Indo Teleports Limited

(formerly 'Bharti Teleports Limited')

Ind AS Financial Statements for the year ended

March 31, 2017

Indo Teleports Limited

Ind AS Financial Statements – March 2017

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Independent Auditor's Report

S.R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Members of Indo Teleports Limited (formerly Bharti Teleports Limited)

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of Indo Teleports Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act, read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016 issued by the Ministry of Corporate Affairs. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2017, its loss including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 1 a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by section 143 (3) of the Act, 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 purpose 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, Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

(d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016 issued by the Ministry of Corporate Affairs;

(e) On the basis of written representations received from the directors as on March 31, 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, 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 2" to this report;

(g) 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 by the Companies (Audit and Auditors) Amendment Rules, 2017 in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company does not have any pending litigations which would impact its financial position;

   ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

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

iv. As per books of accounts of the Company and represented by the management, the disclosure requirement as envisaged in Notification G.S.R 308(E) dated 30th March 2017 is not applicable to the Company - Refer Note 9 to the Ind AS financial statements.

For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

Nilangshu Katriar

per Nilangshu Katriar
Partner
Membership Number: 58814
Place of Signature: New Delhi
Date: May 25, 2017

S.R. BATLIBOI & ASSOCIATES LLP

Annexure 1

Annexure referred to in paragraph 1 of 'Report on other Legal and Regulatory Requirements'
Re: Indo Teleports Limited (formerly Bharti Teleports Limited) ('the Company')

i. (a). The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b). Fixed assets were physically verified by the management in the financial year 2015-16 in accordance with a planned programme of verifying them once in three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c). According to the information and explanations given by the management, there are no immovable properties, included in fixed assets of the company and accordingly, the requirements under paragraph 3(i)(c) of the Order are not applicable to the Company.

ii. The Company's business does not involve inventories and, accordingly, the requirements under paragraph 3(ii) of the Order are not applicable to the Company.

iii. According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3 (iii) (a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.

iv. In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities granted in respect of which provisions of section 185 and 186 of the Companies Act 2013 are applicable and hence not commented upon.

v. The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

vi. To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under clause 148(1) of the Companies Act, 2013, for the products/services of the Company.

vii. (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including income-tax, service tax, custom duty and other material statutory dues applicable to it. The provisions relating to provident fund, investor education and protection fund, employees' state insurance, excise duty, sales-tax and value added tax are not applicable to the Company.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of income-tax, service tax, custom duty and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(c) According to the information and explanations given to us, there are no dues of income tax, sales-tax, , service tax, customs duty, excise duty, value added tax and cess which have not been deposited on account of any dispute.

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viii. The Company did not have any outstanding loans or borrowing dues in respect of a financial institution or bank or to government or dues to debenture holders during the year.

ix. According to the information and explanations given by the management, the Company has not raised any money way of initial public offer / further public offer / debt instruments and term loans hence, reporting under clause (ix) is not applicable to the Company and hence not commented upon.

x. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the company or no fraud on the company by the officers and employees of the Company has been noticed or reported during the year.

xi. According to the information and explanations given by the management, the provisions of section 197 read with Schedule V of the Act are not applicable to the company and hence reporting under clause 3(xi) are not applicable and hence not commented upon.

xii. In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.

xiii. According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.

xiv. According to the information and explanations given to us and on an overall examination of the balance sheet, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the company and, not commented upon.

xv. According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.

xvi. According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm registration number: 101049W/E300004

Nilangshu Katriar

per Nilangshu Katriar
Partner
Membership No.:58814

S.R. BATLIBOI & ASSOCIATES LLP

Place : New Delhi
Date : May 25, 2017

Annexure 2

Annexure to the Independent Auditor's Report of Even Date on the Ind AS Financial Statements of Indo Teleports Limited (formerly Bharti Teleports Limited)

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

To the Members of Indo Teleports Limited (formerly Bharti Teleports Limited)

We have audited the internal financial controls over financial reporting of Indo Teleports Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. 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 internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, 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, 2017, 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.

For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

Nilangshu Katriar

per Nilangshu Katriar
Partner
Membership Number: 58814
Place of Signature: New Delhi
Date: May 25, 2017

S.R. BATLIBOI & ASSOCIATES LLP *

Ind AS Financial Statements

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

	Notes	As of March 31, 2017	March 31, 2016	April 1, 2015
Assets				
Non-current assets				
Property, plant and equipment	5	144,856	155,770	171,028
Capital work-in-progress	5	34	1,199	426
Other non-financial assets	7	28,378	-	-
		173,268	**156,969**	**171,454**
Current assets				
Financial assets				
- Trade receivables	8	126,834	103,763	89,664
- Cash and cash equivalents	9	11,952	20,588	17,928
- Others	10	-	2,982	2,649
Current tax assets		78,935	87,909	79,387
Other current assets	7	31,723	29,861	33,320
		249,444	**245,103**	**222,948**
Total Assets		**422,712**	**402,072**	**394,402**
Equity and Liabilities				
Equity				
Share capital	11	230,000	230,000	230,000
Other equity		(678,697)	(588,878)	(510,429)
		(448,697)	**(358,878)**	**(280,429)**
Non-current liabilities				
Financial liabilities				
- Borrowings	12	623,120	440,200	466,000
		623,120	**440,200**	**466,000**
Current liabilities				
Financial liabilities				
- Current maturities of long-term borrowings	12	-	47,800	-
- Trade Payables	13	206,239	224,182	154,512
- Others	14	776	4,981	3,916
Deferred revenue		40,120	36,169	46,022
Other current liabilities	15	1,154	7,618	4,381
		248,289	**320,750**	**208,831**
Total Liabilities		**871,409**	**760,950**	**674,831**
Total Equity and Liabilities		**422,712**	**402,072**	**394,402**

