

**Disclosures to be provided along with the application for listing**  
(As per the SEBI operational circular no. SEBI/HO/DDHS/P/CIR/2021/613 dated August 10, 2021)

**1. Issuer details:-**

**1.1. Details of the issuer:**

(i)

| Name               | Address   | CIN                   | PAN        |
|--------------------|---|-----------------------|------------|
| Nxtra Data Limited | Bharti Crescent, 1, Nelson Mandela Road, Vasant Kunj, Phase - II, New Delhi 110 070, India. | U72200DL2013PLC254747 | AAECN3926D |

(ii) Line of business:

The Company is engaged in the business of data center, managed services and sale of hardware.

(iii) Chief Executive (Managing Director / President/ CEO / CFO):-

|  |               |
|--|---------------|
| CFO (Chief Financial Officer)                        | Kapil Jethani |
| Wholetime Director and CEO (Chief Executive Officer) | Ashish Arora  |

(iv) Group affiliation (if any). – Bharti Airtel Limited

**1.2. Details of the directors:**

| S.No | Name, designation and DIN   | Age      | Address  | Director since    | List of other directorships in Companies in India   |
|------|---|----------|--|-------------------|---|
| 1)   | Harjeet Singh Kohli<br>Non- Executive Director(Chairman)<br>DIN- 07575784 | 49 years | A5/805 Sahara Grace, Sector 28, Mehrauli Gurgaon Road, Gurgaon, Haryana – 122001 | December 02, 2020 | <ul style="list-style-type: none"> <li>Indus Towers Limited (formerly Bharti Infratel Limited)</li> <li>Del Monte Foods Private Limited</li> <li>Del Monte Foods India (North) Private Limited</li> <li>Bharti Axa Life Insurance Company Limited</li> <li>Bharti Real Estates Limited</li> <li>Bharti Land Limited</li> <li>Bharti Realty Limited</li> <li>Bharti Enterprises Limited</li> <li>Rostrum Realty Private Limited</li> <li>Airtel Payments Bank Limited</li> </ul> |



|    |   |             |   |                      |  |
|----|---|-------------|---|----------------------|--|
| 2) | Ajay Chitkara<br>Non- Executive<br>Director<br>DIN-08977367     | 51<br>years | 5/1415 Mohan<br>Meakin Society,<br>Vasundhara,<br>Ghaziabad-<br>201014  | December<br>02, 2020 | <ul style="list-style-type: none"> <li>• Hughes Communications India Private Limited</li> </ul>  |
| 3) | Aruna Pidikiti<br>Non- Executive<br>Director<br>DIN-08976601    | 52<br>years | Flat No. 103,<br>Marigold, L and<br>Tserene<br>County, behind<br>RTTC,<br>Gachibowli,<br>Serilingampally<br>, K.V.<br>Rangareddy,<br>Andhra<br>Pradesh-<br>500032 | December<br>02, 2020 | Nil  |
| 4) | Kapil Modi<br>Non- Executive<br>Director<br>DIN- 07055408       | 37<br>years | 1004, Tiffany<br>Building 2,<br>Vasant Oasis,<br>Makwana<br>Road,<br>Marol, J.B.<br>Nagar,<br>Andheri East,<br>Mumbai –<br>400059                                 | October 15,<br>2020  | <ul style="list-style-type: none"> <li>• Carlyle India Advisors Private Limited</li> <li>• PNB Housing Finance Limited</li> <li>• Hexaware Technologies Limited</li> <li>• Varmora Graitto Private Limited</li> <li>• VLCC Health Care Limited</li> </ul>  |
| 5) | Neeraj Bharadwaj<br>Non- Executive<br>Director<br>DIN- 01314963 | 54<br>years | A-187, New<br>Friends Colony,<br>South Delhi,<br>Delhi 110 065  | October 15,<br>2020  | <ul style="list-style-type: none"> <li>• Sequent Scientific Limited</li> <li>• Viyash Life Sciences Private Limited</li> <li>• Piramal Pharma Limited</li> <li>• Ver Se Innovation Private Limited</li> <li>• Visionary RCM Infotech (India) Privatelimited</li> <li>• Hexaware Technologies Limited</li> <li>• Corrohealth Infotech Private Limited</li> <li>• Indegene Limited</li> <li>• Carlyle India Advisors Private Limited</li> <li>• VLCC Health Care Limited</li> <li>• Indian School Of Business</li> <li>• Foundation For Promotion Of Sports and Games</li> </ul> |



