenure of the agreement.

## **2.10 Taxes**

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

### **a. Current tax**

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

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

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

#### **b. Deferred tax**

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying values in the financial statements. Deferred tax is also recognised in respect of carried forward tax losses and tax credits. However, deferred taxes 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.

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

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

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

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

#### **2.11 Inventories**

Inventories are stated at the lower of cost (determined using the first-in-first-out method) and net realisable value. The costs comprise its purchase price and any directly attributable cost of bringing the inventories to its



present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

## **2.12 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).

## **2.13 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.

## **2.14 Employee benefits**

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

### **a. Defined contribution plans**

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

### **b. Defined benefit plans**

In accordance with the local laws and regulations, all the employees are entitled for the Gratuity plan. The said plan requires a lump-sum payment to eligible employees (meeting the required vesting service condition) at retirement or termination of employment, based on a pre-defined formula.

The Company provides for the liability towards the said plans on the basis of actuarial valuation carried out quarterly as at the reporting date, by an independent qualified actuary using the projected-unit-credit method.



The obligation towards the said benefits is recognised in the balance sheet, at the present value of the defined benefit obligations. The present value of the said obligation is determined by discounting the estimated future cash outflows, using interest rates of government bonds.

The interest income / (expense) are calculated by applying the above mentioned discount rate to the plan assets and defined benefit obligations liability. The net interest income / (expense) on the net defined benefit liability is recognised in the statement of profit and loss. However, the related re-measurements of the net defined benefit liability are recognised directly in the other comprehensive income in the period in which they arise. The said re-measurements comprise of actuarial gains and losses (arising from experience adjustments and changes in actuarial assumptions), the return on plan assets (excluding interest). Re-measurements are not re-classified to the statement of profit and loss in any of the subsequent periods.

**c. Other long-term employee benefits**

The employees of the Company are entitled to compensated absences as well as other long-term benefits. Compensated absences benefit comprises of encashment and availment of leave balances that were earned by the employees over the period of past employment.

The Company provides for the liability towards the said benefit on the basis of actuarial valuation carried out quarterly as at the reporting date, by an independent qualified actuary using the projected-unit-credit method. The related re-measurements are recognised in the statement of profit and loss in the period in which they arise.

**2.15 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.

**2.16 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.



### **2.17 Revenue recognition**

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

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

#### **a) Service revenue**

Service revenue mainly pertains to the revenue from data center and managed services which are recognised post completion of performance obligation.

Revenues in excess of invoicing are classified as unbilled revenue while invoicing / collection in excess of revenue are classified as deferred revenue / advance from customers.

#### **b) Equipment sales**

Equipment sales mainly pertain to sale of telecommunication equipment and related accessories for which revenue is recognised when the control of equipment is transferred to the customer, i.e. transferred at a point in time.

#### **c) Interest income**

The interest income is recognised using the EIR method.

### **2.18 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. Other borrowing costs are recognised in the statement of profit and loss within finance costs in the period in which they are incurred.

### **2.19 Exceptional items**

Exceptional items refer to items of income or expense within the statement of profit and loss from ordinary activities which are non-recurring and are of such size, nature or incidence that their separate disclosure is considered necessary to explain the performance of the Company.



## **2.20 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.

## **2.21 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.

## **2.22 Segment reporting**

The Company operates only in one business segment viz. to carry on the business of data centre, managed services, which is the only reportable segment. 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 2.6 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 in applying the Company's accounting policies**

#### **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**

- a) The Company has entered into an Investment Agreement with CA Cloud Investments (formerly Comfort Investments II) ('investor'). In accordance with the said agreement, the investor will subscribe to 17,880,000 compulsorily convertible preference shares ('CCPS'), each at Rs. 1,000, and 10 equity shares, each at Rs. 5,780 (including securities premium of Rs. 5,770), of Nxtra Data Limited for an aggregate consideration of Rs. 17,880 in three separate tranches. During the year ended March 31, 2021, Nxtra Data Limited has received the first tranche of Rs. 7,000 and has allotted 7,000,000 CCPS and 10 equity shares to the investor. The same has been classified as liabilities (refer note 16).
- b) During the previous year ended March 31, 2020, 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 and re-measured its deferred tax assets basis the rate prescribed in said section (refer note 8).
- c) The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. The Ministry of Labour and Employment ('Ministry') has issued draft of the Code on Social Security (Central) Rules, 2020 on November 13, 2020 and has invited suggestions from stakeholders which are under active consideration by the Ministry. However, the date on which the Code will come into effect has not been notified. The Company is assessing the impact of the Code and will record any related impact in the period the Code becomes effective.





