Telesonic Networks Limited

Ind AS Financial Statements

March 31, 2022

Telesonic Networks Limited
Ind AS Financial Statements – March 31, 2022

Contents — Page No.

Independent Auditor's Report

Deloitte
Haskins & Sells LLP

Chartered Accountants
7th Floor, Building 10, Tower B
DLF Cyber City Complex
DLF City Phase - II
Gurugram - 122 002
Haryana, India

Tel: +91 124 679 2000
Fax: +91 124 679 2012

INDEPENDENT AUDITOR'S REPORT

To The Members of TELESONIC NETWORKS LIMITED
Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **TELESONIC NETWORKS LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2022, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information ("hereinafter referred to as the "Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022, and its profit, total comprehensive income, the changes in equity and its cash flows 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone Financial Statements of the current period. We have determined that there are no key audit matters to communicate in our report.

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

- The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board's Report including Annexures to the 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.

Deloitte Haskins & Sells LLP
Chartered Accountants

- In connection with our audit of the Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows 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 Statements 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 controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section

Deloitte Haskins & Sells LLP
Chartered Accountants

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 Company's internal financial controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

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

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

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

NM

Deloitte Haskins & Sells LLP
Chartered Accountants

e) On the basis of the written representations received from the directors as on March 31, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 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 has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts.

   iii. There has been no delays in transferring amounts, required to be transferred to the Investor Education and Protection Fund by the Company.

   iv. (a) The Management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

   (b) The Management has represented, that, to the best of its knowledge and belief, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

   (c) Based on the audit procedures that has been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain

Deloitte Haskins & Sells LLP
Chartered Accountants

any material misstatement.

v. The Company has not declared or paid any dividend (including interim dividend) during the year and has not proposed final dividend for the year.

2. As required by the Companies (Auditor's Report) Order, 2020 ("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)

Deloitte Haskins & Sells LLP
Chartered Accountants

Nilesh H. Lahoti
Partner
(Membership No. 130054)
(UDIN: 22130054AJCFPY9224)

Place: New Delhi
Date: May 17, 2022

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 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 **TELESONIC NETWORKS LIMITED** ("the Company") as at March 31, 2022 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 Act, 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.

Deloitte Haskins & Sells LLP
Chartered Accountants

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2022, based on the criteria for internal financial control over financial reporting established by the 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)

Deloitte Haskins & Sells LLP
Chartered Accountants

Nilesh H. Lahoti
Partner
(Membership No. 130054)
(UDIN: 22130054AJCFPY9224)

Place: New Delhi
Date: May 17, 2022

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 Telesonic Network Limited of even date)

In terms of the information and explanations sought by us and given by the Company and the books of accounts and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

i) In respect of its Property, Plant and Equipment:

a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment, capital work -in-progress and relevant details of right of use assets.

(B) The Company does not hold any intangible assets, reporting under clause 3(i)(a)(B) of the Order is not applicable.

b) The Company, except for certain assets which due to their nature or location are not verifiable, has a program of verification of property, plant and equipment, capital work-in-progress and right of use assets so to cover all items once every 3 years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain Property, Plant and Equipment were due for verification during the year and were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noted on such verification.

c) The Company does not have any immovable properties and hence reporting under clause (i)(c) of the Order is not applicable.

d) The Company has not revalued any of its property, plant and equipment (including Right of Use assets) during the year.

e) No proceedings have been initiated during the year or are pending against the Company as at March 31, 2022 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.

ii) (a) The inventories were physically verified during the year by the Management at reasonable intervals. In our opinion and according to the information and explanations given to us, the coverage and procedure of such verification by the Management is appropriate having regard to the size of the Company and the nature of its operations. No discrepancies of 10% or more in the aggregate for each class of inventories were noticed on such physical verification of inventories when compared with books of account.

(b) According to the information and explanations given to us, at any point of time of the year, the Company has not been sanctioned any working capital facility from banks or financial institutions on the basis of security of current assets, and hence reporting under clause (ii)(b) of the Order is not applicable.

iii) The Company has not made any investments in, provided any guarantee or security, and granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties during the year, and hence reporting under clause (iii) of the Order is not applicable.

Deloitte Haskins & Sells LLP
Chartered Accountants

iv) The Company has not granted any loans, made investments or provided guarantees or securities and hence reporting under clause (iv) of the Order is not applicable.

v) The Company has not accepted any deposit or amounts which are deemed to be deposits. Hence, reporting under clause (v) of the Order is not applicable.

vi) The maintenance of cost records has not been specified for the activities of the Company by the Central Government under section 148(1) of the Companies Act, 2013.

vii) In respect of its statutory dues:

a) Undisputed statutory dues, including Goods and Service tax, Provident Fund, Employees' State Insurance, Income-tax, duty of Custom, cess and other material statutory dues applicable to the Company have been regularly deposited by it with the appropriate authorities in all cases during the year.

There were no undisputed amounts payable in respect of Goods and Service tax, Provident Fund, Employees' State Insurance, Income-tax, duty of Custom, cess and other material statutory dues in arrears as at March 31, 2022 for a period of more than six months from the date they became payable.

b) Details of statutory dues referred to in sub-clause (a) above which have not been deposited as on March 31, 2022 on account of disputes are given below:

Name of the Statute	Nature of Dues	Period to which the Amount Relates	Forum where dispute is pending	Amounts (Rs. In Million)
Finance Act, 1994 (Service Tax Provisions)	Service Tax	FY 2010- 2016	CESTAT	118^
Finance Act, 1994 (Service Tax Provisions)	Service Tax	FY 2016- 2018	Commissioner Appeals	14*

The above-mentioned figures represent the total disputed cases without any assessment of Probable, Possible and Remote, as done in case of Contingent Liabilities. Of the above cases, total amount deposited is Rs. 5 million.

viii) There were no transactions relating to previously unrecorded income that were surrendered or disclosed as income in the tax assessments under the Income Tax Act, 1961 (43 of 1961) during the year.

ix) (a) Loan amounting to Rs. 9,024 Mn outstanding as at March 31, 2022 is repayable on demand and terms and conditions for payment of interest thereon have been stipulated. According to the information and explanations given to us, such loan has not been demanded for repayment during the financial year. Considering the above, in our opinion, the Company has not defaulted in the repayment of loans or other borrowings, or in the payment of interest thereon to any lender during the year.

(b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

(c) To the best of our knowledge and belief, in our opinion, term loans availed by the Company were, applied by the Company during the year for the purposes for which the loans were obtained.

Deloitte Haskins & Sells LLP
Chartered Accountants

(d) To the best of our knowledge and belief and according to the information and explanations given to us, the management of the Company is of the view that the Company is able to generate sufficient funds from long term sources either through its operations or other means to meet the working capital requirements arising from the event of short-term sources falling due for payment. On an overall examination of the financial statements of the Company, funds raised on short-term basis have been used during the year for long-term purposes by the Company. Refer Note 13 to the financial statements.

(e) The Company did not have any subsidiary or associate or joint venture during the year and hence, reporting under clause (ix)(e) of the Order is not applicable.

(f) The Company did not have any subsidiary or associate or joint venture during the year and hence, reporting on clause (ix)(f) of the Order is not applicable.

x) (a) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year, hence reporting under clause (x)(a) of the Order is not applicable. Further, the Company has raised moneys through commercial papers from Qualified Institutional Buyers (QIBs) for general purpose use

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

xi) (a) To the best of our knowledge, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

(b) To the best of our knowledge, no report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report.

(c) We have taken into consideration the whistle blower complaints received by the Company during the year (upto the date of this report) and provided to us, when performing our audit.

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

xiii) In our opinion, the Company is in compliance with Section 177 and 188 of the Companies Act, 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) (a) In our opinion the Company has an adequate internal audit system commensurate with the size and the nature of its business.

(b) We have considered, the internal audit reports issued to the Company during the year and covering the period upto March 31, 2022.

Deloitte Haskins & Sells LLP
Chartered Accountants

We have considered, the internal audit reports issued to the Company covering specific processes scoped in for review as per Internal Audit for the year under audit.

xv) In our opinion 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 such directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.

xvi) a) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause (xvi)(a), (b) and (c) of the Order is not applicable.

b) The Group has more than one CIC as part of the group. There are 2 CIC forming part of the group.

xvii) The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.

xviii) There has been no resignation of the statutory auditors of the Company during the year.

xix) On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

xx) The Company has fully spent the required amount towards Corporate Social Responsibility (CSR) and there are no unspent CSR amount for the year requiring a transfer to a Fund specified in Schedule VII to the Companies Act or special account in compliance with the provision of sub-section (6) of section 135 of the said Act. Accordingly, reporting under clause (xx) of the Order is not applicable for the year..