|    |  |             |   |                       |                            |
|----|--|-------------|---|-----------------------|----------------------------|
| 6) | Rajesh Tapadia<br>Wholetime<br>Director and CEO<br>DIN- 08391891 | 49<br>years | Flat No. B,<br>1003, OPG<br>Housing<br>Society, Plot<br>no.1, Sector 2,<br>Sanpada, Navi<br>Mumbai, Thane | November<br>15, 2019  | Nil                        |
| 7) | Vani Venkatesh<br>Additiona<br>Director<br>DIN- 08212186         | 47<br>years | D-1103, Palm<br>Springs, Golf<br>Course Road,<br>Gurugram-<br>121104                                      | November<br>01, 2021  | • Bharti Telemedia Limited |
| 8) | Gary Joseph<br>Wojtaszek<br>DIN- 09658718                        | 56<br>years | 2728,<br>Mckinnon, St.<br>Apt 2104,<br>Dallas, Texas,<br>USA, 75201                                       | July 10,<br>2022      | Nil                        |
| 9) | Ashish Arora<br>DIN-09692591                                     | 53<br>Years | House No. 272,<br>Tatvam Villa,<br>Sector 48,<br>Gurgaon,<br>Haryana,<br>122018                           | September<br>01, 2022 | Nil                        |

**1.3. Details of change in directors in last three financial years including any change in the current year:**

| Name, designation and DIN  | Date of appointment/<br>resignation | Date of<br>cessation (in<br>case of<br>resignation) | Remarks (viz. reasons for<br>change etc |
|--|-------------------------------------|---|---|
| <b>In Financial year 2019-20:</b>                                |                                     |   |   |
| Shefali Malhotra<br>Non- Executive Director<br>DIN: 07143784     | May 26, 2018                        | August 27, 2019                                     | Resigned due to personal<br>reasons     |
| Gautam Anand<br>Non- Executive Director<br>DIN: 08223436         | September 17,<br>2018               | September 25,<br>2019                               | Resigned due to personal<br>reasons     |
| Neha Sharma<br>Non-Executive Director<br>DIN: 02647445           | September 24,<br>2019               | -   | -                                       |
| Rajesh Tapadia<br>Wholetime Director and<br>CEO<br>DIN: 08391891 | December 13, 2019                   | -   | -                                       |
| <b>In Financial year 2020-21:</b>                                |                                     |   |   |
| Kapil Modi<br>Non-Executive Director<br>DIN: 07055408            | October 15, 2020                    | -   | -                                       |



|   |                    |                   |                                  |
|---|--------------------|-------------------|----------------------------------|
| Neeraj Bharadwaj<br>Non-Executive Director<br>DIN: 01314963     | October 15, 2020   | -                 | -                                |
| Neha Sharma<br>Non-Executive Director<br>DIN: 02647445          | September 24, 2019 | November 30, 2020 | Resigned due to personal reasons |
| Pankaj Tewari<br>Non-Executive Director<br>DIN:08006533         | November 30, 2018  | November 30, 2020 | Resigned due to personal reasons |
| Ajay Chitkara<br>Non- Executive Director<br>DIN: 08977367       | December 02, 2020  | -                 | -                                |
| Aruna Pidikiti<br>Non- Executive Director<br>DIN: 08976601      | December 02, 2020  | -                 | -                                |
| Harjeet Singh Kohli<br>Non- Executive Director<br>DIN: 07575784 | December 02, 2020  | -                 | -                                |
| <b>In Financial year 2021-22:</b>                               |                    |                   |                                  |
| Badal Bagri<br>Non- Executive Director<br>DIN- 00367278         | September 11, 2017 | October 21, 2021  | Resigned due to personal reasons |
| Vani Venkatesh<br>Additional Director<br>DIN- 08212186          | November 01, 2021  | -                 | -                                |
| <b>In Financial year 2022-23</b>                                |                    |                   |                                  |
| Gary Joseph Wojtaszek<br>Independent Director<br>DIN- 09658718  | July 10, 2022      | -                 | -                                |
| Ashish Arora<br>Wholtime Director and CEO<br>DIN- 09692591      | September 01, 2022 | -                 | -                                |