**5. Property, plant and equipment ('PPE')**

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

	Building	Plant and machinery	Furniture and fixtures	Office equipment	Computer	Leasehold improvements	Total
<b>Gross Carrying value</b>							
<b>As of April 1, 2019</b>	-	12,485	13	1,112	182	431	14,223
Additions	1,135	3,669	-	64	26	2	4,896
Disposals / adjustments	-	(80)	-	(1)	(1)	-	(82)
<b>As of March 31, 2020</b>	<b>1,135</b>	<b>16,074</b>	<b>13</b>	<b>1,175</b>	<b>207</b>	<b>433</b>	<b>19,037</b>
Additions	-	1,656	1	49	6	1	1,713
Disposals / adjustments	(9)	(241)	86	(191)	(1)	(1)	(357)
<b>As of March 31, 2021</b>	<b>1,126</b>	<b>17,489</b>	<b>100</b>	<b>1,033</b>	<b>212</b>	<b>433</b>	<b>20,393</b>
<b>Accumulated depreciation</b>							
<b>As of April 1, 2019</b>	-	7,834	13	985	175	368	9,375
Charge	25	1,422	-	106	31	14	1,598
Disposals / adjustment	(0)	(69)	(0)	(1)	-	(0)	(70)
<b>As of March 31, 2020</b>	<b>25</b>	<b>9,187</b>	<b>13</b>	<b>1,090</b>	<b>206</b>	<b>382</b>	<b>10,903</b>
Charge	56	1,403	1	81	17	14	1,572
Disposals / adjustment	1	(139)	86	(263)	(29)	-	(344)
<b>As of March 31, 2021</b>	<b>82</b>	<b>10,451</b>	<b>100</b>	<b>908</b>	<b>194</b>	<b>396</b>	<b>12,131</b>
<b>Net carrying Amount</b>							
As of March 31, 2020	1,110	6,887	-	85	1	51	8,134
As of March 31, 2021	1,044	7,038	-	125	18	37	8,262

During the year ended March 31, 2021 and March 31, 2020 the Company has capitalised borrowing cost for under construction building of Rs. 111 and Rs. Nil respectively. The rate used to determine the amount of borrowing cost eligible for capitalisation is 6.71% for the year ended March 31, 2021 and Nil for year ended March 31, 2020.

The carrying value of capital work-in-progress as at March 31, 2021 and March 31, 2020 is Rs. 4,612 and Rs. 1,273 which mainly pertains to construction of plant and machinery and building.

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The following table presents the property, plant and equipment subject to an operating lease for the year ended March 31, 2021 and March 31, 2020 included above:

	Building	Plant and machinery	Office equipment	Total
<b>Gross Carrying value</b>				
<b>As of April 1, 2019</b>	-	-	-	-
Additions	1,135	1,524	1	2,660
<b>As of March 31, 2020</b>	<b>1,135</b>	<b>1,524</b>	<b>1</b>	<b>2,660</b>
Disposals / adjustments	(10)	0	-	(10)
<b>As of March 31, 2021</b>	<b>1,125</b>	<b>1,524</b>	<b>1</b>	<b>2,650</b>
<b>Accumulated depreciation</b>				
<b>As of April 1, 2019</b>	-	-	-	-
Additions	25	76	-	101
<b>As of March 31, 2020</b>	<b>25</b>	<b>76</b>	<b>-</b>	<b>101</b>
Additions	57	169	0	226
Disposals / adjustments	(1)	-	-	(1)
<b>As of March 31, 2021</b>	<b>81</b>	<b>245</b>	<b>0</b>	<b>326</b>
<b>Net carrying Amount</b>				
As of March 31, 2020	1.110	1,448	1	2,559
As of March 31, 2021	1.044	1,279	1	2,324

**6. Investment**

	As of	
	March 31, 2021	March 31, 2020
<b>Non- current</b>		
<b>Investments - FVTPL</b>		
Greenery Wind Corporation Pvt. Ltd. : 41,535 shares of Rs. 10 each	0	0
Aban Green Power Pvt. Ltd. : 47,155 shares of Rs. 10 each	0	0
Suganeshwara Hydel Power Pvt. Ltd. : 32,500 shares of Rs. 100 each	3	3
	<b>4</b>	<b>4</b>
<b>Current</b>		
<b>Investments - FVTPL</b>		
Mutual funds	690	-
	<b>690</b>	<b>-</b>
Aggregate book value of unquoted investments	4	4
Aggregate book value of quoted investments	690	-



**7. Security Deposits**

	As of	
	March 31, 2021	March 31, 2020
Security deposits*	324	226
	<b>324</b>	<b>226</b>

\* Security deposits include amount due from related parties (refer note 28), and net of provision of Rs. 2.

**8. Income taxes**

The major components of Income tax expense are:

	For the year ended	
	March 31, 2021	March 31, 2020
<b>Current income tax</b>		
- For the year	633	307
- Adjustments for prior periods	(4)	(22)
	629	285
<b>Deferred tax</b>		
- Origination and reversal of temporary differences	(3)	(77)
- Effect of change in tax rate (refer note 4(b))	-	137
- Adjustments for prior periods	-	(153)
	(3)	(93)
<b>Income tax expense</b>	<b>626</b>	<b>192</b>

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

	For the year ended	
	March 31, 2021	March 31, 2020
Profit before tax	2,414	904
Tax expense @ 25.168%	608	227
Effect of:		
Net deduction claimed under tax holiday provisions of income tax act	-	(3)
Changes in tax rate (refer note 4(b))	-	137
Adjustment in respect to current tax of previous years	(4)	(22)
Adjustment in respect to deferred tax of previous years	-	(153)
Expense not deductible (net)	22	6
<b>Income tax expense</b>	<b>626</b>	<b>192</b>



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The analysis of deferred tax assets is as follows:

	As of	
	March 31, 2021	March 31, 2020
<b>Deferred tax asset</b>		
Allowance for impairment of debtors / advance	127	117
Post employment benefits	5	3
Depreciation	451	459
<b>Net deferred tax asset</b>	<b>583</b>	<b>579</b>
	For the year ended	
	March 31, 2021	March 31, 2020
<b>Deferred tax income</b>		
Provision for impairment of debtors / advance	11	(27)
Post employment benefits	1	-
Lease rent equalisation	-	(5)
Depreciation	(9)	125
<b>Net deferred tax income</b>	<b>3</b>	<b>93</b>

The movement in deferred tax assets during the year is as follows:

	As of	
	March 31, 2021	March 31, 2020
<b>Opening balance</b>	<b>579</b>	<b>435</b>
Tax credit recognised in statement of profit or loss	3	93
Tax income recognised in equity on transition impact of Ind AS 116	-	51
Tax credit recognised in OCI	1	0
<b>Closing balance</b>	<b>583</b>	<b>579</b>



**9. Other assets**

**Non-current**

	As of	
	March 31, 2021	March 31, 2020
Prepaid expenses	1	1
	<b>1</b>	<b>1</b>

**Current**

	As of	
	March 31, 2021	March 31, 2020
Taxes recoverable*	335	273
Advances to suppliers (net)**	463	218
Prepaid expenses	949	798
Others	90	14
	<b>1,837</b>	<b>1,303</b>

\*Taxes recoverable include or represents goods and services tax (GST).

\*\* Advance to Suppliers are disclosed net of provision of Rs. 28 and Rs. 19 as of March 31, 2021 and March 31, 2020, respectively.

**10. Trade receivables**

	As of	
	March 31, 2021	March 31, 2020
Trade receivable considered good - Unsecured*	1,308	1,637
Less: Allowances for doubtful receivables	(486)	(393)
	<b>822</b>	<b>1,244</b>

\*It includes amount due from related party (refer note 28).

Refer note 30.1(iii) for credit risk

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

	As of	
	March 31, 2021	March 31, 2020
<b>Opening balance</b>	393	310
Additions	44	83
Adjustments*	49	-
	<b>486</b>	<b>393</b>

\*Reclass from other provisions.



**11. Cash and bank balances**

	As of	
	March 31, 2021	March 31, 2020
<b>Cash and cash equivalents</b>		
Balances with banks	124	46
	<b>124</b>	<b>46</b>
<b>Other Bank Balances</b>		
Margin Money^	8	-
	<b>8</b>	<b>-</b>

^Margin money deposits represents amount given as collateral for bank guarantees.

**12. Financial Assets – Others**

**Non-Current**

	As of	
	March 31, 2021	March 31, 2020
Margin Money^	2	-
	<b>2</b>	<b>-</b>

^Margin money deposits represents amount given as collateral for bank guarantees.

**Current**

	As of	
	March 31, 2021	March 31, 2020
Unbilled revenue	30	80
Security deposits	41	-
Claims recoverable	-	0
	<b>71</b>	<b>80</b>

**13. Equity share capital**

	As of	
	March 31, 2021	March 31, 2020
<b>Authorised shares</b>		
312,000,000 (March 31, 2020- 10,000,000) equity shares of Rs. 10 each	3,120	100
<b>Issued, Subscribed and fully paid-up shares</b>		
9,017,867 (March 31, 2020- 9,017,857) equity shares of Rs. 10 each	90	90
	<b>90</b>	<b>90</b>



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

	For the year ended			
	March 31, 2021		March 31, 2020	
	No. of shares in '000	Amount	No. of shares in '000	Amount
At the beginning of the year	9,018	90	9,018	90
Issued during the year*	0	0	-	-
<b>Outstanding at the end of the year</b>	<b>9,018</b>	<b>90</b>	<b>9,018</b>	<b>90</b>

\*Issued 10 (Ten) equity share at Rs. 5,780 per share having face value of Rs. 10 per share.

**b. 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 cast one vote per share.

**c. Details of shareholders (as per the register of shareholders) holding more than 5% shares in the Company (including shares held by holding company and its subsidiary)**

	As of			
	March 31, 2021		March 31, 2020	
	No. of shares in '000	% holding	No. of shares in '000	% holding
<b>Equity shares of Rs 10 each fully paid up</b>				
Bharti Airtel Limited (Holding Company)	5,050	56%	5,050	56%
Nettle Infrastructure Investment Limited	3,968	44%	3,968	44%

**14. Reserves and surplus**

- Retained earnings:** Retained earnings represent the amount of accumulated earnings of the Company, re-measurement differences on defined benefits plans and gains / (losses) on common control transactions.
- Deemed capital contribution:** Deemed capital contribution represents the fair valuation impact of the off-market loans provided by the parent company.
- Capital reserve:** Capital reserve represent excess of amount paid over cost of assets acquired under common control.
- Securities premium:** It is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Act.