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

Deloitte Haskins & Sells LLP
Chartered Accountants

Nilesh

Nilesh H. Lahoti
Partner
(Membership No. 130054)
UDIN: 22130054AJCFPY9224

Place: New Delhi
Date: May 17, 2022

Ind AS Financial Statements

Telesonic Networks Limited
Balance Sheet
(All amounts are in millions of Indian Rupee)

	Notes	As of March 31, 2022	As of March 31, 2021
Assets			
Non-current assets			
Property, plant and equipment	5	79,324	61,894
Capital work-in-progress	5	4,591	6,256
Right-of-use assets	28	72	-
Financial assets			
- Other financial assets	6	9	48
Income tax assets (net)		825	932
Other non-current assets	7	151	12
		84,972	**69,142**
Current assets			
Inventories	8	1,844	1,661
Financial assets			
- Investments	9	-	751
- Trade receivables	10	3,362	1,223
- Cash and cash equivalents	11	92	223
- Other bank balances	11	22	17
- Unbilled revenue		4,663	1,571
- Other financial assets	6	359	266
Other current assets	7	5,174	3,878
		15,516	**9,590**
Total assets		**100,488**	**78,732**
Equity and liabilities			
Equity			
Equity share capital	12	939	939
Other equity		9,879	6,933
		10,818	**7,872**
Non-current liabilities			
Financial liabilities			
- Borrowings	13	29,970	27,500
- Lease liabilities		67	-
Deferred revenue	20	4,985	5,133
Provisions	14	299	424
Deferred tax liabilities (net)	15	3,320	2,135
		38,641	**35,192**
Current liabilities			
Financial liabilities			
- Borrowings	13	21,212	11,223
- Lease liabilities		10	-
- Trade payables			
-total outstanding dues of micro enterprises and small enterprises	16	286	427
-total outstanding dues of creditors other than micro enterprises and small enterprises	16	4,066	3,595
- Other financial liabilities	17	24,362	19,388
Deferred revenue	20	659	622
Provisions	14	253	240
Current tax liabilities (net)		11	5
Other current liabilities	18	170	168
		51,029	**35,668**
Total liabilities		**89,670**	**70,860**
Total equity and liabilities		**100,488**	**78,732**

The accompanying notes 1 to 33 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
Place: Gurugram

Date: May 17, 2022

Haskins & Sells LLP Deloitte Chartered Accountants

For and on behalf of the Board of Directors of Telesonic Networks Limited

Soumen Ray
Director
DIN: 09484511
Place: Gurugram

Rakesh Kumar
Whole Time Director & CEO
DIN: 08637697
Place: New Delhi

Vikram Singla
Chief Financial Officer
Place: Gurugram

Utkarsh Gaba
Company Secretary
Place: New Delhi

TELESONIC NETWORKS LIMITED

Telesonic Networks Limited
Statement of Profit and Loss
(All amounts are in millions of Indian Rupee; except per share data)

	Note	For the year ended March 31, 2022	For the year ended March 31, 2021
Income			
Revenue from operations	20	28,965	21,030
Other income		33	64
		28,998	**21,094**
Expenses			
Network operating expenses	21	9,824	6,443
Employee benefits expense	22	2,141	2,116
Other expenses	23	5,049	2,360
		17,014	**10,919**
Profit before depreciation, finance costs and tax		**11,984**	**10,175**
Depreciation expense	24	5,278	3,880
Finance costs	25	2,595	2,170
Profit before tax		**4,111**	**4,125**
Tax expense			
Current tax	15	-	-
Deferred tax	15	1,180	1,148
		1,180	**1,148**
Profit for the year		**2,931**	**2,977**
Other Comprehensive Income ('OCI')			
Items not to be reclassified to profit or loss:			
- Re-measurement gains / (loss) on defined benefit plans		20	(5)
- Tax (charge) / credit		(5)	1
Other comprehensive income / (loss) for the year		15	(4)
Total Comprehensive Income for the year		**2,946**	**2,973**
Earnings per share (Face value : Rs 10 each)			
Basic and diluted earnings per share	26	31.21	31.69

The accompanying notes 1 to 33 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
Place: Gurugram

Date: May 17 2022

Deloitte Haskins & Sells LLP Chartered Accountants

For and on behalf of the Board of Directors of Telesonic Networks Limited

Soumen Ray
Director
DIN: 09484511
Place: Gurugram

Rakesh Kumar
Whole Time Director & CEO
DIN: 08637697
Place: New Delhi

Vikram Singla
Chief Financial Officer
Place: Gurugram

Utkarsh Gaba
Company Secretary
Place: New Delhi

TELESONIC NETWORKS LIMITED

Telesonic Networks Limited
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 equity
	No. of shares (In '000)	Amount	Retained earnings	Capital reserve	Total	
As of April 1, 2020	93,927	939	3,907	53	3,960	4,899
Profit for the year	-	-	2,977	-	2,977	2,977
Other comprehensive loss (net of tax)	-	-	(4)	-	(4)	(4)
Total comprehensive income	-	-	2,973	-	2,973	2,973
As of March 31, 2021	93,927	939	6,880	53	6,933	7,872
As of April 1, 2021	93,927	939	6,880	53	6,933	7,872
Profit for the year			2,931	-	2,931	2,931
Other comprehensive income (net of tax)			15	-	15	15
Total comprehensive income	-	-	2,946	-	2,946	2,946
As of March 31, 2022	93,927	939	9,826	53	9,879	10,818

The accompanying notes 1 to 33 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
Place: Gurugram

Date: May 17, 2022

Deloitte Haskins & Sells LLP Chartered Accountants

For and on behalf of the Board of Directors of Telesonic Networks Limited

Soumen Ray
Director
DIN: 09484511
Place: Gurugram

Rakesh Kumar
Whole Time Director & CEO
DIN: 08637697
Place: New Delhi

Vikram Singla
Chief Financial Officer
Place: Gurugram

Utkarsh Gaba
Company Secretary
Place: New Delhi

TELESONIC NETWORKS LIMITED

Telesonic Networks Limited
Statement of Cash Flows
(All amounts are in millions of Indian Rupee)

	For the year ended March 31, 2022	For the year ended March 31, 2021
Cash flows from operating activities		
Profit before tax	**4,111**	**4,125**
Adjustments for:		
Depreciation expense	5,278	3,880
Finance costs	2,595	2,170
Interest income	(22)	(59)
Net gain on fair value through profit or loss (FVTPL) instruments	(5)	-
Loss on sale of property, plant and equipment	6	-
Other non - cash items	716	125
Operating cash flows before changes in assets and liabilities	**12,679**	**10,241**
Changes in assets and liabilities		
Trade receivables	(2,603)	4,211
Trade payables	335	1,321
Inventories	(289)	(943)
Provisions	(152)	76
Other financial and non-financial liabilities	(127)	(2,011)
Other financial and non-financial assets	(4,541)	(671)
Net cash generated from operations before tax	**5,302**	**12,224**
Income tax refund / (paid) - (net)	113	(507)
Net cash generated from operating activities (a)	**5,415**	**11,717**
Cash flows from investing activities		
Purchase of property, plant and equipment and capital-work-in-progress	(17,216)	(47,561)
Proceeds from sale of property, plant and equipment	1	-
Sale/ (purchase) of current investments	756	(751)
Interest received	22	59
Net cash used in investing activities (b)	**(16,437)**	**(48,253)**
Cash flows from financing activities		
Proceeds from borrowings	43,706	64,000
Repayment of borrowings	(39,190)	(26,350)
Payment of lease liabilities	(4)	-
Proceeds from short-term borrowings (net)	7,932	973
Interest and other finance charges paid	(1,553)	(2,137)
Net cash generated from financing activities (c)	**10,891**	**36,486**
Net decrease in cash and cash equivalents during the year (a+b+c)	**(131)**	**(50)**
Add : Cash and cash equivalents as at the beginning of the year	223	273
Cash and cash equivalents as at the end of the year (refer note 11)	**92**	**223**

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

Refer note 29(1)(c), for reconciliation of liabilities whose cash flow movements are disclosed as part of financing activities in the Statement of Cash Flows.