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

For S. R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration No: 101049W/E300004

Nilangshu Katriar

per Nilangshu Katriar
Partner
Membership No: 58814

S.R. BATLIBOI & ASSOCIATES LLP

For and on behalf of the Board of Directors of Indo Teleports Limited

Ravi Prakash Gandhi
Managing Director
DIN: 02803511

Srikanth Balachandran
Director
DIN: 02815932

Mayank Jhanwar
Chief Financial Officer

Place: **New Delhi**

Date: May 25, 2017

(All amounts are in thousands of Indian Rupees; except per share data)

	Notes	For the year ended March 31, 2017	For the year ended March 31, 2016
Income			
Revenue from operations	17	316,683	284,745
Other income	18	2,782	375
		319,465	**285,120**
Expenses			
Space segment charges		238,700	235,184
License fee and spectrum charges		6,404	6,562
Employee benefits	19	9,377	8,912
Other expenses	20	69,066	30,567
		323,547	**281,225**
(Loss)/profit from operating activities before depreciation		**(4,082)**	**3,895**
Depreciation		31,608	28,859
Finance costs	21	58,818	53,756
Finance income	21	(4,689)	(271)
Loss before tax		**(89,819)**	**(78,449)**
Tax expense			
Current tax	22	-	-
Deferred tax	22	-	-
Loss for the year		**(89,819)**	**(78,449)**
Other comprehensive gain for the year		-	-
Total comprehensive loss for the year		**(89,819)**	**(78,449)**
Loss per share (In Rupees) (Face value of Rs. 10/- each)			
Basic	23	(3.91)	(3.41)
Diluted	23	(3.91)	(3.41)

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

For S. R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration No: 101049W/E300004

Nilangshu Katriar

per Nilangshu Katriar
Partner
Membership No: 58814

S. R. BATLIBOI & ASSOCIATES LLP

Place: New Delhi

For and on behalf of the Board of Directors of Indo Teleports Limited

Ravi Prakash Gandhi
Managing Director
DIN: 02803511

Srikanth Balachandran
Director
DIN: 02815932

Mayank Jhanwar
Chief Financial Officer
Date: May 25, 2017

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

	Share Capital		Other Equity		
	No of shares (in '000)	Amount	Retained earnings	Total	Total equity
As of April 1, 2015	23,000	230,000	(510,429)	(510 429)	(280 429)
Loss for the year	-	-	(78 449)	(78 449)	(78 449)
Other comprehensive gain	-	-	-	-	-
Total comprehensive loss	-	-	**(78,449)**	**(78,449)**	**(78,449)**
As of March 31, 2016	23,000	230,000	(588,878)	(588,878)	(358,878)
Loss for the year	-	-	(89 819)	(89 819)	(89 819)
Other comprehensive gain	-	-	-	-	-
Total comprehensive loss	-	-	(89,819)	(89,819)	(89,819)
As of March 31, 2017	23,000	230,000	(678,697)	(678,697)	(448,697)

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

For S. R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration No: 101049W/E300004

per Nilangshu Katriar
Partner
Membership No: 58814

S.R. BATLIBOI & ASSOCIATES LLP

Place: New Delhi

For and on behalf of the Board of Directors of Indo Teleports Limited

Ravi Prakash Gandhi
Managing Director
DIN: 02803511

Srikanth Balachandran
Director
DIN: 02815932

Mayank Jhanwar
Chief Financial Officer
Date: May 25, 2017

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

	For the year ended	
	March 31, 2017	March 31, 2016
Cash flows from operating activities		
Loss before tax	**(89,819)**	**(78,449)**
Adjustments for :		
Depreciation	31,608	28,859
Finance costs	58,818	53,756
Finance income	(4,689)	(271)
Operating cash flow before changes in working capital	**(4,082)**	**3,895**
Changes in working capital		
Trade receivables	(22,468)	(15,798)
Trade payables	(17,943)	69,670
Other financial and non financial liabilities	(2,750)	(6,334)
Other financial and non financial assets	(27,258)	3,126
Net cash (used in) / generated from operations before tax	**(74,501)**	**54,559**
Income tax refund / (paid)	8,974	(8,522)
Net cash (used in) / generated from operating activities (a)	**(65,527)**	**46,037**
Cash flows from investing activities		
Purchase of property, plant and equipment	(23,734)	(13,330)
Interest received	4,323	271
Net cash used in investing activities (b)	**(19,411)**	**(13,059)**
Cash flows from financing activities		
Proceeds from borrowings	242,000	64,000
Repayment of borrowings	(106,880)	(42,000)
Interest and other finance charges paid	(58,818)	(52,318)
Net cash generated from / (used in) financing activities (c)	**76,302**	**(30,318)**
Net (decrease) / increase in cash and cash equivalents during the year (a+b+c)	**(8,636)**	**2,660**
Cash and cash equivalents as at beginning of the year	20,588	17,928
Cash and cash equivalents as at end of the year (refer Note 9)	**11,952**	**20,588**