**15. Borrowings**

**Non-current**

	As of	
	March 31, 2021	March 31, 2020
<b>Unsecured</b>		
Term loans	3,157	3,777
	<b>3,157</b>	<b>3,777</b>
Less: Interest accrued (refer note 16)	(7)	(27)
Less: Current maturities of long term borrowings	-	(500)
	<b>3,150</b>	<b>3,250</b>



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**Current**

**Unsecured**

Loan from holding company (refer note 28)  
 Term Loan

	As of	
	March 31, 2021	March 31, 2020
	-	3,661
	1,250	-
	<b>1,250</b>	<b>3,661</b>

**Analysis of borrowings**

The details given below are gross of debt origination cost.

**15.1 Repayment terms of borrowings**

The table below summarises the details of the Company's borrowings based on contractual undiscounted payments.

	As of March 31, 2021					
	Interest rate (range)	Frequency of installments	Number of installments outstanding per facility *	Within one year	Between one and two years	Between two and five years
Term loan	6.5%	Half yearly	5	-	475	1,425
Term loans	4.5-7.6%^	One time	One time	1,250	1,250	-
				<b>1,250</b>	<b>1,725</b>	<b>1,425</b>

	As of March 31, 2020					
	Interest rate (range)	Frequency of installments	Number of installments outstanding per facility *	Within one year	Between one and two years	Between two and five years
Term loans	0.0%	One time	On demand	3,661	-	-
	8.4%^	Half yearly	5	500	1,125	2,125
				<b>4,161</b>	<b>1,125</b>	<b>2,125</b>

\*The instalments amount due are equal / equated per se.

^ The borrowing is taken at floating rate of interest.

**16. Financial liabilities – Others**

**Non-Current**

	As of	
	March 31, 2021	March 31, 2020
Liability component of CCPS*	6,819	-
	<b>6,819</b>	<b>-</b>

\* Refer Note no 4(a).





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**Current**

	As of	
	March 31, 2021	March 31, 2020
Payables against capital expenditure	498	557
Employee payables	28	27
Interest accrued	7	27
Others*	2	840
	<b>535</b>	<b>1,451</b>

\* It mainly includes provision against certain unclaimed liabilities with respect to customer.

**17. Provisions**

	As of	
	March 31, 2021	March 31, 2020
<b>Non-current</b>		
Gratuity	23	18
Long term service award	2	1
	<b>25</b>	<b>19</b>

	As of	
	March 31, 2021	March 31, 2020
<b>Current</b>		
Gratuity	2	4
Compensated absence	10	9
Other employee benefits	5	-
	<b>17</b>	<b>13</b>

Refer note 23 for movement of provision towards various employee benefits.

**18. Trade payables**

	As of	
	March 31, 2021	March 31, 2020
Due to Micro and Small enterprises	49	10
Others*	2,777	3,351
	<b>2,826</b>	<b>3,361</b>

\*It include amount due to related parties (refer note 28).



**Micro, Small & Medium Enterprises Development Act, 2006 ('MSMED') disclosure**

The dues to micro and small enterprises as required under MSMED Act, 2006, based on the information available with the company, is given below:

Sr No	Particulars	For the year ended	
		March 31, 2021	March 31, 2020
1	Principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year	49	10
2	Amount of interest paid by the buyer in terms of section 16 of the MSMED Act 2006, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	269	52
3	Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act 2006.	-	-
4	Amount of interest accrued and remaining unpaid at the end of each accounting year;	-	-
5	Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act 2006.	-	-

**19. Other liabilities**

**Current**

	As of	
	March 31, 2021	March 31, 2020
Taxes Payable *	51	170
Advance from customers	47	-
	98	170

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

**20. Commitments**

**Capital Commitments**

The Company has contractual commitments towards capital expenditure (net of related advance) of Rs. 4,317 and Rs. 5,114 as of March 31, 2021 and March 31, 2020, respectively.



**21. Revenue from operations**

	<b>For the year ended</b>	
	<b>March 31, 2021</b>	<b>March 31, 2020</b>
<b>Revenue from contract with customers</b>		
Service revenue	10,572	10,537
Sale of products	176	165
<b>Other operating revenue</b>		
Lease rental income	343	152
	<b>11,091</b>	<b>10,854</b>

**Disaggregation of revenue**

Revenue is disaggregated by geographical market, major products / service lines and timing of revenue recognition are as follows:

<b>Particulars</b>	<b>For the year ended</b>	
	<b>Data centre and managed services</b>	
<b>Geographical Markets</b>	<b>March 31, 2021</b>	<b>March 31, 2020</b>
India	10,892	10,624
Others	199	230
	<b>11,091</b>	<b>10,854</b>
<b>Major Product/ Services lines</b>		
Data centre and managed services	10,572	10,537
Others	176	165
Lease Rent	343	152
	<b>11,091</b>	<b>10,854</b>
<b>Timing of Revenue Recognition</b>		
Products transferred at a point in time	176	165
Services transferred over time	10,915	10,689
	<b>11,091</b>	<b>10,854</b>

**Contract Balances**

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

	<b>As of</b>	
	<b>March 31, 2021</b>	<b>March 31, 2020</b>
Unbilled revenue	30	80
Deferred revenue	85	88



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

	For the year ended	
	March 31, 2021	
	Unbilled revenue	Deferred revenue
Revenue recognised that was included in deferred revenue at the beginning of the year	-	63
Increases due to cash received, excluding amounts recognised as revenue during the year	-	60
Transfers from unbilled revenue recognised at the beginning of the year to receivables	80	-