The accompanying notes 1 to 33 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
Place: Gurugram

Date: May 17, 2022

Deloitte Haskins & Sells LLP
Chartered Accountants

For and on behalf of the Board of Directors of Telesonic Networks Limited

Soumen Ray
Director
DIN: 09484511
Place: Gurugram

Rakesh Kumar
Whole Time Director & CEO
DIN: 08637697
Place: New Delhi

Vikram Singla
Chief Financial Officer
Place: Gurugram

Utkarsh Gaba
Company Secretary
Place: New Delhi

TELESONIC NETWORKS LIMITED

1. Corporate information

Telesonic Networks Limited ('the Company') is domiciled and incorporated in India as a public limited company. The registered office of the Company is situated at Airtel Center, Plot no. 16, Udyog Vihar, Phase IV, Gurugram – 122015, Haryana, India.

The Company is engaged in laying, owning and maintaining pan India fiber optic cables, wire line voice / broadband services and support its transition to next generation networks and innovative services. The Company is also engaged in designing, planning, deploying, laying, commissioning of dark fiber optic cables, duct space, broadband and fixed telephone network across India, along with leasing to various customers.

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 May 17, 2022.

The Financial Statements are based on the classification provisions contained in Ind AS 1, 'Presentation of Financial Statements' and Division II of Schedule III (as amended) to the Act. Further, for the purpose of clarity, various items are aggregated in the Balance Sheet, Statement of Profit and Loss, Statement of Changes in Equity and Statement of Cash Flows. 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 off 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 amendments during the year.

Deloitte Haskins & Sells LLP Chartered Accountants

TELESONIC NETWORKS LIMITED

New amendments adopted during the year

a) Amendments to Ind AS

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

- Ind AS 116, Leases
- Ind AS 103, Business Combinations
- Ind AS 107, Financial Instruments: Disclosures
- Ind AS 109, Financial Instruments
- Ind AS 37, Provisions, Contingent Liabilities and Contingent Assets
- Ind AS 115, Revenue from Contracts with Customers
- Ind AS 1, Presentation of Financial Statements
- Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors
- Ind AS 12, Income Taxes
- Ind AS 16, Property, Plant and Equipment

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

b) Amendments to Schedule III Division II

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

Amendments to Ind AS issued but not yet effective

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

- Ind AS 103, Business Combinations
- Ind AS 109, Financial Instruments
- Ind AS 16, Property, Plant and Equipment
- Ind AS 37, Provisions, Contingent Liabilities and Contingent Assets

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

Deloitte Haskins & Sells LLP
Chartered Accountants

TELESONIC NETWORKS LIMITED

2.2 Basis of measurement

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

Fair value measurement

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

The Company is required to classify the fair valuation method of the financial / non-financial assets and liabilities, either measured or disclosed at fair value in the Financial Statements, using a three level fair-value hierarchy (which reflects the significance of inputs used in the measurement). Accordingly, the Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is 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 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 their carrying amounts. The difference, between any consideration paid / received and the aggregate carrying amounts of assets/ liabilities and interests in entities acquired / disposed (other than impairment, if any), is recorded in capital reserve / retained earnings, as applicable.

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.

Deloitte Haskins & Sells LLP Chartered Accountants

TELESONIC NETWORKS LIMITED

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

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

2.5 Property, plant and equipment ('PPE')

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

Subsequent to initial recognition, PPE are stated at cost less accumulated depreciation and impairment losses, if any. When significant parts of PPE are required to be replaced in regular intervals, the Company recognises such parts as separate component of assets. When an item of PPE is replaced, then its carrying amount is 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.

Cost of assets not ready for intended use, as on the Balance Sheet date, is shown as capital work-in-progress, advances given towards acquisition of PPE outstanding at each Balance Sheet date are disclosed under other non- current assets.

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

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

Deloitte Haskins & Sells LLP Chartered Accountants

TELESONIC NETWORKS LIMITED

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

Categories	**Years**
Computer	3 - 5
Furniture and fixtures	5
Office equipments	2 - 5
Plant and equipment (Fiber Cables)	25
Plant and equipment (Other)	3 - 10

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 derecognised from the Balance Sheet and the resulting gains / losses are included in the Statement of Profit and Loss within other income / other expenses.

2.6 Impairment of non-financial assets

PPE and Right-of-use assets ('ROU')

PPE (including Capital Work in Progress ('CWIP')) and ROU with definite lives, are reviewed for impairment, whenever events or changes in circumstances indicate that their carrying values may not be recoverable. For the purpose of impairment testing, the recoverable amount (that is, higher of the fair value less costs to sell and the value in use) is determined on an individual asset basis, unless the asset does not generate cash flows that are largely independent of those from other assets, in which case the recoverable amount is determined at the cash-generating-unit ('CGU') level to which the said asset belongs. If such individual assets or CGU are considered to be impaired, the impairment to be recognised in the Statement of Profit and Loss is measured by the amount by which the carrying value of the asset / CGU exceeds their estimated recoverable amount and allocated on pro rata basis.

Reversal of impairment losses

Impairment losses are reversed in 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 previously.

2.7 Financial instruments

a. Recognition, classification and presentation

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

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

Deloitte Haskins & Sells LLP Chartered Accountants

TELESONIC NETWORKS LIMITED

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.

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 trade receivables which are initially measured at transaction price determined under Ind AS 115) 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 financials 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 ('ECL') associated with its assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk since initial recognition. If credit risk has not increased significantly, twelve month ECL is used to provide for impairment loss, otherwise lifetime ECL is used.

Deloitte Haskins & Sells LLP Chartered Accountants

TELESONIC NETWORKS LIMITED

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

III. Subsequent measurement - financial liabilities

Financial liabilities are subsequently measured at amortised cost using the EIR method (if the impact of discounting / any transaction costs is significant). For trade and other payables maturing within one year from the Balance Sheet date, the carrying amount approximate the fair value due to the short maturity of these instruments.

c. Derecognition

The financial assets are derecognised from the Balance Sheet when the rights to receive cash flows from the financial assets have expired, or have been transferred and the Company has transferred substantially all risks and rewards of ownership. The financial liabilities are derecognised from the Balance Sheet when the underlying obligations are extinguished, discharged, lapsed, cancelled, expires or legally released. The resultant impact of derecognition is recognised in the Statement of Profit and Loss.

2.8 Leases

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

Company as a lessee

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.

Deloitte Haskins & Sells LLP Chartered Accountants

TELESONIC NETWORKS LIMITED

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 Statement of Profit and 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 and 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.

Deloitte Haskins & Sells LLP Chartered Accountants

TELESONIC NETWORKS LIMITED

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 'Indefeasible right to use' ('IRU') arrangements wherein the right to use the 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. Unearned IRU revenue received in advance is presented as deferred revenue within liabilities in the Balance Sheet.

2.9 Taxes

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

a. Current tax

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

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

Deloitte Haskins & Sells LLP Chartered Accountants

TELESONIC NETWORKS LIMITED

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 tax is not recognised if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

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

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. The Company considers the projected future taxable income and tax planning strategies in making this assessment .
The unrecognised deferred tax assets / carrying amount of deferred tax assets are reviewed at each reporting date for recoverability and adjusted appropriately.

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

Deloitte Haskins & Sells LLP Chartered Accountants

TELESONIC NETWORKS LIMITED

2.10 Inventories

Inventories represent the service consumables and other overheads incurred for the contracts in progress. Inventories (including service 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 of consumables, manpower services consumed 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.

2.11 Cash and cash equivalents ('C&CE')

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). However, for the purpose of the Statement of Cash Flows, in addition to above items, any bank overdrafts / cash credits that are integral part of the Company's cash management, are also included as a component of cash and cash equivalents.

2.12 Equity share capital

Ordinary shares are classified as Equity when the Company has an unconditional 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.

2.13 Employee benefits

The Company's employee benefits mainly include wages, salaries, bonuses, defined contribution plans, defined benefit plans, compensated absences and deferred compensation. 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 and 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 benefits plans

In accordance with the local laws and regulations, all the employees in India 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.

Deloitte Haskins & Sells LLP Chartered Accountants

TELESONIC NETWORKS LIMITED

The Company provides for the liability towards the said plans on the basis of actuarial valuation carried out 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 less the fair value of plan assets (being the funded portion). 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) is 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 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.

2.14 Provisions

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

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

Deloitte Haskins & Sells LLP Chartered Accountants

TELESONIC NETWORKS LIMITED

2.15 Contingencies

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made. Contingent assets are not recognised and disclosed only where an inflow of economic benefits are probable.

2.16 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. When determining the consideration to which the Company is entitled for providing promised products or services via intermediaries, the Company assesses whether it is primarily responsible for fulfilling the performance obligation and whether it controls the promised service before transfer to customers. To the extent that the intermediary is considered a principal, the consideration to which the Company is entitled is determined to be that received from the intermediary.

Revenue in excess of invoicing are classified as unbilled revenue.