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

For S. R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration No: 101049W/E300004

per Nilangshu Katriar
Partner
Membership No: 58814

Place: **New Delhi**

For and on behalf of the Board of Directors of Indo Teleports Limited

Ravi Prakash Gandhi
Managing Director
DIN: 02803511

Srikanth Balachandran
Director
DIN: 02815932

Mayank Jhanwar
Chief Financial Officer
Date: May 25, 2017

S.R. BATLIBOI & ASSOCIATES LLP *

1. Corporate information

Indo Teleports Limited (formerly 'Bharti Teleports Limited') ("the Company") is domiciled and incorporated in India. The Registered office of the Company is situated at Bharti Crescent , 1 Nelson Mandela Road, Vasant Kunj, Phase – II, New Delhi – 110070.

The principal activities of the Company, inter alia, consist of establishing, setting, operating up linking hub amplification & related processes to provide end to end communication needs.

2. Summary of significant accounting policies

2.1 Basis of preparation

These financial statements have been prepared to comply in all material respects with the Indian Accounting Standard ('Ind AS') notified under section 133 of the Companies Act, 2013, read together with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016 issued by the Ministry of Corporate Affairs ('MCA'). The said financial statements for the year ended March 31, 2017 are the first financial statements of the Company in accordance with Ind AS. Refer Note 2.3 on how the Company has transitioned to Ind AS.

The transition to Ind AS has been carried out from accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 ('IGAAP'), which is considered as the Previous GAAP, for purposes of Ind AS 101. (refer note 2.3 for details)

The financial statements are authorized for issue by the Company's Board of Directors on May 25, 2017.

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 financial statements are based on the classification provisions contained in Ind AS 1, 'Presentation of Financial Statements' and division II of schedule III of the Companies Act 2013. Further, for the purpose of clarity, various items are aggregated in the statement of profit and loss and balance sheet. Nonetheless, these items are dis-aggregated separately in the notes to the financial statements, where applicable or required.

The 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.

S.R. BATLIBOI & ASSOCIATES LLP

All the amounts included in the financial statements are reported in thousands of Indian Rupees ('Rupees' or 'Rs.') and are rounded to the nearest thousands, except per share data and unless stated otherwise.

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

2.2 Basis of measurement

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

Fair value measurement

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

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

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

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

2.3 Basis of transition to Ind AS

The adoption of Ind AS is carried out in accordance with Ind AS 101 on April 1, 2015 being the transition date. Ind AS 101 requires that all Ind AS standards that are issued and effective for the year ended March 31, 2017, be applied retrospectively and consistently for all the years presented. However, in preparing these financial statements, the Company has availed of certain exemptions and exceptions in accordance with Ind AS 101, as explained below. The resulting difference between the carrying values of the assets and liabilities in the financial statements as at the transition date under Ind AS and previous GAAP have been recognised directly in equity at the transition date.

In these financial statements, the Company has presented three balance sheets - as of March 31, 2017, March 31, 2016 and April 1, 2015. The Company has also presented two statements of profit and loss, two statements of changes in equity and two statements of cash flows for the year ended March 31, 2017 and 2016 along with the necessary and related notes.

Ind AS 101 allows first-time adopters certain optional exemptions and mandatory exceptions from the retrospective application of certain requirements under Ind AS.

Exceptions from full retrospective application

(i) The following mandatory exceptions from retrospective application of Ind AS have been applied by the Company:

(a) **Estimates exception** - On an assessment of the estimates made under the Previous GAAP financial statements, the Company has concluded that there is no necessity to revise the estimates under Ind AS (except for adjustments to reflect any difference in accounting policies), as there is no objective evidence that those estimates were in error. However, estimates, that were required under Ind AS but not required under Previous GAAP, are made by the Company for the relevant reporting dates, reflecting conditions existing as at that date without using any hindsight.

(b) **De-recognition of financial assets and liabilities exception** - Financial assets and liabilities de-recognized before transition date are not re-recognized under Ind AS.

There is no impact due to transition from previous GAAP to Ind – AS on the Company's balance sheet, statement of profit and loss and statement of cash flows.

2.4 Foreign currency transactions

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

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

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

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

2.5 Current versus non-current classification

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

All assets and liabilities which are not current (as discussed in the below paragraphs) are classified as non-current assets and liabilities.

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

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

2.6 Property, plant and equipment ('PPE')

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

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

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

Depreciation on PPE is computed using the straight-line method over the estimated useful lives. The Company has established the estimated range of useful lives of different categories of PPE as follows:

	Years
Plant & machinery	5 - 10
Computer	3
Office Equipment	5

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

The management basis its past experience and technical assessment has estimated the useful life, which is at variance with the life prescribed in Part C of Schedule II of the Companies Act, 2013 and has accordingly, depreciated the assets over such useful life

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

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2.7 Impairment of non-financial assets

a. Property, plant and equipment

PPE 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.