**22. Data centre operating expenses**

	For the year ended	
	March 31, 2021	March 31, 2020
Electricity and water	5,035	5,794
Rent	384	270
Repair and maintenance	1,018	717
Others	(202)	572
	<b>6,235</b>	<b>7,353</b>

**23. Employee benefits expenses**

	For the year ended	
	March 31, 2021	March 31, 2020
Salaries, wages and bonus	225	160
Contribution to provident and other funds	10	8
Staff welfare expenses	19	12
Defined benefit plan / other long term benefits	9	7
	<b>263</b>	<b>187</b>

The details of significant defined benefit obligations are as follows:

	For the Year Ended			
	March 31, 2021		March 31, 2020	
	Gratuity	Compensated absence	Gratuity	Compensated absence
<b>Obligation:</b>				
Obligation as at beginning of the year	22	9	19	8
Current service cost	4	2	3	2
Interest cost	2	1	1	1
Benefits paid	(9)	(2)	(3)	(1)
Transfer	2	-	1	1
Remeasurements	4	-	1	(2)
<b>Present value of obligation</b>	<b>25</b>	<b>10</b>	<b>22</b>	<b>9</b>
<b>Current portion</b>	<b>2</b>	<b>10</b>	<b>4</b>	<b>9</b>
<b>Non-current portion</b>	<b>23</b>	<b>-</b>	<b>18</b>	<b>-</b>

As at March 31, 2021, expected contributions for the next annual reporting period is Rs. 6.



**Amount recognised in other comprehensive income**

	For the year ended	
	March 31, 2021	March 31, 2020
Losses from change in actuarial assumptions	(4)	(1)
<b>Remeasurements of Liability</b>	<b>(4)</b>	<b>1</b>

**Due to its defined benefit plans, the Company is exposed to the following significant risks:**

**Changes in bond yields** - A decrease in bond yields will increase plan liability.

**Salary risk** - The present value of the defined benefit plans liability is calculated by reference to the future salaries of the plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

The financial (per annum rates) and demographic assumptions used to determine defined benefit obligations are as follows:

	March 31, 2021	March 31, 2020
Discount Rate	6.8%	6.9%
Rate of salary increase	7.5%	7.5%
Rate of attrition	0% to 17%	10% to 29%
Retirement age	58	58

**Sensitivity analysis**

The Company regularly assesses these assumptions with the projected long-term plans and prevalent industry standards.

The impact of sensitivity due to changes in the significant actuarial assumptions on the defined benefit obligations is given in the table below:

Change in	As of		
	March 31, 2021	March 31, 2020	
	<b>Gratuity</b>		
Discount Rate	+1%	(2)	(0)
	-1%	2	0
Salary Growth Rate	+1%	2	0
	-1%	(2)	(0)

The above sensitivity analysis is determined based on a method that extrapolates the impact on the net defined benefit obligations, as a result of reasonable possible changes in the significant actuarial assumptions. Further, the above sensitivity analysis is based on a reasonably possible change in a particular underlying actuarial assumption, while assuming all other assumptions to be constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated.



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The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

The table below summarises the maturity profile and duration of the gratuity liability:

	As of	
	March 31, 2021	March 31, 2020
Within one year	2	4
Within one - three years	5	8
Within three - five years	2	7
Above five years	29	11
	<b>38</b>	<b>30</b>
Weighted average duration (in years)	8.34	5.29

**24. Other expenses**

	For the year ended	
	March 31, 2021	March 31, 2020
Legal & professional charges#	7	28
Sales & marketing expense	85	20
Provision for doubtful debts	44	89
Cost of goods sold	149	154
Bad debts written off	9	12
Repair and maintenance	14	113
Security expenses	1	46
Charity & donation^	38	28
Other administrative expense*	164	36
	<b>511</b>	<b>526</b>

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

	For the year ended	
	March 31, 2021	March 31, 2020
Audit fees	1	1
Reimbursement of Expenses	0	0
	<b>1</b>	<b>1</b>

^As per the requirements of section 135 of the Act, the Company is required to spend an amount of Rs. 15 and Rs. 9 for the year ended March 31, 2021 and March 31, 2020 respectively on corporate social responsibility expenditure. During the year ended March 31, 2021 and March 31, 2020, the Company has spent in cash Rs. 35 and 11 towards art, culture and education.

\*Other administrative expenses mainly represent rent, rates, fees & taxes and customer care expenses.



**25. Depreciation expense**

	For the year ended	
	March 31, 2021	March 31, 2020
Depreciation (including on ROU)	1,773	1,798
	<b>1,773</b>	<b>1,798</b>

**26. Finance costs**

	For the year ended	
	March 31, 2021	March 31, 2020
Interest expense	147	104
Interest expense- lease liabilities	83	99
Other finance charges	1	3
Net exchange loss / (gain)	10	(20)
	<b>241</b>	<b>186</b>

**27. Earnings per share('EPS')**

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

	For the year ended	
	March 31, 2021	March 31, 2020
Profit attributable to equity shareholder as per statement of profit and loss (A)	1,788	712
Weighted average number of equity shares for calculation of basic / diluted EPS (in thousands) (B)	9,539	9,018
<b>Earning per share</b>		
Equity share of face value Rs 10 per share		
Basic / diluted earnings per share (A)/(B)	187.44	78.97