**1.4. List of top 10 holders of equity shares of the company as on December 31, 2022:**

| S. no        | Name and category of shareholder                     | Total no. of equity shares | No of shares in demat form | Total shareholding as % of total no. of equity shares |
|--------------|--|----------------------------|----------------------------|---|
| 1.           | Bharti Airtel Limited                                | 5,105,000*                 | 5,105,000*                 | 43.00%  |
| 2.           | Nettle Infrastructure Investments Limited            | 3,912,857                  | 3,912,857                  | 32.96%  |
| 3.           | CA cloud Investment(formerly Comfort Investments II) | 2,854,471                  | 2,854,471                  | 24.04%  |
| <b>TOTAL</b> |  | <b>11,872,328</b>          | <b>11,872,328</b>          | <b>100%</b>   |

\* including 5 shares held by its nominees.





**1.5. Details of the statutory auditor:-**

| Name and address   | Date of appointment | Remarks |
|--|---------------------|---------|
| M/s Deloitte Haskins & Sells LLP,<br>Chartered Accountants, Gurgaon<br>(Registration No. 117366W/W-<br>100018) | September 22, 2022  | -       |

**1.6. Details of the change in statutory auditors in last three financial years including any change in the current year: NIL**

**1.7. List of top 10 NCD holders (as on January 27, 2023): Nil**

**1.8. List of top 10 CP holders (as on January 27, 2023):**

| S.no | Name of CP Holder | Category of CP Holder | Face Value of CP Holding | CP holding % as a percentage of total CP outstanding of the issuer |
|------|-------------------|-----------------------|--------------------------|--|
| 1.   | ICICI Mutual Fund | Mutual Fund           | 2,450,000,000            | 100  |
|      | <b>Total</b>      |                       | <b>2,450,000,000</b>     | <b>100</b>   |

**2. Material Information:**

2.1. Details of all default/s and/or delay in payments of interest and principal of CPs, (including technical delay), debt securities, term loans, external commercial borrowings and other financial indebtedness including corporate guarantee issued in the past 5 financial years including in the current financial year. - **There have not been any defaults in payment of interest or principal.**

2.2. Ongoing and/or outstanding material litigation and regulatory strictures, if any. – Annexed as **Annexure- 1.**

2.3. Any material event/ development having implications on the financials/credit quality including any material regulatory proceedings against the Issuer/promoters, tax litigations resulting in material liabilities, corporate restructuring event which may affect the issue or the investor's decision to invest / continue to invest in the CP - Annexed as **Annexure- 1.**

**3. Details of borrowings of the company, as on the latest quarter end i.e. as on (as on December 31, 2022):-**

**3.1 Details of debt securities and CPs:-**

| ISIN         | ISSUE AMOUNT | ISSUE DATE | MATURITY DATE | AMOUNT O/S | IPA   | CRA                | RATING                        | RATED AMOUNT |
|--------------|--------------|------------|---------------|------------|---|--------------------|-------------------------------|--------------|
| INEOBTN14071 | 245 Crores   | 16/03/2022 | 02/07/2023    | 245 Crores | IPA:<br>Axis Bank Limited<br>DP ID IN300484 | CRISIL<br><br>CARE | A1+<br><br>A1+<br>(Long term) |              |



|  |  |  |  |  |                          |               |  |                             |  |
|--|--|--|--|--|--------------------------|---------------|--|-----------------------------|--|
|  |  |  |  |  | DP Name                  | Axis Bank Ltd |  | rating AA+ (Stable) Crisil) |  |
|  |  |  |  |  | CP Allotment Account No. | 24477527      |  |                             |  |

3.2 Details of secured/unsecured loan facilities/ bank fund based facilities/ rest of the borrowing, if any, including hybrid debt like foreign currency convertible bonds (FCCB), optionally convertible debentures / preference shares from banks or financial institutions or financial creditors, as on last quarter end i.e.as on December 31, 2022: - **NIL**

| Lender's name/<br>Name of the Bank | Nature of facility/<br>instrument | Amount sanctioned<br>(Rs. In crores) | Principal Amount outstanding<br>(Rs. In crores) | Repayment date / schedule | Security, if applicable | Credit rating, if applicable | Asset classification |
|------------------------------------|-----------------------------------|--------------------------------------|---|---------------------------|-------------------------|------------------------------|----------------------|
|                                    |                                   |                                      |   |                           |                         |                              |                      |

3.3 The amount of corporate guarantee or letter of comfort issued by the issuer along with name of the counterparty (like name of the subsidiary, JV entity, group company, etc) on behalf of whom it has been issued, contingent liability including debt service reserve account (DSRA) guarantees/ any put option etc. **Not Applicable**