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. Operations and maintenance revenue

Revenue from operations and maintenance services are recognised upon satisfaction of performance obligation as per the terms of the contract with the customer.

b. Build service revenue

The Company recognises revenue upon satisfaction of performance obligation by transferring promised goods or service to the customer.

c. Other services revenue

Revenue from other services are recognized upon satisfaction of performance obligation as per the terms of the contract with the customer.

d. Interest income

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

Deloitte Haskins & Sells LLP Chartered Accountants

TELESONIC NETWORKS LIMITED

2.17 Borrowing costs

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

2.18 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.

2.19 Segmental reporting

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

The Company is operating in India. Thus, no information concerning geographical areas is applicable to the Company.

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.

Deloitte Haskins & Sells LLP Chartered Accountants

TELESONIC NETWORKS LIMITED

3.1 Key sources of estimate uncertainties

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying values of assets and liabilities are discussed below:

a. Useful lives of PPE

As described at note 2.5 above, the Company reviews the estimated useful lives of PPE 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. Operating lease

The Company has estimated economic life of Optical Fiber Cables ('OFC') for the purpose of assessing the classification of lease. The estimate is based on the market conditions, industry practice, technological developments and other factors.

c. Allowances 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.

d. Contingent liabilities and provisions

The Company is involved in various tax matters, the outcome of which may not be favourable to the Company. Management in consultation with the tax and other advisers assess the likelihood that a pending claim will succeed. The Company has applied its judgement and has recognised liabilities based on whether additional amounts will be payable and has included contingent liabilities where economic outflows are considered possible but not probable.

NHL

Deloitte Haskins & Sells LLP Chartered Accountants

TELESONIC NETWORKS LIMITED

3.2 Critical judgements in applying the Company's accounting policies

a. Determining the lease term

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

b. Determining the incremental borrowing rate of lease contract

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).

(This space has been intentionally left blank)

Deloitte Haskins & Sells LLP Chartered Accountants

TELESONIC NETWORKS LIMITED

4. Significant transactions / new developments

a. During the year ended March 31, 2022, the Board of Directors ('Board') of Bharti Airtel Limited (the parent company), in view of the seminal telecom sector reforms package announced by the Government of India significantly boosting the industry outlook and investor confidence while simplifying the license framework and positioning of Bharti Airtel Limited with strong balance sheet to invest aggressively in the emerging growth opportunities offered by India's digital economy, announced on January 4, 2022 that the existing corporate structure of Bharti Airtel Limited is optimal and therefore, the existing composite scheme of arrangement for the new corporate structure, as approved by the Board on April 14, 2021, stands withdrawn. The Board also approved the revised composite scheme of arrangement ('Scheme') for amalgamation of the Company and Nettle Infrastructure Investments Limited (a fellow subsidiary of the Company) with Bharti Airtel Limited. As on the date of these Financial Statements, the Scheme is subject to applicable statutory/ regulatory approvals.

b. On August 2, 2021, the Company has issued 30,000 listed, unsecured, rated, redeemable, Non-Convertible Debentures ('NCDs'), of face value of Rs. 1 Mn each at a coupon rate of 5.35% per annum payable annually, at par aggregating to Rs. 30,000 Mn on private placement basis. These NCDs will be due for maturity on April 28, 2023. Bharti Airtel Limited has given a guarantee against these NCDs.

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 in which the Code becomes effective.

(This space has been intentionally left blank)

Deloitte Haskins & Sells LLP Chartered Accountants

TELESONIC NETWORKS LIMITED

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

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

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

	Computer	Plant and equipment	Office equipments	Furniture and fixtures	Total
Gross carrying value					
As of April 1, 2020	**158**	**112,239**	**49**	**1**	**112,447**
Additions	31	8,655	12	0	8,698
Disposals / adjustments	-	(3,610)	(2)	-	(3,612)
As of March 31, 2021	**189**	**117,284**	**59**	**1**	**117,533**
As of April 1, 2021	**189**	**117,284**	**59**	**1**	**117,533**
Additions	45	22,623	32	-	22,700
Disposals / adjustments	(11)	-	(2)	-	(13)
As of March 31, 2022	**223**	**139,907**	**89**	**1**	**140,220**
Accumulated depreciation					
As of April 1, 2020	**147**	**51,573**	**39**	**1**	**51,760**
Charge	11	3,861	8	0	3,880
Disposals / adjustments	-	-	(1)	-	(1)
As of March 31, 2021	**158**	**55,434**	**46**	**1**	**55,639**
As of April 1, 2021	**158**	**55,434**	**46**	**1**	**55,639**
Charge	19	5,240	10	0	5,269
Disposals / adjustments	(11)	-	(1)	-	(12)
As of March 31, 2022	**166**	**60,674**	**55**	**1**	**60,896**
Net carrying value					
As of March 31, 2021	**31**	**61,850**	**13**	**0**	**61,894**
As of March 31, 2022	**57**	**79,233**	**34**	**0**	**79,324**

CWIP

The carrying value of CWIP as of March 31, 2022 and March 31, 2021 is Rs. 4,591 and Rs. 6,256 respectively, which mainly pertains to plant and equipment.

The following table presents the CWIP ageing as of March 31, 2022 and March 31, 2021:

March 31, 2022

	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	4,036	555	-	-	4,591

March 31, 2021

	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	5,802	454	0	0	6,256

The following table summarizes the detail of significant part of assets given on lease:

	As of	
	March 31, 2022	**March 31, 2021**
Gross block	139,313	116,925
Net block	78,890	61,675

Chartered Accountants
Deloitte Haskins & Sells LLP

TELESONIC NETWORKS LIMITED

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

6. Other financial assets

Non-current

	As of	
	March 31, 2022	**March 31, 2021**
Security deposits*	8	48
Margin money	1	-
	9	**48**

* Security deposits (net of allowance for impairment of Rs. 939 and Rs. 724 as of March 31, 2022 and March 31, 2021, respectively) primarily include deposits given towards trenching activity and against office premises.

Current

	As of	
	March 31, 2022	**March 31, 2021**
Security deposits	359	266
	359	266

7. Other assets

Non-current

	As of	
	March 31, 2022	**March 31, 2021**
Advances - paid under protest	9	6
Capital advances	136	0
Others*	6	6
	151	**12**

* Includes indirect taxes recoverable.

Current

	As of	
	March 31, 2022	**March 31, 2021**
Taxes recoverable	4,495	3,222
Advances to suppliers (net of provision)@	268	399
Employee receivables	10	21
Advances^	397	216
Others*	4	20
	5,174	**3,878**

@ Advances to suppliers are disclosed net of provision of Rs. 217 and Rs. 123 as of March 31, 2022 and March 31, 2021 respectively.

^ Majorly it pertains to advance track rent on account of right of way.

* It includes prepaid expenses.

Deloitte Haskins & Sells LLP Chartered Accountants

TELESONIC NETWORKS LIMITED

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

8. Inventories

	As of March 31, 2022	As of March 31, 2021
Inventories	2,107	1,816
Less : Provision for diminution in value of inventory	(263)	(155)
	1,844	**1,661**

9. Investments

Current

Investments - FVTPL	As of March 31, 2022	As of March 31, 2021
Mutual funds (quoted)	-	751
	-	**751**
Aggregate book / market value of quoted investments	-	**751**

10. Trade receivables

	As of March 31, 2022	As of March 31, 2021
Trade receivables considered good – unsecured*	3,695	1,307
Less: Allowance for doubtful receivables	(333)	(84)
	3,362	**1,223**

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

Refer note 29(1)(a) for credit risk

The movement in allowance for doubtful receivables is as follows:

	For the year ended March 31, 2022	For the year ended March 31, 2021
Opening balance	84	193
Additions (net of reversal)	249	(109)
Closing balance	333	84

(This space has been intentionally left blank)

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

Trade receivables ageing

The following table presents the trade receivables ageing as of March 31, 2022 and March 31, 2021:

March 31, 2022

Particulars	Not due	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6 months -1 year	1-2 Years	2-3 years	More than 3 years	
Undisputed Trade receivables — considered good	126	3,318	26	45	137	43	3,695
Less: Allowance for doubtful receivables							(333)
Total trade receivables							**3,362**

March 31, 2021

Particulars	Not due	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6 months -1 year	1-2 Years	2-3 years	More than 3 years	
Undisputed Trade receivables — considered good	705	266	63	218	30	25	1,307
Less: Allowance for doubtful receivables							(84)
Total trade receivables							**1,223**

11. Cash and bank balances

Cash and cash equivalents ('C&CE')

	As of	
	March 31, 2022	**March 31, 2021**
Balances with banks		
- On current accounts	92	123
- Bank deposits with original maturity of 3 months or less	-	100
	92	**223**