**28. Related party transactions**

List of related parties

**(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) Fellow Subsidiaries**

Bharti Airtel (HK) Limited  
Bharti Airtel International (Netherlands) B.V.  
Bharti Airtel Services Limited  
Bharti Hexacom Limited  
Bharti Infratel Limited (upto November 18,2020)  
Bharti Telemidia Limited  
Indo Teleports Limited  
Airtel Digital Limited (formerly known as Wynn Limited)  
Airtel Congo S.A  
Airtel Network Kenya Limited  
Airtel Networks Limited  
Airtel Tanzania Limited  
Airtel Uganda Limited  
Airtel Madagascar S.A.  
Airtel Malawi Limited  
Airtel Congo (RDC) S.A  
Airtel Gabon S.A.  
Celtel Niger S.A.  
Airtel Networks Zambia Plc  
Airtel (Seychelles) Limited  
Airtel Rwanda Limited  
Airtel Tchad S.A.  
Bharti Airtel (UK) Limited  
Celtel Chad S.A.

**(v) Entity where parent company exercises significant influence**

**Joint Venture**

Indus Tower Limited (w.e.f. November 19, 2020)  
(formerly known as Bharti Infratel Limited)

**Associate**

Airtel Payments Bank Limited

**(vi) Other related parties\***

Bharti Realty Limited (formerly Bharti Realty Private Limited)  
Bharti Realty Holdings Limited  
Bharti Axa Life Insurance Company Limited  
Nile Tech Limited (merged with Bharti Realty Limited w.e.f. December 4, 2019)  
BSB Portal Limited  
Hike Private Limited  
Brightstar Telecommunication India Limited  
Deber Technologies Private Limited  
Bharti Land Limited  
Centum Learning Limited





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Bharti Global Limited  
 CA Cloud Investments

**(vii) Key Management Personnel**

Krishnan Vidyasagar (upto December 12, 2019)  
 Rajesh Kapadia (w.e.f. December 13, 2019)

\* Other Related parties though not 'Related Parties' as per the definition under Ind AS 24, "Related Party Disclosures" have been included by way of a voluntary disclosure, following the best corporate governance practice.

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

	For the Year ended					
	March 31, 2021			March 31, 2020		
	Parent Company	Fellow Subsidiaries	Entities having significant influence and Other related party	Parent Company	Fellow Subsidiaries	Entities having significant influence and Other related party
Rendering of services	9,286	197	68	9,907	292	65
Receiving of services	847	12	128	551	2	94
Expenses incurred on behalf of the Company	4,226	4	132	3,761	-	78
Issuance of CCPS	-	-	7,000	-	-	-
Loans taken	12,320	-	-	13,167	-	-
Repayment of loans taken	15,981	-	-	17,774	-	-
Guarantees and collaterals given on behalf of others (including performance guarantees)	-	-	-	11	-	-

The significant transactions with fellow subsidiaries are as follows:

	As of	
	March 31, 2021	March 31, 2020
<b>Rendering of services</b>		
<b>Fellow Subsidiaries</b>		
Bharti Hexacom Limited	76	94
Bharti Telemedia Limited	63	55
Bharti Infratel Limited*	-	35
*Upto November 18, 2020		
<b>Entities having significant influence and Other related party</b>		
<b>Issuance of CCPS</b>		
CA Cloud Investments	7,000	-



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

	Parent Company	Fellow Subsidiaries	Entities having significant influence and Other related party
<b>As of March 31, 2021</b>			
Trade payables	1,025	1	47
Other financial liabilities (including derivative)	-	-	7,000
Trade receivables	-	479	85
Security deposit (asset)	-	-	51
<b>As of March 31, 2020</b>			
Trade payables	1,159	-	19
Trade receivables	-	445	43
Borrowings	3,661	-	-
Security deposit (asset)	-	-	58

Outstanding balances at year end are unsecured and settlement occurs in cash.

KMP are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director, whether executive or otherwise. Remuneration to key management personnel were as follows:

	For the year ended	
	March 31, 2021	March 31, 2020
Short-term employee benefits	19	10
Performance linked incentive ('PLI')#	3	2
Post-employment benefits	1	1
	<b>23</b>	<b>13</b>

# Value of PLI considered above represents incentive at 100% performance level. However, same will be paid on the basis of actual performance parameters in next year. During the year ended March 31, 2021, PLI of Rs. 2 (March 31, 2020: Rs. 2) pertaining to previous year has been paid.

As the liabilities for the gratuity and compensated absences are provided on an actuarial basis, and calculated for the Company as a whole rather than each of the individual employees, the said liabilities pertaining specifically to KMP are not known and hence, not included in the above table.



## 29. Leases

### 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, 2021 and March 31, 2020:

	Leasehold		Total
	Building	Land	
Balance as at April 1, 2019	1,054	470	1,524
Depreciation expense	(195)	(5)	(200)
<b>Balance as at March 31, 2020</b>	<b>859</b>	<b>465</b>	<b>1,324</b>
Additions	-	310	310
Depreciation expense	(195)	(5)	(200)
<b>Balance as at March 31, 2021</b>	<b>664</b>	<b>770</b>	<b>1,434</b>

#### Building

The Company's leases of building comprise of lease on which data center is built.