#### 4. Issue Information:

4.1. Details of current tranche including ISIN, amount, date of issue, maturity, all credit ratings including unaccepted ratings, date of rating, name of credit rating agency, its validity period (details of credit rating letter issued not older than one month on the date of opening of the issue), details of issuing and paying agent and other conditions, if any:

| ISIN                 | Amount (In Rs.) | Date of issue            | Maturity date     | Credit ratings and Name of Credit Rating agency | Date of rating   | Validity period                                   | Details of IPA               |                     |  |
|----------------------|-----------------|--------------------------|-------------------|---|--|---|------------------------------|---------------------|--|
| INE0B<br>TN140<br>89 | 250<br>crores   | Februa<br>ry 06,<br>2023 | March<br>14, 2023 | Crisil & Care<br>Ratings                        | <b>January<br/>30, 2023</b><br>for Crisil<br>Rating<br>Limited | 1 Year for<br>Both<br>Crisil &<br>Care<br>Ratings | IPA:<br>Axis Bank<br>Limited |                     |  |
|                      |                 |                          |                   |   |  |   | DP<br>ID                     | IN300<br>484        |  |
|                      |                 |                          |                   |   |  |   | DP<br>Name                   | Axis<br>Bank<br>Ltd |  |
|                      |                 |                          |                   |   |  |   | CP<br>Allot<br>ment          | 24477<br>527        |  |





6.2. HFCs shall make disclosures as specified for NBFCs in SEBI Circular no. CIR/IMD/DF/ 6 /2015, dated September 15, 2015, as revised from time to time with appropriate modifications viz. retail housing loan, loan against property, wholesale loan - developer and others



*Except as disclosed below, Bharti Airtel Limited (“**Promoter**”) and Nxtra Data Limited (“**Company**”) are not involved in any legal proceedings and disputes, and no proceedings are threatened, which may have, or have had, a material adverse effect on the business, financial condition or operations thereof. Civil, tax and regulatory cases involving an amount of Rs. 7,500 million or more in respect of the Promoter and civil, tax and regulatory cases involving an amount of Rs. 50 million or more in respect of the Company have been disclosed below. Additionally, all material cases pertaining to the Promoter and the Company, including criminal cases and environmental cases, the outcome of which may have a material adverse impact on their businesses, have also been disclosed below.*

The Promoter has, in the recent past, acquired certain companies’/ business undertakings, which have since merged with the Promoter. These include Telenor, Tata Teleservices Limited & Tata Teleservices (Maharashtra) Limited. There are certain litigation matters in respect of these entities, pertaining to periods prior to the effective date of these mergers, which are subject to the indemnification as per the contract in favor of the Promoter. No separate disclosure is being made in respect of such litigations.

*In addition to the cases set out below, the Promoter and the Company, from time to time, have been and continue to be involved in legal proceedings, arising in the ordinary course of their respective businesses.*

*All terms defined herein in a particular litigation disclosure pertain to that litigation only.*

### ***Litigation involving the Promoter***

#### **Proceedings involving material statutory and regulatory violations by the Promoter**

- 1 The Government published its approval of TRAI’s recommendation on “Spectrum Management and Licensing Framework” in relation to spectrum pricing on November 8, 2012. Subsequently, DoT issued an order dated December 28, 2012, levying a one-time spectrum charge on for GSM/CDMA spectrum held by existing telecom operators, in accordance with the rates provided for in the schedule of the decision dated December 28, 2012 on entities holding GSM spectrum beyond 6.2 MHz for the period from July 1, 2008 to December 31, 2012. Additionally, a one-time charge for holding spectrum beyond 4.4 MHz prospectively from January 1, 2013 until expiry of license was levied upon existing operators in accordance with the rates provided in the schedule of the decision dated December 28, 2012. Thereafter, on January 8, 2013, DoT issued a demand notice raising a demand of Rs. 52,012 million against the Promoter and Bharti Hexacom Limited (“**Bharti Hexacom**”) as one-time spectrum charges. The Promoter and Bharti Hexacom challenged the demand notice by filing a writ petition before the Bombay High Court, which by its order dated January 28, 2013 has stayed the enforcement of the impugned demand and directed the DoT not to adopt any coercive action for recovery until the final outcome of the matter. The matter is currently pending for final hearing.