Other bank balances

	As of	
	March 31, 2022	**March 31, 2021**
Margin money	22	17
	22	**17**

For the purpose of Statement of Cash Flows, C&CE comprise of the following: -

	As of	
	March 31, 2022	**March 31, 2021**
C&CE as per Balance Sheet	92	223
Bank overdraft (refer note 13)	-	(0)
	92	**223**

Deloitte Haskins & Sells LLP Chartered Accountants

TELESONIC NETWORKS LIMITED

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

12. Equity share capital

	As of	
	March 31, 2022	March 31, 2021
Authorised shares		
95,000,000 (March 31, 2021- 95,000,000) equity shares of Rs.10 each	950	950
Issued, subscribed and fully paid-up shares		
93,927,154 (March 31, 2021- 93,927,154) equity shares of Rs.10 each	939	939
	939	**939**

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

	As of			
	March 31, 2022		March 31, 2021	
	No. of shares ('000')	Amount	No. of shares ('000')	Amount
At the beginning of the year	93,927	939	93,927	939
Issued during the year	-	-	-	-
Outstanding at the end of the year	**93,927**	**939**	**93,927**	**939**

b) Terms / rights attached to equity shares

The Company has only one class of equity shares having par value of Rs. 10 each. The holder of the equity share is entitled to dividend right and voting right in the same proportion as the capital paid-up on such equity share bears to the total paid-up equity share capital of the Company. In the event of liquidation of the Company, the holder of equity shares will be entitled to receive the remaining assets of the Company, after distribution of all preferential amounts, in proportion to the number of equity shares held by the shareholders.

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

	As of			
	March 31, 2022		March 31, 2021	
	No. of shares '000	% holding	No. of shares '000	% holding
Equity shares of Rs.10 each fully paid up				
Bharti Airtel Limited, the parent company and its nominees	89,231	95%	89,231	95%

d) Shareholding of Promoters

As of March 31, 2022

S No.	Promoter Name	No. of shares	% of total shares	% Change during the year
1	Bharti Airtel Limited*	89,230,796	95%	-
2	Bharti Airtel Services Limited	4,696,358	5%	-

* 5 shares are held by nominees of Bharti Airtel Limited

Deloitte Haskins & Sells LLP Chartered Accountants

TELESONIC NETWORKS LIMITED

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

As of March 31, 2021

S No.	Promoter Name	No. of shares	% of total shares	% Change during the year
1	Bharti Airtel Limited*	89,230,796	95%	-
2	Bharti Airtel Services Limited	4,696,358	5%	-

* 5 shares are held by nominees of Bharti Airtel Limited

e) Reserves and surplus

Retained earnings: Retained earnings represent the amount of accumulated earnings of the Company and re-measurement differences on defined benefits plans.

Capital reserve: The excess of fair value of net assets acquired over consideration paid in a business combination is recognised as capital reserve (for common control transactions). This reserve is not available for distribution as dividend.

13. Borrowings

Non-Current

	As of	
	March 31, 2022	March 31, 2021
Unsecured		
Term Loans	-	27,500
Non-convertible debentures	29,970	-
	29,970	**27,500**

Current

	As of	
	March 31, 2022	March 31, 2021
Unsecured		
Term Loans	12,845	10,723
Commercial papers	8,367	-
Bank overdraft	-	0
	21,212	**10,723**
Current maturities of long term borrowings		
Unsecured		
Term Loans	-	500
	-	**500**
	21,212	**11,223**

(This space has been intentionally left blank)

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

Analysis of borrowings

The details given below are gross of debt origination cost.

13.1 Repayment terms of borrowings

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

	As of March 31, 2022						
	Interest rate	Frequency of installments	Number of installments outstanding per facility#	Within one year	Between one and two years	Between two and five years	After 5 years
Non convertible debentures	5.35%	One time	1	-	30,000	-	-
Term loans	8.3%	One time	1	1	-	-	-
	4.7%	On demand	1	3,820	-	-	-
	0.0%	On demand	1	9,024	-	-	-
Commercial paper	5.35%	One time	1	8,750	-	-	-
				21,595	30,000	-	-

	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	After 5 years
Term loans	5.9% - 6.0%	Quarterly	8 - 24	500	2,400	6,100	4,000
	6.0%	Half yearly	3	-	750	2,250	-
	4.95% - 6.0%	One time	1	750	-	12,000	-
	0.0% - 8.9%	On Demand	1	9,973	-	-	-
Bank overdraft	16.5%	Payable on demand	NA	0	-	-	0
				11,223	3,150	20,350	4,000

The instalments amount due are equal / equated per se.

13.2 Interest rate and currency of borrowings

	Weighted average rate of interest	Total borrowings	Floating rate borrowings	Fixed rate borrowings
INR	4.36%	51,212	1	51,211
March 31, 2022		**51,212**	**1**	**51,211**
INR	6.61%	38,723	28,000	10,723
March 31, 2021		**38,723**	**28,000**	**10,723**

14. Provisions

Non-current

	As of	
	March 31, 2022	March 31, 2021
Provisions for employee benefits		
Gratuity	261	344
Other employee benefits plans	38	80
	299	**424**

Deloitte Haskins & Sells LLP Chartered Accountants

TELESONIC NETWORKS LIMITED

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

Current

	As of	
	March 31, 2022	**March 31, 2021**
Provisions for employee benefits		
Gratuity	88	41
Other employee benefits plans	117	138
Others provisions	48	61
	253	**240**

15. Income tax

The major components of the income tax expense are:

	For the year ended	
	March 31, 2022	**March 31, 2021**
Amounts recognised in Statement of Profit and Loss		
Current tax		
- For the year	-	-
	-	-
Deferred tax		
- Origination and reversal of temporary differences	1,219	1,148
- Adjustments for prior periods	(39)	-
	1,180	1,148
Income tax expense	**1,180**	**1,148**
Amounts recognised in Other Comprehensive Income		
Deferred tax related to items charged or credited to other comprehensive income during the year:		
- Remeasurement (gain) / loss on defined benefit plans	(5)	1
Deferred Tax (charged) / credited to Other Comprehensive Income	**(5)**	**1**

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, 2022	**March 31, 2021**
Profit before tax	4,111	4,125
Tax expense @ 25.168%	1,035	1,038
Effect of:		
Adjustment in respect to deferred tax of previous years	(39)	-
Expense not deductible (net)	189	109
Others	(5)	1
Income tax expense	**1,180**	**1,148**

Deloitte Haskins & Sells LLP Chartered Accountants

TELESONIC NETWORKS LIMITED

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

The analysis of deferred tax assets and liabilities is as follows:

	As of	
	March 31, 2022	March 31, 2021
Deferred tax asset / (liabilities)		
Allowances for impairment of debtors / advances	388	246
Losses available for offset against future taxable income	49	142
Employee benefits	118	131
Provision for Inventory	66	-
Depreciation on PPE	(3,941)	(2,654)
Net deferred tax liabilities	**(3,320)**	**(2,135)**

	For the year ended	
	March 31, 2022	March 31, 2021
Deferred tax expense		
Provision for debtors / advances	142	13
Losses available for offset against future taxable income	(93)	96
Employee benefits	(8)	-
Provision for Inventory	66	-
Depreciation on PPE	(1,287)	(1,257)
Net deferred tax expense	**(1,180)**	**(1,148)**

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

	For the year ended	
	March 31, 2022	March 31, 2021
Opening balance	**(2,135)**	**(988)**
Tax expense recognised in profit or loss	(1,180)	(1,148)
Tax income recognised in OCI	(5)	1
Closing balance	**(3,320)**	**(2,135)**

16. Trade payables

	As of	
	March 31, 2022	March 31, 2021
Dues to micro enterprises and small enterprises	286	427
Others*	4,066	3,595
	4,352	**4,022**

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

Deloitte Haskins & Sells LLP Chartered Accountants

TELESONIC NETWORKS LIMITED

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

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:

		For the year ended	
		March 31, 2022	March 31, 2021
1	Principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year	286	427
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	-	-
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	-	-

Trade payables ageing:

As of March 31 , 2022

Particulars	Unbilled	Not due	Outstanding for following periods from due date of payment				Total
			Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) Dues to micro and small enterprises	-	52	199	19	-	16	286
(ii) Others	3,450	98	38	220	124	136	4,066

As of March 31 , 2021

Particulars	Unbilled	Not due	Outstanding for following periods from due date of payment				Total
			Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) Dues to micro and small enterprises	-	59	357	6	3	2	427
(ii) Others	2,044	655	629	120	102	45	3,595

17. Other financial liabilities

Current

	As of	
	March 31, 2022	March 31, 2021
Employee payable	217	235
Equipment supply payable	7,853	3,892
Interest accrued	1,064	33
Others*	15,228	15,228
	24,362	**19,388**

* It primarily includes payable to Bharti Airtel Limited on acquisition of operations pertaining to fiber factory (refer note 27) and retention money.