#### Leasehold Land

The Company's leases of land comprise of land taken on lease on which data center is built.

### Amounts recognised in profit or loss

	For the year ended	
	March 31, 2021	March 31, 2020
<b>Leases under Ind AS 116</b>		
Interest on lease liabilities	83	99

### Amounts recognised in statement of cash flows

	For the year ended	
	March 31, 2021	March 31, 2020
<b>Leases under Ind AS 116</b>		
Total cash outflow for leases	518	186

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

	For the year ended	
	March 31, 2021	March 31, 2020
<b>Leases under Ind AS 116</b>		
Not later than one year	308	289
Later than one year but not later than five years	698	927
Later than five years	66	138
	<b>1,072</b>	<b>1,354</b>

### Company as a lessor- operating lease

The Company enters into arrangements wherein the right to use the data centre (mainly pertains to building and other assets which are capitalised as equipment and P&M) is given over the substantial part of the asset life. However, as the title to the assets and the significant risks associated with the operation and



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maintenance of these assets remains with the Company, such arrangements are recognised as operating lease. The contracted price is recognised as revenue during the tenure of the agreement.

Amount recognised in profit or loss Leases under Ind AS 116	For the year ended	
	March 31, 2021	March 31, 2020
Lease rental	343	152

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

Operating leases under Ind AS 116	As at	
	March 31, 2021	March 31, 2020
Less than one year	353	343
One to two years	364	354
Two to three years	375	364
Three to four years	386	375
Four to five years	398	387
More than five years	3,924	4,318
	<b>5,800</b>	<b>6,141</b>

### 30. Financial and capital risk

#### 30.1 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 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 ('BOD') and Audit Committee. They ensure that the Company's financial risk taking activities are governed by appropriate financial risk governance framework, policies and procedures. The BOD periodically reviews the exposures to financial risks, and the measures taken for risk mitigation and the results thereof.

#### (i) 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 and receivables. Foreign exchange exposure arises from trade receivables and trade payables denominated in foreign currencies.



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. Moreover, the Company monitors the movements in currencies in which the vendors are payable and manage any related foreign exchange risk, which inter-alia include entering into foreign exchange derivative contracts as considered appropriate and whenever necessary.

### Foreign currency sensitivity

The impact of foreign exchange sensitivity on profit for the year and other comprehensive income is given in the table below:

	Change in currency exchange rate	Effect on profit before tax	Effect on equity (OCI)
<b>For the year ended March 31, 2021</b>			
US Dollars	+5%	13	-
US Dollars	-5%	(13)	-
<b>For the year ended March 31, 2020</b>			
US Dollars	+5%	14	-
US Dollars	-5%	(14)	-

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

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.

### (ii) 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. Consequently, the Company's interest rate risk arises mainly from borrowings.

### Borrowings

Borrowings with floating and fixed interest rates expose the Company to cash flow and fair value interest rate risk respectively. However, the short-term borrowings of the Company do not have a significant fair value or cash flow interest rate risk due to their short tenure. Accordingly, the components of the debt portfolio are



determined by the CSM in a manner which enables the Company to achieve an optimum debt-mix basis its overall objectives and future market expectations.

The Company monitors the interest rate movement and manages the interest rate risk based on its risk management policies, which inter-alia include entering into interest swaps contracts, as considered appropriate and whenever necessary.

**Interest rate sensitivity of borrowings**

The impact of the interest rate sensitivity on profit before tax is given in the table below:

<b>Interest rate sensitivity</b>	<b>Increase / decrease in basis points</b>	<b>Effect on profit before tax</b>
<b>For the year ended March 31, 2021</b>		
INR - borrowings	+100	(44)
	-100	44
<b>For the year ended March 31, 2020</b>		
INR - borrowings	+100	(38)
	-100	38

**(iii) 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.

**Trade receivables**

The trade receivables of the Company are typically non-interest bearing unsecured and derived from sales made to a number of independent customers including group entities. Majority of the revenue is earned from the related parties (refer note 28). The credit period provided by the Company to its customers generally ranges between 0-90 days.

For details of trade receivables from related-parties, refer note 28.

The Company uses a provision matrix to measure the expected credit loss of trade receivables, which comprise a very large numbers of small balances. Refer Note 10 for details on the impairment of trade receivables. 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.



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	Neither past due nor impaired (excluding unbilled)	Past due but not impaired				Total
		Less than 30 days	30 to 60 days	60 to 90 days	above 90 days	
Trade Receivables as of March 31, 2021	303	165	127	165	62	822
Trade Receivables as of March 31, 2020	139	459	122	173	351	1,244

The Company performs on going credit evaluations of its customers' financial condition and monitors the credit worthiness of its customers to which it grants credit in the ordinary course of business. Consequently, the allowance for impairment of trade receivables is created to the extent and as and when required, based upon the expected collectability of accounts receivables.