Impairment losses, if any, are recognised in statement of profit and loss.

Reversal of impairment losses

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

2.8 Financial instruments

a. Recognition, classification and presentation

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

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

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

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

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

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b. Measurement – financial instruments

I. Initial measurement

At initial recognition, the Company measures the non-derivative financial instruments at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Otherwise transaction costs are expensed in the statement of profit and loss.

II. Subsequent measurement - financial assets

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

i. Financial assets measured at amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost using the effective-interest rate ('EIR') method (if the impact of discounting / any transaction costs is significant). Interest income from these financial assets is included in finance income.

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

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

Impairment

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

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

III. Subsequent measurement - financial liabilities

Other financial liabilities are initially recognised at fair value less any directly attributable transaction costs. They are subsequently measured at amortised cost using the EIR method (if the impact of discounting / any transaction costs is significant).

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c. Derecognition

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

2.9 Leases

The determination of whether an arrangement is a lease is based on whether fulfillment of the arrangement is dependent on the use of a specific asset and the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

Leases where the lessor transfers substantially all the risks and rewards of ownership of the leased asset are classified as finance lease and other leases are classified as operating lease.

a. Company as a lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

b. Company as a lessor

Assets leased to others under finance lease are recognised as receivables at an amount equal to the net investment in the leased assets. Finance lease income is recognised based on the periodic rate of return on the net investment outstanding in respect of the finance lease.

Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised in statement of profit and loss on a stratght-line basis over the lease term.

2.10 Taxes

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

a. Current tax

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

b. Deferred tax

Deferred tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying values in the financial statements. However, deferred tax are not recognised if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

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

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

2.11 Cash and cash equivalents

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

2.12 Share capital

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

2.13 Provisions

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

Provisions are measured at the present value of the expenditures expected to be required to settle the relevant obligation, using a pre-tax rate that reflects current market assessments of the time value of money

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(if the impact of discounting is significant) and the risks specific to the obligation. The increase in the provision due to un-winding of discount over passage of time is recognised within finance costs.

2.14 Contingencies

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

2.15 Revenue recognition

Revenue is recognised when it is probable that the entity will receive the economic benefits associated with the transaction and the related revenue can be measured reliably. Revenue is recognised at the fair value of the consideration received or receivable, which is generally the transaction price, net of any taxes / duties, discounts and process waivers.

In order to determine if it is acting as a principal or as an agent, the Company assesses whether it has exposure to the significant risks and rewards associated with the sale of goods or the rendering of services.

a. Service revenues

Service revenue is recognised as the services are rendered and are stated net of discounts, waivers and taxes.

The billing/ collection in excess of revenue recognised is presented as deferred revenue in the balance sheet whereas unbilled revenue is recognised within other current financial assets.

b. Interest income

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

2.16 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 of the period in which they are incurred.

2.17 Earnings per share ('EPS')

The Company presents the Basic and Diluted EPS data.

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

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

2.18 Segmental reporting

Primary segment :

The Company operates only in one business segment viz. establishing, setting, operating up linking hub amplification & related processes, which is the only reportable segment.

Secondary Segment :

The Company has operations only in the India.

3. Critical accounting estimates, assumptions and 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 under-lying such estimates were reasonable when made, if these results differ from historical experience or other assumptions do not turn out to be substantially accurate. The changes in estimates are recognised in the financial statements in the period in which they become known.

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3.1 Critical accounting estimates and assumptions

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

a. Allowance for impairment 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.

b. Contingencies

Refer note 16 for details of contingent liabilities.

4. Standards issued but not effective until the date of authorisation for issuance of the said financial statements

The new Standards, amendments to Standards that are issued but not yet effective until the date of authorisation for issuance of the said financial statements are discussed below. The Company has not early these amendments adopted and intends to adopt when they become effective.

Ind AS 102 'Share based payments'

In March 2017, MCA issued amendments to Ind AS 102 pertaining to measurement of cash–settled share based payments, classification of share-based payments settled net of tax withholdings and accounting for modification of a share based payment from cash-setlled to equity-settled method.
The amendments are applicable to annual periods beginning on or after April 1, 2017 with early adoption permitted. The Company does not expect that the adoption of the amendments will not have any significant impact on the said financial statements.

Ind AS 7, 'Statement of cash flows'

In March 2017, MCA issued amendments to Ind AS 7, which requires certain additional disclosures to be made for changes in liabilities / assets arising from financial activities on account of non-cash transaction such as effect of changes in foreign exchange rates, fair values and others.
The amendments are applicable to annual periods beginning on or after April 1, 2017 with early adoption permitted. The Company will be providing the requisite disclosure in its statement of cash flows.