The DoT revised its demand of one-time spectrum charge to Rs. 84,140 million through its letter dated June 27, 2018. The Promoter and Bharti Hexacom submitted a response against the said demand on August 29, 2018 requesting the DoT to withdraw the revised demand order and await the final outcome of the matter pending before the Bombay High Court.

On August 19, 2019, the Promoter filed an affidavit before the Bombay High Court seeking a clarification that the revised demand, being a mere re-calculation of the earlier demand and issued in furtherance to the impugned decisions, is covered by scope of the interim order passed by Bombay High Court on January 28, 2013. The Bombay High Court through order dated October 4, 2019 has: (i) taken on record a copy of DoT letter dated September 30, 2019 stating that the revised demand is subject to the decision of the Bombay High Court; and

(ii) accepted the statement of the Union of India that no coercive steps are contemplated pursuant to the revised demand.

**Transfer petitions by DoT:** DoT had filed two transfer petitions (one each in 2015 and 2019) before the Supreme Court seeking transfer of outstanding One Time Spectrum Charge matters from Bombay High Court to the Supreme Court, which were dismissed by the Supreme Court through orders dated February 2, 2015 and September 27, 2019, respectively.

Further, in a similar matter on a petition filed by another telecom service provider, the TDSAT, vide its judgment dated July 4, 2019 (“**TDSAT Order**”), set aside the order of the DoT whereby one-time spectrum charges were levied with retrospective effect, and directed the DoT to revise its demands in accordance with the order. The TDSAT also held that in respect of the spectrum beyond 6.2 MHz allotted after July 1, 2008, the DoT is entitled to levy one-time spectrum charges only from the date of allotment of such spectrum, and in case of spectrum beyond 6.2 MHz allotted before July 1, 2008, one-time spectrum charges can be levied only prospectively i.e. with effect from January 1, 2013. The TDSAT has further set aside the demand for one-time spectrum charges on spectrum allotted beyond the start-up and up-to the contracted limit of 6.2 MHz.

The DoT has filed an appeal against the TDSAT Order which is presently pending. Cross Appeal filed by another Telecom service providers are also pending before the Supreme Court.

- 2 The DoT through its order dated February 25, 2010, revised the 2G spectrum charges applicable on telecom service providers with effect from April 1, 2010. The Promoter and Bharti Hexacom challenged the DoT order dated February 25, 2010 before the TDSAT. In its order dated September 1, 2010, the TDSAT ruled in favor of the DoT upholding its aforesaid order. The Promoter and Bharti Hexacom challenged the decision of the TDSAT before the Supreme Court. The Supreme Court, in its order dated October 22, 2010, stayed the operation of the aforesaid order of the DoT, imposing the following conditions: (i) the Promoter and Bharti Hexacom were to deposit 50% of the disputed outstanding principal amount of the spectrum charges payable net of interest in its registry within a period of two weeks; (ii) the balance 50% of the disputed outstanding amount net of interest be secured by way of bank guarantee of a nationalized bank to be provided within a period of two weeks; and (iii) the managing director of the Promoter and Bharti Hexacom were to give an affidavit to the effect that, in the event the appeal before the Supreme Court is dismissed; the Promoter and Bharti Hexacom would pay the balance amount with interest at the rate which may be fixed by the Supreme Court at the appropriate stage. The Supreme Court also stated that in case of a breach of the aforementioned conditions, the impugned DoT order will come into force with immediate effect. All the conditions as stated herein above have been fulfilled and the stay has been maintained. The matters are currently pending before the Supreme Court.
- 3 The Promoter’s license to maintain and operate cellular services in the telecom circle of Punjab was terminated on July 15, 1999 by the DoT on account of alleged non-payment of license fee and dues, for the period April 18, 1996 to March 10, 1998 (“**Black-out Period**”), including interest and penalty accrued due to such alleged delay. The Promoter deposited the entire license fee, interest and penalty amount of approximately Rs. 4,855.80 million on account of an understanding between the parties that in case the outcome of the dispute was in favor of the Promoter, the entire amount shall be refunded back with interest. On accepting such condition, the DoT offered the migration package to the Promoter for restoration of license on September 27, 2001, and along with the Promoter referred this case to arbitration in 2001. The arbitrator passed an order dated December 20, 2002 rejecting the claim of the Promoter for refund of license fee and interest for the Black-Out Period aggregating to Rs. 3,992.90 million (after adjusting the balance amount in a separate matter). The Promoter challenged the award of the arbitrator before the Delhi High Court which set aside the award on merit through its judgment dated September 14, 2012. However, the Delhi High Court did not grant consequential relief of refund of such amount and observed that The Promoter was entitled to take appropriate legal recourse under law for the recovery of such amounts. A letter for recovery of the claim (including interest until September 14, 2012) was filed with