Chartered Accountants
Deloitte Haskins & Sells LLP

TELESONIC NETWORKS LIMITED

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

18. Other liabilities

	As of	
	March 31, 2022	March 31, 2021
Current		
Taxes payable#	170	168
	170	**168**

#Taxes payable mainly pertains to Goods and Services tax (GST).

19. Contingencies and commitments

(i) Contingent liabilities

Claims against the Company not acknowledged as debt:

	As of	
	March 31, 2022	March 31, 2021
(i) Taxes and duties		
- Service tax and GST	131	117
- Sales tax and entry tax	-	0
(ii) Claims under legal cases including arbitration matters	1	3
	132	**120**

The category-wise detail of the contingent liabilities has been given below: -

Service Tax and GST

The Service Tax demand relates to non-monetary consideration received by the company from Bharti Airtel Limited by way of free of cost space provided by Bharti Airtel Limited to employees of the Company.

(ii) Capital commitments

	As of	
	March 31, 2022	March 31, 2021
Estimated value of contracts to be executed on capital account and not provided for (net of related advances)	14,248	15,302
	14,248	**15,302**

20. Revenue from operations

	For the year ended	
	March 31, 2022	March 31, 2021
Revenue from services		
Operations and maintenance revenue	2,933	2,449
Build services revenue	7,869	4,094
Other services revenue	1,526	833
Other operating revenue		
Lease rental income	16,637	13,654
	28,965	**21,030**

Deloitte Haskins & Sells LLP Chartered Accountants

TELESONIC NETWORKS LIMITED

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

Disaggregation of Revenue

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

	For the year ended	
	March 31, 2022	**March 31, 2021**
Operation and maintenance revenue (transferred over time)	2,933	2,449
Build services (transferred over time)	7,869	4,094
Other services revenue (transferred over time)	1,526	833
	12,328	7,376

The Company's more than 10% of revenue comes from one customer amounting to Rs. 27,455 and Rs. 19,982 for the year ended March 31, 2022 and March 31, 2021 respectively.

Contract balances

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

	As of	
	March 31, 2022	**March 31, 2021**
Unbilled Revenue	4,663	1,143
Deferred Revenue	5,644	5,755

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

	For the year ended March 31, 2022	
	Unbilled Revenue	**Deferred Revenue**
Revenue recognised that was included in deferred revenue at the beginning of the year		622
Increase due to cash received, excluding amounts recognised as revenue during the year		511
Transfers from unbilled revenue recognised at the beginning of the year to receivables	1,143	

21. Network operating expenses

	For the year ended	
	March 31, 2022	**March 31, 2021**
Installation and rollout cost	1,073	908
Maintenance cost	5,395	3,884
Manpower cost	3,356	1,651
	9,824	**6,443**

Deloitte Haskins & Sells LLP
Chartered Accountants

TELESONIC NETWORKS LIMITED

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

22. Employee benefits expense

	For the year ended	
	March 31, 2022	March 31, 2021
Salaries and bonus	1,787	1,768
Contribution to provident and other funds	103	105
Defined benefit plan / other long term benefits	45	105
Staff welfare expenses	206	138
	2,141	**2,116**

The Company is depositing provident fund directly into Government approved fund (Telesonic Networks Limited Employees Gratuity Fund). As per the Trust Deed, every employee who has completed specified number of years gets gratuity on termination of employment at 15 days salary (last drawn salary) for each completed year of service.

i. Defined benefits plans/ Long-term employee benefits

The details of defined benefit obligations / long-term employee benefits and plan assets are as follows:

	For the year ended			
	March 31,2022		March 31,2021	
	Gratuity	Compensated absences	Gratuity	Compensated absences
Obligation:				
Balance as at beginning of the year	389	138	382	138
Current service cost	33	16	38	19
Interest cost	26	9	26	10
Benefits paid	(77)	(22)	(64)	(17)
Transfers	2	0	2	(1)
Remeasurements	(20)	(24)	5	(11)
Present value of funded obligation	**353**	**117**	**389**	**138**
Assets:				
Balance as at beginning of year	4	-	4	-
Interest income	0	-	0	-
Benefits paid	-	-	-	-
Remeasurements	-	-	-	-
Fair value of plan assets	**4**	-	**4**	-
Liability recognised in the Balance Sheet	**349**	**117**	**385**	**138**
Current portion	**88**	**117**	**41**	**138**
Non-current portion	**261**	-	**344**	-

As of March 31, 2022, expected contributions for the next annual reporting year is Rs. 59.

Amount recognised in Other Comprehensive Income

	For the year ended	
	March 31, 2022	March 31, 2021
Experience gains	10	(1)
Losses from change in demographic assumptions	(11)	4
Losses from change in financial assumptions	(19)	2
Remeasurements on defined benefit plans	**(20)**	**5**

Deloitte Haskins & Sells LLP Chartered Accountants

Telesonic Networks Limited

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

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:

	As of	
	March 31, 2022	March 31, 2021
Discount rate	7.20%	6.79%
Rate of return on plan assets	6.70%	6.90%
Rate of salary increase	7.00%	7.50%
Rate of attrition	12% to 35%	10% to 15%
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:

		As of	
		March 31, 2022	March 31, 2021
	Change in assumption	Gratuity	Gratuity
Discount Rate	+1%	(10)	(22)
	-1%	11	24
Salary Growth Rate	+1%	11	24
	-1%	(10)	(22)

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.

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

Deloitte Haskins & Sells LLP Chartered Accountants

TELESONIC NETWORKS LIMITED

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

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

	As of	
	March 31, 2022	**March 31, 2021**
Within one year	88	46
Within one-three years	130	95
Within three-five years	71	95
Above five years	81	320
	370	**556**
Weighted average duration (in years)	4.00	7.21

23. Other expenses

	For the year ended	
	March 31, 2022	**March 31, 2021**
Legal & professional charges*	15	11
Rates, fees and taxes	41	30
Consumption of material	3,705	1,815
Electricity & water	1	4
Telephone, telex and postage	37	25
Bad debts written off	-	12
Travelling and conveyance	67	56
Rent expenses^	256	91
Repair & maintenance	22	22
Provision for doubtful receivables and security deposits	464	59
Charity and donation	87	105
Others#	354	130
	5,049	**2,360**

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

	For the year ended	
	March 31, 2022	**March 31, 2021**
Audit fee	2	1
Reimbursement of expenses	0	0
	2	**1**

^ It pertains to rentals which are not covered under Ind AS 116, Leases.

It includes provision on inventories and other assets, printing and stationery expenses etc.

Deloitte Haskins & Sells LLP Chartered Accountants

TELESONIC NETWORKS LIMITED

Additional information pertaining to Corporate Social Responsibility (CSR)

	For the year ended	
	March 31, 2022	March 31, 2021
(i) amount required to be spent by the company during the year	71	41
(ii) amount of expenditure incurred	71	41
(iii) shortfall at the end of the year	Nil	Nil
(iv) total of previous years shortfall	Nil	Nil
(v) nature of CSR activities	Company's CSR program focuses on promoting education for the underprivileged and livelihood enhancement education programs	Company's CSR Program focuses on promoting health care including preventinve health care & sanitation, making available safe drinking water and on promoting education
(vi) details of related party transactions	Contributed an amount of Rs. 70 to Bharti Foundation	Contributed an amount of Rs. 1 to Bharti Foundation

24. Depreciation expense

	For the year ended	
	March 31, 2022	March 31, 2021
Depreciation (including on ROU)	5,278	3,880
	5,278	**3,880**

25. Finance costs

	For the year ended	
	March 31, 2022	March 31, 2021
Interest expense	2,536	2,141
Interest expense - lease liabilities	4	-
Bank charges, letter of credit (LC) & guarantees	33	29
Amortised loan origination costs	22	-
	2,595	**2,170**

26. Earnings per share ('EPS')

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

	For the year ended	
	March 31, 2022	March 31, 2021
Earnings attributable to equity shareholders as per Statement of Profit and Loss (A)	2,931	2,977
Weighted average number of equity shares for calculation of basic earnings per share (B) (in thousands)	93,927	93,927
Weighted average number of equity shares for calculation of diluted earnings per share (C) (in thousands)	93,927	93,927
Equity shares of face value Rs 10 per share		
1) Basic (A/B)	31.21	31.69
2) Diluted (A/C)	31.21	31.69

NH

Deloitte Haskins & Sells LLP Chartered Accountants

TELESONIC NETWORKS LIMITED

27. Related party disclosures

a. Parent company:
- Bharti Airtel Limited

b. 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.

c. Entity having control over the parent Company
- Bharti Telecom Limited

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

(i) Fellow subsidiaries
- Bharti Hexacom Limited
- Bharti Airtel Services Limited
- Bharti Telemedia Limited
- Nxtra Data Limited

(ii) Other related parties*
- Bharti Realty Limited
- Bharti Realty Holdings Limited
- Bharti Axa General Insurance Company Limited
- Bharti Foundation
- Alborz Developers Limited
- Populus Realty Limited
- Vinta Realty Limited

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

(iii) Entity where parent company exercise joint control

Joint venture of parent company
- FireFly Networks Limited

(iv) Entity where parent company exercise significant influence

Associate of parent company
- Airtel Payments Bank Limited

e. Key management personnel ('KMP')
- Rakesh Kumar, Whole Time Director & CEO

Deloitte Haskins & Sells LLP Chartered Accountants

TELESONIC NETWORKS LIMITED.