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(All amounts are in thousands of Indian Rupees -'Rs.'; unless stated otherwise)

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

The following table presents the reconciliation of changes in the carrying value of Property, plant and equipment and capital work-in-progress for the year ended March 31, 2017 and 2016:

	PPE				
	Plant and Equipment	**Computers**	**Office Equipment**	**Total**	**Capital work-in-progress**
Gross carrying value					
Balance as of April 1, 2015	**268,969**	**1,476**	6,151	**276,596**	**426**
Additions	12,955	-	646	13,601	773
Disposals / adjustment	(1,256)	(283)	-	(1,539)	-
Balance as of March 31, 2016	**280,668**	**1,193**	**6,797**	**288,658**	**1,199**
Balance as of April 1, 2016	**280,668**	**1,193**	**6,797**	**288,658**	**1,199**
Additions	19,469	261	-	19,730	-
Disposals / adjustment	(1,190)	-	(1,121)	(2,311)	-
Capitalisation / reclassification	1,165	-	-	1,165	(1,165)
Balance as of March 31, 2017	**300,112**	**1,454**	**5,676**	**307,242**	**34**
Accumulated depreciation					
Balance as of April 1, 2015	**99,095**	**846**	**5,627**	**105,568**	-
Charge	28,273	116	470	28,859	-
Disposals / adjustment	(1,256)	(283)	-	(1,539)	-
Balance as of March 31, 2016	**126,112**	**679**	**6,097**	**132,888**	-
Balance as of April 1, 2016	**126,112**	**679**	**6,097**	**132,888**	-
Charge	30,852	571	185	31,608	-
Disposals / adjustment	(989)	-	(1,121)	(2,110)	-
Balance as of March 31, 2017	**155,975**	**1,250**	**5,161**	**162,386**	-
Net carrying value					
As of April 1, 2015	169,874	630	524	171,028	426
As of March 31, 2016	154,556	514	700	155,770	1,199
As of March 31, 2017	144,137	204	515	144,856	34

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(All amounts are in thousands of Indian Rupees -'Rs.'; unless stated otherwise)

6. Fair Value of financial assets and liabilities

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

	Level	Carrying Value as of			Fair Value as of		
		March 31, 2017	March 31, 2016	April 1, 2015	March 31, 2017	March 31, 2016	April 1, 2015
Financial Assets							
Amortised cost							
Trade receivables	Level 2	126,834	103,763	89,664	126,834	103,763	89,664
Cash and cash equivalents	Level 1	11,952	20,588	17,928	11,952	20,588	17,928
Other financial assets	Level 2	-	2,982	2,649	-	2,982	2,649
		138,786	**127,333**	**110,241**	**138,786**	**127,333**	**110,241**
Financial Liabilities							
Amortised cost							
Borrowings- floating rate	Level 2	623,120	488,000	466,000	623,120	488,000	466,000
Trade payables	Level 2	206,239	224,182	154,512	206,239	224,182	154,512
Other financial liabilities	Level 2	776	4,981	3,916	776	4,981	3,916
		830,135	**717,163**	**624,428**	**830,135**	**717,163**	**624,428**

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

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

ii. The fair value of non-current borrowings and non-current financial assets / liabilities is estimated by discounting future cash flows using current rates applicable to instruments with similar terms, currency, credit risk and remaining maturities.

During the year ended March 31, 2017 and 2016, there were no transfers between Level 1 and Level 2 fair value measurements. None of the financial assets and financial liabilities are in Level 3.

Following table describes the valuation techniques used and key inputs thereto for the Level 2 financial assets / liabilities as of March 31, 2017, March 31, 2016 and April 1, 2015:

Financial assets / liabilities	Valuation technique	Inputs used
- Other financial assets	Discounted Cash Flow	Prevailing / forward interest rates in market, Interest rates.
- Other financial liabilities	Discounted Cash Flow	Prevailing interest rates in market, Future payouts, Interest rates.

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(All amounts are in thousands of Indian Rupees -'Rs.'; unless stated otherwise)

7. Other Non – financial assets

Non-Current

	As of		
	March 31, 2017	March 31, 2016	April 1, 2015
Advances - paid under protest	28,378	-	-
	28,378	-	-

Current

	As of		
	March 31, 2017	March 31, 2016	April 1, 2015
Taxes recoverable	27,726	25,859	28,047
Prepaid expenses	3,333	3,120	3,180
Advances to suppliers	353	567	1,228
Others	311	315	865
	31,723	**29,861**	**33,320**

Taxes recoverable include customs duty, excise duty, service tax and other recoverable.

8. Trade Receivables

	As of		
	March 31, 2017	March 31, 2016	April 1, 2015
Unsecured			
Considered good *	126,834	103,763	89,665
Considered doubtful	88,024	35,869	24,209
Less: Provision for doubtful receivables	(88,024)	(35,869)	(24,209)
	126,834	**103,763**	**89,665**

*includes amount due from related parties (refer note 24).

Movement in allowances for doubtful debts is as follows:

	For the year ended	
	March 31, 2017	March 31, 2016
Opening balance	35,869	24,209
Additions	52,155	11,660
Closing balance	**88,024**	**35,869**

(All amounts are in thousands of Indian Rupees -'Rs.'; unless stated otherwise)

9. Cash and Cash Equivalents ('C&CE')

	As of		
	March 31, 2017	March 31, 2016	April 1, 2015
Balance with banks	11,952	20,588	17,928
	11,952	**20,588**	**17,928**

The Company did not had cash balance as on November 8, 2016 and December 30, 2016 and had no cash dealings during this period.