**(iv) Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. Accordingly, as a prudent liquidity risk management measure, the Company closely monitors its liquidity position and deploys a robust cash management system. To manage liquidity risk, the Company monitors its net operating cash flows and maintains an adequate level of cash and cash equivalents to finance the Company's operation and mitigate the effects of fluctuations in cash flows.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

Particulars	As of March 31, 2021						Total
	Carrying amount	On Demand	Less than 6 months	6 to 12 months	1 to 2 years	> 2 years	
Borrowings#*	4,407	-	1,370	100	1,882	1,516	4,868
Other financial liabilities ^	528	-	528	-	-	-	528
Trade payables	2,826	-	2,826	-	-	-	2,826
Lease liabilities#	906	-	156	152	307	457	1,072
<b>Financial liabilities</b>	<b>8,667</b>	<b>-</b>	<b>4,880</b>	<b>252</b>	<b>2,189</b>	<b>1,973</b>	<b>9,294</b>

Particulars	As of March 31, 2020						Total
	Carrying amount	On Demand	Less than 6 months	6 to 12 months	1 to 2 years	> 2 years	
Borrowings#*	7,438	3,661	159	642	1,346	2,218	8,026
Other financial liabilities	1,424	-	1,424	-	-	-	1,424
Trade payables	3,361	-	3,361	-	-	-	3,361
Lease liabilities#	1,113	-	144	145	301	764	1,354
<b>Financial liabilities</b>	<b>13,336</b>	<b>3,661</b>	<b>5,088</b>	<b>787</b>	<b>1,647</b>	<b>2,982</b>	<b>14,165</b>

#It includes contractual interest payment based on interest rate prevailing at the end of the reporting period over the tenor of the borrowings / lease liabilities.

\*Interest accrued has been included in interest bearing borrowings and excluded from other financial liabilities.

^Compulsorily convertible preference shares are excluded from other financial liabilities.



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The following table provides the reconciliation of liabilities whose net cash flow movements are disclosed as part of financing activities of statement of cash flows:

	<b>April 1, 2020</b>	<b>Cash flows</b>	<b>Interest expense</b>	<b>Non cash changes</b>	<b>March 31, 2021</b>
Borrowings	7,411	(3,011)	-	-	4,400
Interest accrued	27	(250)	230	-	7
	<b>April 1, 2019</b>	<b>Cash flows</b>	<b>Interest expense</b>	<b>Non cash changes</b>	<b>March 31, 2020</b>
Borrowings	8,268	(857)	-	-	7,411
Interest accrued	-	(179)	206	-	27

### 30.2 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. In order to maintain or adjust the capital structure, the Company may issue new shares, 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 calculated as below:

	<b>As of</b>	
	<b>March 31, 2021</b>	<b>March 31, 2020</b>
Borrowings	4,400	7,411
Less: Cash and Cash equivalents	124	46
<b>Net Debt</b>	<b>4,276</b>	<b>7,365</b>
Equity	2,841	1,056
<b>Total Capital</b>	<b>2,841</b>	<b>1,056</b>
<b>Capital and Net Debt</b>	<b>7,117</b>	<b>8,421</b>
Gearing Ratio	60%	87%

### 31. COVID-19

To tackle the COVID-19 pandemic which has resulted in phased lock downs with restrictions imposed on movement of people and goods for a prolonged period, the Government is taking necessary steps including rolling out of vaccination to minimise the impact on the economy, and continuous monitoring of the evolving situation.

Telecommunications, Internet, Broadcast and Cable Services have been mentioned as an "Essential" service as per the relevant government orders / notifications. Consequently, the Company formulated a robust





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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.

For the year ended 31 March 2021, the Company has considered the possible effects that may result from the pandemic relating to COVID-19 in the preparation of these financial statements including the recoverability of carrying amounts of financial and non-financial assets. The company has noted excess demand as most of the industries have resorted to conducting their operations remotely, and hence the company believes that the carrying amount of these assets will be recovered.

The company has updated the foregoing assessment as at 31 March 2021 and there is no material impact on the financial statements for the year ended March 31, 2021.

### 32. 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:

	Level	Carrying value as of		Fair value as of	
		March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
<b>Financial assets</b>					
<b>FVTPL</b>					
Investments	Level 2	4	4	4	4
Investments	Level 1	690	-	690	-
<b>Amortised cost</b>					
Security deposits		324	226	324	226
Trade receivables		822	1,244	822	1,244
Cash and cash equivalents		124	46	124	46
Other bank balances		8	-	8	-
Other financial assets		73	80	73	80
		<u>2,045</u>	<u>1,601</u>	<u>2,045</u>	<u>1,601</u>
<b>Financial liabilities</b>					
<b>Amortised cost</b>					
Borrowings		4,400	7,411	4,400	7,411
Trade payables		2,826	3,361	2,826	3,361
Derivative Instruments		181	-	181	-
Other financial liabilities		7,354	1,451	7,354	1,451
		<u>14,761</u>	<u>12,223</u>	<u>14,761</u>	<u>12,223</u>

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

The carrying value of trade receivables, trade payable, short term borrowings, floating-rate long-term borrowings, other current financial assets and liabilities approximate their fair value mainly due to the short-term maturities of these instruments.



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The following table describes the key inputs used in the valuation (basis discounted cash flow technique) of Level 1 and Level 2 financial assets as of March 31, 2021 and March 31, 2020:

<b>Financial assets</b>	<b>Inputs used</b>
Investments	prevailing interest rates in market , interest rate

During the year ended March 31, 2021 and March 31, 2020, 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.

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*NK*