Telesonic Networks Limited
Statement of Cash Flows
(All amounts are in millions of Indian Rupee)

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

	For the year ended											
	March 31, 2022						March 31, 2021					
	Parent company	Entity having control over the parent Company	Fellow subsidiaries	Other related parties	Joint venture of the Parent Company	Entity where parent company exercise significant influence	Parent company	Entity having control over the parent Company	Fellow subsidiaries	Other related parties	Joint venture of the Parent Company	Entity where parent company exercise significant influence
Sale of assets	8,601	-	601	-	-	-	4,522	-	197	-	-	-
Rendering of services	23,440	-	63	-	7	-	20,813	-	53	-	-	-
Receiving of services	(178)	-	(3)	-	-	-	(85)	-	(15)	-	-	-
Employee settlement	1	-	0	(1)	-	(57)	7	-	-	-	-	(75)
Security deposit / advances given	-	-	-	6	-	-	-	-	-	-	-	-
Donations to related party	-	-	-	(72)	-	-	-	-	-	(3)	-	-
Loan (taken from) / repaid to related party	(8,701)	9,650	-	(3,820)	-	-	(223)	(9,650)	-	-	-	-
Interest expense	-	(712)	-	(154)	-	-	-	(1,992)	-	-	-	-
Common cost allocation	(295)	-	-	-	-	-	(47)	-	-	-	-	-
Receiving of assets (ROU)	-	-	-	62	-	-	-	-	-	-	-	-
Payment of Lease liabilities	-	-	-	6	-	-	-	-	-	-	-	-
Guarantees and collateral on behalf of Company	(32,400)	-	-	-	-	-	-	-	-	-	-	-

Deloitte Haskins & Sells LLP Chartered Accountants

TELESONIC NETWORKS LIMITED

(All amounts are in millions of Indian Rupee)

Significant related party transactions are summarised below:

	For the year ended	
	March 31, 2022	**March 31, 2021**
Sale of assets		
Parent company		
Bharti Airtel Limited	8,601	4,522
Fellow subsidiaries		
Bharti Hexacom Limited	449	197
Rendering of services		
Parent company		
Bharti Airtel Limited	23,440	20,813
Fellow subsidiaries		
Bharti Hexacom Limited	65	51
Employee settlement		
Parent company		
Bharti Airtel Limited	1	7
Entity where parent company exercise significant influence		
Airtel Payments Bank Limited	(57)	(75)
Receiving of services		
Parent company		
Bharti Airtel Limited	178	85
Fellow subsidiaries		
Bharti Telemedia Limited	5	13
Loan (taken from) / repaid to related parties		
Parent company		
Bharti Airtel Limited	(8,701)	(223)
Entity having control over the parent Company		
Bharti Telecom Limited	9,650	(9,650)
Other related parties		
Vinta Realty Limited	(1,760)	-
Alborz Developers Limited	(1,240)	-
Populus Realty Limited	(820)	-
Guarantees and collateral on behalf of Company		
Parent company		
Bharti Airtel Limited	(32,400)	-

Note: Transactions reported above are inclusive of taxes wherever applicable.

Deloitte Haskins & Sells LLP Chartered Accountants

TELESONIC NETWORKS LIMITED

(All amounts are in millions of Indian Rupee)

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

	Parent company	Entity having control over the parent Company	Fellow subsidiaries	Other related parties	Joint venture of the Parent Company	Entity where parent company exercise significant influence
As of March 31, 2022						
Trade payables	(200)	-	(4)	(8)	-	-
Others financial liabilities	(15,139)	-	-	-	-	-
Unbilled revenue	4,210	-	270	-	0	-
Trade receivables	2,803	-	113	0	1	0
Borrowings	(9,024)	-	-	(3,820)	-	-
Security deposit / advances	-	-	-	6	-	-
Lease liabilities	-	-	-	(59)	-	-
Guarantees and collateral on behalf of Company	(32,400)	-	-	-	-	-
As of March 31, 2021						
Trade payables	(67)	-	(7)	-	-	-
Others financial liabilities	(15,139)	-	-	-	-	-
Unbilled revenue	1,110	-	28	5	-	-
Trade receivables	1,121	-	35	-	-	-
Loans	(323)	-	-	-	-	-
Borrowings	-	(9,650)	-	-	-	-

The parent company has agreed to ensure appropriate financial support comprising of undrawn committed facilities only if and to the extent required by the Company.

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

Deloitte Haskins & Sells LLP Chartered Accountants

TELESONIC NETWORKS LIMITED

(All amounts are in millions of Indian Rupee)

KMPs 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, 2022	March 31, 2021
Short term employee benefit	10	10
Performance linked incentive ('PLI')#	2	2
Post employment benefits	1	1
	13	13

#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, 2022, PLI of Rs. 2 (March 31, 2021: Rs. 3) 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.

28. 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, 2022 and March 31, 2021:

	Building
Balance at April 1, 2021	-
Additions	81
Depreciation expense	(9)
Balance at March 31, 2022	**72**

Amounts recognised in Statement of Profit and Loss

Leases under Ind AS 116

	For the year ended	
	March 31, 2022	March 31, 2021
Interest on lease liabilities	4	-
Expenses relating to short-term leases	1	-
	5	-

Amounts recognised in Statement of Cash Flows

	For the year ended	
	March 31, 2022	March 31, 2021
Cash outflow for leases	8	-

Chartered Accountants
Deloitte Haskins & Sells LLP

TELESONIC NETWORKS LIMITED

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

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, 2022	March 31, 2021
Not later than one year	15	-
Later than one year but not later than five years	48	-
Later than five years	38	-
	101	-

Company as a lessor- operating lease

The Company enters into 'Indefeasible right to use' ('IRU') arrangements wherein the right to use the 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. Unearned IRU revenue received in advance is presented as deferred revenue within liabilities in the Balance Sheet.

Amounts recognised in Statement of Profit and Loss

	For the year ended	
	March 31, 2022	March 31, 2021
Rental income	16,637	13,654

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

	As of	
	March 31, 2022	March 31, 2021
Less than one year	19,619	18,128
One to two years	19,619	18,128
Two to three years	19,619	18,128
Three to four years	19,619	18,128
Four to five years	19,619	18,128
More than five Years	245,911	242,677

29. Financial and capital risk

1. Financial risk

The business activities of the Company expose it to a variety of financial risks, namely market risks (that is interest rate risk and price risk), credit risk and liquidity risk. The Company's risk management strategies focus on the unpredictability of these elements and seek to minimise the potential adverse effects on its financial performance.

Deloitte Haskins & Sells LLP Chartered Accountants

TELESONIC NETWORKS LIMITED

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

The financial risk management for the Company is driven by the Company's senior management ('CSM'), in close co-ordination with 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. They ensure that the Company's financial risk-taking activities are governed by appropriate financial risk governance framework, policies and procedures. The Board of Directors periodically reviews the exposures to financial risks, and the measures taken for risk mitigation and the results thereof.

(a) Credit risk

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

The Company is exposed to credit risk mainly with respect to trade receivables / mutual funds.

Trade receivables

The trade receivables of the Company are typically non-interest bearing unsecured and derived from sales made to related entities. As the customer base is widely distributed both economically and geographically, there is no concentration of credit risk. The credit period provided by the Company to its customers (other than Group entities), generally ranges between 14-30 days.

The Company's major revenue is generated from the holding company. For details of trade receivables / revenues from related-parties, refer note 27. Based on the industry practices and the business environment in which the entity operates, management considers that the trade receivables are impaired if the payments are more than 90 days past due, except receivables from related parties.