10. Other Financial Assets - Current

	As of		
	March 31, 2017	March 31, 2016	April 1, 2015
Unbilled revenue	-	2,982	2,649
	-	**2,982**	**2,649**

11. Share Capital

	As of		
	March 31, 2017	March 31, 2016	April 1, 2015
Authorised shares			
23,000,000 (March 31, 2016 and April 1, 2015 - 23,000,000) equity shares of Rs 10 each	**23,000**	**23,000**	**23,000**
Issued, Subscribed and fully paid-up shares			
23,000,000 (March 31, 2016 and April 1, 2015- 23,000,000) equity shares of Rs 10 each	230,000	230,000	230,000
	230,000	**230,000**	**230,000**

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

	For the year ended			
	March 31, 2017		March 31, 2016	
	No. of Shares	Amount	No. of Shares	Amount
At the beginning of the year	23,000,000	230,000	23,000,000	230,000
Issued during the year	-	-	-	-
Outstanding at the end of the year	**23,000,000**	**230,000**	**23,000,000**	**230,000**

(All amounts are in thousands of Indian Rupees -'Rs.'; unless stated otherwise)

b. Terms/rights attached to equity shares

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

c. Shares held by holding Company

	As of					
	March 31, 2017		March 31, 2016		April 1, 2015	
	No. of Shares	% holding	No. of Shares	% holding	No. of Shares	% holding
Bharti Airtel Limited * 21 850 000 (March 31 2016 - 21 850 000 and April 1 2015 - 11 270 000) equity shares of Rs 10 each fully paid up	21,850,000	95%	21,850,000	95%	11,270,000	49%
Bharti Enterprises Limited * 1 150 000 (March 31 2016 - 1 150 000 and April 1 2015 - 11,730,000) equity shares of Rs 10 each fully paid up	1,150,000	5%	1,150,000	5%	11,730,000	51%

* During the previous year, 10,580,000 equity shares (46% of total share capital) of the Company have been transferred from Bharti Enterprises Limited to Bharti Airtel Limited. Accordingly, Bharti Airtel Limited holds 95% shares of the Company and became the holding company of the Company.

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

	As of					
	March 31, 2017		March 31, 2016		April 1, 2015	
	No. of Shares	% holding	No. of Shares	% holding	No. of Shares	% holding
Equity shares of Rs 10 each fully paid up						
Bharti Airtel Limited	21,850,000	95%	21,850,000	95%	11,270,000	49%
Bharti Enterprises Limited	1,150,000	5%	1,150,000	5%	11,730,000	51%

12. Borrowings

	As of		
	March 31, 2017	March 31, 2016	April 1, 2015
Unsecured			
Loan from related party (refer note 24)	623,120	488,000	466,000
	623,120	**488,000**	**466,000**
Non - current borrowings	623,120	440,200	466,000
Current borrowings	-	47,800	-
	623,120	**488,000**	**466,000**

(All amounts are in thousands of Indian Rupees -'Rs.'; unless stated otherwise)

Details on analysis of borrowings i.e. Maturity profile, interest rate and currency of borrowings:-

All the borrowings are at floating rate of interest.

The borrowings of Rs 623,120 outstanding as of March 31, 2017 are repayable in full on December 31, 2020.

Currency of Loan	Rate of Interest (Weighted average)	As of March 31, 2017	Maturity Profile			
			Within one year	between one and two years	between two and five years	over five years
INR	10.30%	623,120	-	-	623,120	-

The borrowings of Rs 488,000 outstanding as of March 31, 2016 are repayable in five yearly installments beginning from January 29, 2017.

Currency of Loan	Rate of Interest (Weighted average)	As of March 31, 2016	Maturity Profile			
			Within one year	between one and two years	between two and five years	over five years
INR	11.00%	488,000	47,800	71,700	368,500	-

The borrowings of Rs 466,000 outstanding as of March 31, 2015 are repayable in five yearly installments beginning from January 29, 2017.

Currency of Loan	Rate of Interest (Weighted average)	As of April 1, 2015	Maturity Profile			
			Within one year	between one and two years	between two and five years	over five years
INR	11.00%	466,000	-	46,600	302,900	116,500

13. Trade Payables

	As of		
	March 31, 2017	March 31, 2016	April 1, 2015
Trade payables *	206,239	224,182	154,512
	206,239	**224,182**	**154,512**

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

There is no amount payable to micro and small enterprises as of March 31, 2017 and 2016. Accordingly, disclosures as required under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) are not applicable on the Company.

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(All amounts are in thousands of Indian Rupees -'Rs.'; unless stated otherwise)

14. Financial Liabilities - Others - Current

	As of		
	March 31, 2017	March 31, 2016	April 1, 2015
Equipment supply payables	747	4,952	3,908
Interest accrued but not due*	29	29	8
	776	**4,981**	**3,916**

*represents amount due to related party (refer note 24)

15. Other Non-financial Liabilities - Current

	As of		
	March 31, 2017	March 31, 2016	April 1, 2015
Advance from subscribers	-	6,304	3,178
Taxes payable	1,154	1,314	1,203
	1,154	**7,618**	**4,381**

16. Contingencies and commitments

(i) Contingencies – Guarantees

Total guarantees outstanding as on March 31, 2017, March 31, 2016 and April 1, 2015 amounting to Rs. 25, Rs. 25 and Rs. 525 have been issued by banks on behalf of the Company.

(ii) Commitments

Capital Commitments

Estimated amount of contract to be executed on capital account and not provided for (net of advance) Rs Nil, Rs. 10,993 and Rs. 2,525 as of March 31, 2017, March 31, 2016 and April 1, 2015.

Lease Commitments

a) Operating Lease – As a lessee

As per the agreements maximum obligation on long-term non-cancellable operating leases are as follows:

(All amounts are in thousands of Indian Rupees -'Rs.'; unless stated otherwise)

The future minimum lease payments obligations are as follows:-

	As of		
	March 31, 2017	**March 31, 2016**	**April 1, 2015**
Not later than one year	197,083	193,542	201,192
Later than one year but not later than five years	263,769	393,213	510,516
Later than five years	-	-	26,025
Total	**460,852**	**586,755**	**737,733**
Lease rentals	221,517	214,718	205,827

b) Finance lease – As a lessor

The Company does not have any future minimum lease payment receivables as of March 31, 2017 and 2016.

The future minimum lease payments receivable of the Company as of April 1, 2015 is as follows:-

	Future minimun lease receivables	Interest	Present value
Not later than one year	848	18	830
Later than one year but not later than five years	-	-	-
Later than five years	-	-	-
	848	**18**	**830**

17. Revenue from operations

	For the year ended	
	March 31, 2017	**March 31, 2016**
Service revenue		
Up linking and others	316,683	284,745
	316,683	**284,745**

18. Other Income

	For the year ended	
	March 31, 2017	**March 31, 2016**
Liabilities written back	2,782	375
	2,782	**375**

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(All amounts are in thousands of Indian Rupees -'Rs.' ; unless stated otherwise)

19. Employee Benefits

	For the year ended	
	March 31, 2017	March 31, 2016
Salaries,wages and bonus	9,377	8,912
	9,377	**8,912**

20. Other Expenses

	For the year ended	
	March 31, 2017	March 31, 2016
Legal & professional charges	727	1,422
Provision for doubtful debts	52,155	11,660
Data center cost	14,887	12,095
Other administrative expenses	1,297	5,390
	69,066	**30,567**

21. Finance Income and Cost

	For the year ended	
	March 31, 2017	March 31, 2016
Finance income		
Interest income	1,749	271
Net exchange gain	2,940	-
Total	**4,689**	**271**
Finance costs		
Interest on borrowings	58,792	49,663
Net exchange loss	-	4,037
Other finance charges	26	56
	58,818	**53,756**

(All amounts are in thousands of Indian Rupees -'Rs.'; unless stated otherwise)

22. Income Taxes

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

	For the year ended	
	March 31, 2017	March 31, 2016
Loss before tax	(89,819)	(78,449)
Tax income @ company's domestic tax rate of 30.9%	(27,754)	(24,241)
Effect of:		
Losses and deductible temporary difference against which no deferred tax asset recognised	27,754	24,241
Income tax expense	-	-

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry forward of unabsorbed depreciation and unused tax losses can be utilised. Accordingly, the entity has not recognised deferred tax assets in respect of deductible temporary differences, carry forward of unabsorbed depreciation and unused tax losses of Rs. 630,988 and Rs. 541,169 as of March 31, 2017 and March 31, 2016, respectively as it is not probable that taxable profits will be available in future.

Of the above balance as of March 31, 2017 and March 31, 2016, tax losses, unabsorbed depreciation and deductible temporary differences to the extent of Rs. 167,519 and Rs. 149,753, respectively have an indefinite carry forward period and the balance amount expires unutilised as follows:

	As of		
Expiry date	March 31, 2017	March 31, 2016	April 1, 2015
Within one - three years	141,791	79,125	8,413
Within three - five years	223,735	238,960	235,856
Above five years	97,943	73,331	121,257
	463,469	391,416	365,526

23. Loss per share (Basic and Diluted)

The following is a reconciliation of the equity shares used in the computation of basic and diluted earnings per equity share:

	For the year ended	
	March 31, 2017	March 31, 2016
Weighted average shares outstanding - Basic / Diluted	23 000	23 000
Net loss attributable to equity shareholders	(89 819)	(78 449)

(All amounts are in thousands of Indian Rupees -'Rs.' ; unless stated otherwise)

24. Related Party Transactions

(i) Holding Company

Bharti Airtel Limited (w.e.f August 27, 2015)

Bharti Enterprises Limited (till August 26, 2015)

(ii) Fellow Subsidiaries

Nxtra Data Limited (w.e.f August 27, 2015)

Bharti Telemedia Limited (w.e.f August 27, 2015)

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

	For the year ended			
	March 31, 2017		March 31, 2016	
	Holding Company	Fellow Subsidiaries	Holding Company	Fellow Subsidiaries
Receiving of services (inclusive of service tax) *	26,228	16,671	26,459	8,110
Loans taken	242,000	-	64,000	-
Repayment of loans taken	106,880	-	42,000	-
Interest expense	58,792	-	49,663	-

* The Company has obtained the services required for supporting and managing the operations of the Company from holding company and in consideration of the same holding company has charged Rs 4,322 and Rs 4,285 for utilization of space for the year ended March 31, 2017 and 2016 respectively and facility services in Airtel's premises Rs 21,906 and Rs 22,174 for corporate and technical services and support of the business operations of the Company for the year ended March 31, 2017 and 2016 respectively.