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

	Neither past due nor impaired	Past due but not impaired				Total
		Less Than 30 days	30 to 60 days	60 to 90 days	Above 90 days	
Trade receivables as of March 31, 2022	126	1,608	1,078	305	245	3,362
Trade receivables as of March 31, 2021	705	116	63	13	326	1,223

(b) Price risk

The Company invests its surplus funds in various mutual funds (debt fund, equity fund, liquid schemes and income funds, price risk etc.), short term debt funds, government securities and fixed deposits. In order to manage its price risk arising from investments, the Company diversifies its portfolio in accordance with the limits set by the risk management policies.

Deloitte Haskins & Sells LLP Chartered Accountants

TELESONIC NETWORKS LIMITED

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

(c) 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. It maintains adequate sources of financing including debt and overdraft from domestic banks at an optimised cost.

Moreover, the CSM regularly monitors the rolling forecasts of the entities' liquidity reserve (comprising of the amount of available un-drawn credit facilities and Cash and cash equivalents ('C&CE')) and the related requirements, to ensure they have sufficient cash on an on-going basis to meet operational needs while maintaining sufficient headroom at all times on its available un-drawn committed credit facilities, so that there is no breach of borrowing limits or relevant covenants on any of its borrowings. For details as to the Borrowings, refer note 13.

Based on past performance and current expectations, the Company believes that the C&CE, cash generated from operations and available un-drawn credit facilities, will satisfy its working capital needs, capital expenditure, investment requirements, commitments and other liquidity requirements associated with its existing operations, through at least the next twelve months.

Analysis of financial instruments by remaining contractual maturities

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

	As of March 31, 2022						
	Carrying amount	On demand	Less than 6 months	6 to 12 months	1 to 2 years	> 2 years	Total
Trade payables	4,352	-	4,352	-	-	-	4,352
Interest free borrowings	9,024	9,024	-	-	-	-	9,024
Interest bearing borrowings*^	43,222	-	5,004	8,750	31,605	-	45,359
Lease liabilities^	77	-	8	7	11	75	101
Other financial liabilities*	23,298	-	23,298	-	-	-	23,298
	79,973	**9,024**	**32,662**	**8,757**	**31,616**	**75**	**82,134**

	As of March 31, 2021						
	Carrying amount	On demand	Less than 6 months	6 to 12 months	1 to 2 years	> 2 years	Total
Trade payables	4,022	-	4,022	-	-	-	4,022
Interest bearing borrowings*^	38,756	9,973	1,590	1,383	4,960	26,580	44,486
Other financial liabilities*	19,355	-	19,355	-	-	-	19,355
	62,133	**9,973**	**24,967**	**1,383**	**4,960**	**26,580**	**67,863**

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

^ It includes contractual interest payment based on interest rate prevailing at the end of the reporting period over the tenor of the borrowings.

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

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:

	April 1, 2021	Cash flows	Interest expense	Non cash changes	March 31, 2022
Borrowings*	38,723	12,448	41	(30)	51,182
Lease liabilities	-	(4)	-	81	77
Interest accrued	33	(1,553)	2,595	(11)	1,064

* It does not include bank overdraft.

(d) 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:

Interest rate sensitivity	Increase / decrease in basis points	Effect on profit before tax
For the year ended March 31, 2022		
INR - borrowings	+100	(0)
	-100	0
For the year ended March 31, 2021		
INR - borrowings	+100	(387)
	-100	387

NML

Deloitte Haskins & Sells LLP Chartered Accountants

TELESONIC NETWORKS LIMITED

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

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 shareholdings, and benefits for other stakeholders), support business stability and growth, ensure adherence to relevant laws and regulations, and maintain an optimal and efficient capital structure so as to reduce the cost of capital. However, the key objective of the Company's capital management is to, ensure that it maintains a stable capital structure with the focus on total Equity and ensure future development of its business activities. In order to maintain or adjust the capital structure, the Company may issue new shares, declare dividends, return capital to shareholders, etc.

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

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

	As of	
	March 31, 2022	**March 31, 2021**
Borrowings	51,182	38,723
Less: Cash and Cash Equivalents	92	223
Net Debt	51,090	38,500
Equity	10,818	7,872
Total Capital	10,818	7,872
Capital and Net Debt	61,908	46,372
Gearing Ratio	82.53%	83.02%

30. COVID-19

The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on these Financial Statements.

In developing the assumptions relating to the possible future uncertainties in the economic conditions because of this pandemic, the Company has used internal and external sources of information. 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 financial and non-financial assets will be recovered.

Based on the Company's assessment, no material impact has been noted. Considering that it is a dynamic and evolving situation, the management will continue to closely monitor and evaluate the impact of any material change in macro-economic and other related factors, which may have bearing on the Company's operations.

Deloitte Haskins & Sells LLP
Chartered Accountants

TELESONIC NETWORKS LIMITED

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

31. 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:

		As of			
		March 31, 2022		March 31, 2021	
	Level	Carrying value	Fair value	Carrying value	Fair value
Financial assets					
FVTPL					
Investments	Level 1	-	-	751	751
Amortised cost					
Trade receivables		3,362	3,362	1,223	1,223
Cash and cash equivalents		92	92	223	223
Other bank balances		22	22	17	17
Unbilled revenue		4,663	4,663	1,571	1,571
Other financial assets		368	368	314	314
		8,507	**8,507**	**4,099**	**4,099**
Financial liabilities					
Amortised cost					
Borrowings - fixed rate	Level 1	29,970	29,034	-	-
Borrowings - fixed rate		21,211	21,211	10,723	10,723
Borrowings - floating rate		1	1	28,000	28,000
Trade payables		4,352	4,352	4,022	4,022
Other financial liabilities		24,362	24,362	19,388	19,388
		79,896	**78,960**	**62,133**	**62,133**

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

i) The carrying value of other bank balances, trade receivables, trade payable, short term borrowings, other financial assets and liabilities approximate their fair value mainly due to the short- term maturities of these instruments.

During the year ended March 31, 2022 and March 31, 2021, none of the financial assets and financial liabilities are in Level 2 and Level 3.

Deloitte Haskins & Sells LLP Chartered Accountants

TELESONIC NETWORKS LIMITED

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

32. Ratios

Ratio	Numerator	Denominator	March 31, 2022	March 31, 2021	% Variance	Reason for variance
Current Ratio - [no. of times]	Current Assets	Current Liabilites	0.30	0.27	13%	Not applicable
Debt-equity Ratio - [no. of times]*	Non-Current borrowings (+) current borrowings (-) cash and cash equivalents	Equity	4.72	4.89	(3%)	Not applicable
Debt service coverage ratio - [no. of times]	Profit before depreciation, finance costs and tax	Interest expenses (+) principal repayments of long-term debt (+) payment of lease liabilities	0.29	4.75	(94%)	Decrease on account of higher principal repayment of long-term debts during the year
Return on equity ratio - [no. of times]	Profit for the year	Average Equity	0.31	0.47	(33%)	Decrease on account of higher average equity attributable to owners of the company during the year
Trade receivables turnover ratio - [no. of days]	Average trade receivables	Revenue from operations / no of days for the year	29	58	(50%)	Decrease on account of better realisation of debtors coupled with higher revenue from operations
Inventories turnover ratio - [no. of days]	Average inventories	Cost of goods sold / no of days for the year	173	246	(30%)	Decrease on account of higher cost of goods sold during the year
Net capital turnover ratio - [no. of times]	Revenue from operations	Working Capital	(0.82)	(0.81)	1%	Not applicable
Trade payables turnover ratio - [no. of days]	Average trade payables	Total purchases / no of days for the year	382	679	(44%)	Decrease on account of higher purchases during the year
Net profit ratio (%)	Net Profit	Revenue from operations	10.1%	14.2%	(29%)	Decrease on account of higher revenue from operations during the year
Return on capital employed (%)	EBIT	Average Capital Employed#	12.4%	24.6%	(50%)	Decrease on account of higher average capital employed during the year
Return on investment	Income generated from investments at FVTPL	Time weighted average investment at FVTPL	0.7%	0.8%	(5%)	Not applicable

* excluding lease liabilities

Average capital employed= Average of Equity + Average of Net debt.

33. Relationship with struck off companies

Name of struck off company	Nature of transactions	Relationship with the struck-off company	Balance outstanding as of March 31, 2022	Balance outstanding as of March 31, 2021
KURTIS TECHNOLOGIES PRIVATE LIMITED	Payables	Vendor	1	1

Deloitte Haskins & Sells LLP Chartered Accountants

TELESONIC NETWORKS LIMITED