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(All amounts are in thousands of Indian Rupees -'Rs.'; unless stated otherwise)

The outstanding balances are as follows:

	Holding Company	Fellow Subsidiaries
As of March 31, 2017		
Loan outstanding	623,120	-
Interest accrued but not due on borrowings	29	-
Payables	147,824	8,780
As of March 31, 2016		
Loan outstanding	488,000	-
Interest accrued but not due on borrowings	29	-
Payables	127,801	8,464
As of April 1, 2015		
Loan outstanding	466,000	-
Interest accrued but not due on borrowings	8	-
Payables	111,472	-

25. Financial risk management objectives and policies

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

a) Credit Risk

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

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

The Trade receivables of the Company are typically non-interest bearing un-secured and derived from sales made to a B2B customers. The credit period provided by the Company to its customers (other than Company entities), generally ranges between 0-90 days.

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

(All amounts are in thousands of Indian Rupees -'Rs.' ; unless stated otherwise)

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

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

	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, 2017	49,679	18,034	25,211	24,389	9,521	126,834
Trade Receivables as of March 31, 2016	41,930	24,735	19,863	16,633	601	103,763
Trade Receivables as of April 1, 2015	40,314	12,364	18,731	17,653	602	89,664

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

(b) *Liquidity risk*

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

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

Analysis of financial instruments by remaining contractual maturities

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

(All amounts are in thousands of Indian Rupees -'Rs.'; unless stated otherwise)

	As of March 31, 2017						
	Carrying amount	On demand	Less than 6 months	6 to 12 months	1 to 2 years	> 2 years	Total
Interest bearing borrowings *	623,149	-	32,120	32,091	64,181	735,437	863,829
Trade payables	206,239	-	206,239	-	-	-	206,239
Other financial liabilities *	747	-	747	-	-	-	747
	830,135	-	239,106	32,091	64,181	735,437	1,070,815

	As of March 31, 2016						
	Carrying amount	On demand	Less than 6 months	6 to 12 months	1 to 2 years	> 2 years	Total
Interest bearing borrowings *	488,029	-	25,161	72,111	115,810	439,115	652,197
Trade payables	224,182	-	224,182	-	-	-	224,182
Other financial liabilities *	4,952	-	4,952	-	-	-	4,952
	717,163	-	254,295	72,111	115,810	439,115	881,331

	As of April 1, 2015						
	Carrying amount	On demand	Less than 6 months	6 to 12 months	1 to 2 years	> 2 years	Total
Interest bearing borrowings *	466,008	-	25,638	25,630	97,006	534,735	683,009
Trade payables	154,512	-	154,512	-	-	-	154,512
Other financial liabilities *	3,908	-	3,908	-	-	-	3,908
	624,428	-	184,058	25,630	97,006	534,735	841,429

*Interest accrued but not due of Rs. 29, Rs. 29 and Rs. 8 as of March 31, 2017, March 31, 2016 and April 1, 2015, respectively, has been included in interest bearing borrowigs and excluded from other financial liabilities.

(c) 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 with floating and fixed interest rates expose the Company to cash flow and fair value interest rate risk respectively. The Company generally undertakes borrowings using facilities that carry floating-interest rate.

(All amounts are in thousands of Indian Rupees -'Rs.'; unless stated otherwise)

	Increase / decrease in basis points	Effect on losses before tax
For the year ended March 31, 2017		
INR - Borrowings	+100	(6,231)
	-100	6,231
For the year ended March 31, 2016		
INR - Borrowings	+100	(4,880)
	-100	4,880

(d) Foreign currency risk

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

Sensitivity analysis for foreign currency risk

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

	Change in currency exchange rate	Effect on loss before tax
For the year ended March 31, 2017		
US Dollars	+5%	(1,629)
	-5%	1,629
For the year ended March 31, 2016		
US Dollars	+5%	(4,211)
	-5%	4,211

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

(d) Capital management

Company's objective while managing capital is to safeguard its ability to continue as a going concern (so that it is enabled to provide returns and create value for its shareholders, and benefits for other stakeholders), support business stability and growth, ensure adherence to the covenants and restrictions imposed by lenders and / or relevant laws and regulations, and maintain an optimal and efficient capital structure so as to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may issue new shares, 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.

(All amounts are in thousands of Indian Rupees -'Rs.'; unless stated otherwise)

	As of		
	March 31, 2017	**March 31, 2016**	**April 1, 2015**
Loans & Borrowings	623,120	488,000	466,000
Less: Cash and Cash Equivalents	11,952	20,588	17,928
Net Debt	611,168	467,412	448,072
Equity	(448,697)	(358,878)	(280,429)
Total Capital	(448,697)	(358,878)	(280,429)
Capital and Net Debt	162,471	108,534	167,643
Gearing Ratio	376%	431%	267%

26. Auditors' Remuneration

	For the year ended	
	March 31, 2017	**March 31, 2016**
Audit Fee*	503	500
Reimbursement of Expenses*	38	38
	541	**538**

*Excluding Service Tax

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