the DoT on November 6, 2012 seeking refunds and in case of failure to refund for adjustment with the future license fee payments to be made by the Promoter to the DoT. The DoT had replied through a letter dated December 26, 2012, directing the Promoter not to adjust any dues arising out of any court order from the license fee.

The DoT filed an appeal against the order dated September 14, 2012 before the Division Bench of the Delhi High Court praying for the setting aside of the judgement of the Single Bench of the Delhi High Court to the limited extent and to allow the said writ petition filed in the Delhi High Court. The Promoter filed a writ petition before the Delhi High Court seeking refund of the amount with interest up to the date of payment made. The Delhi High Court through its judgment dated May 11, 2016 dismissed the writ petition filed by the Promoter for the refund of the license fee paid for the 'Black-Out Period'. The Promoter filed an appeal against the judgment dated May 11, 2016 before the Division Bench of the Delhi High Court. Both the appeals, filed by the Promoter and the DoT, respectively have been tagged together and are pending for final hearing.

- 4 The DoT issued various demand notices to the Promoter and Bharti Hexacom for alleged violation of electromagnetic fields ("EMF") radiation norms which, *inter alia*, included non-compliance or delay in submission of self-certificates, missing signage, self-certificate not provided in the format prescribed by telecommunication engineering center and measurement of EMF radiation in base transmission stations. These demand notices have been challenged by the Promoter and Bharti Hexacom before the TDSAT which has granted interim stay in these matters. The matters are currently pending adjudication.
- 5 The port charges payable by private operators, including the Promoter, to BSNL, were modified by Telecommunication Interconnect (Port Charges) Amendment Regulations, 2007 ("**Port Charges Regulations**"). The Port Charges Regulations were challenged by BSNL before the TDSAT. The TDSAT through order dated May 28, 2010 set aside the Port Charges Regulations and directed the TRAI to look into port charges afresh. Thereafter, the TRAI filed an appeal before the Supreme Court, which passed an interim order dated December 15, 2010, wherein it held that in respect of each additional port, the private operators have to provide a bank guarantee on the difference between the rate applicable between the 2001 and 2007 per port. The matter is pending before the Supreme Court.

The TRAI issued Telecommunication Interconnection (Port Charges) (Second Amendment) Regulations, 2012 to be effective from October 1, 2012. The said regulations were challenged before the Delhi High Court ("**Court**") by way of a writ petition. The Delhi High Court passed an interim order dated February 28, 2014 directing that BSNL shall raise bills as per the Telecommunications Interconnection (Port Charges) (Second Amendment) Regulation, 2012. For the existing ports, the Promoter, Bharti Hexacom and Telenor gave an undertaking that in case the Court decides in favor of BSNL, the Promoter, Bharti Hexacom and Telenor shall pay the differential amount to BSNL along with the stipulated interest of 9% per annum. The matter is pending for adjudication.

- 6 The Promoter and Bharti Hexacom have challenged penalty demand notices issued by various Telecom Enforcement Resource Monitoring Cells through separate petitions before the TDSAT/High Courts for alleged non-compliance with subscriber verification guidelines due to identity / address mismatch, forgery, sale of pre-activated SIMs, incomplete information etc. The Promoter and Bharti Hexacom have obtained stay from the TDSAT/ High Court against various demand notices and the matters are pending adjudication.
- 7 The DoT through its order dated August 12, 2016 ("**SUC Office Order**"), *inter alia*, prescribed Spectrum Usage Charges ("**SUC**") to be calculated at a rate based on weighted average for the spectrum held by telecom service providers across all access spectrum bands, including the Broadband Wireless Access ("**BWA**") spectrum in 2300 MHz/2500 MHz band acquired during the 2010 auction, subject to minimum of 3% of adjusted gross revenue excluding revenue from wireline services.



In terms of clause (iii) of the SUC Office Order, the DoT prescribed that, floor amount of SUC be paid by the telecom service providers during Fiscal 2016 at the weighted average rate derived after taking into consideration the spectrum acquired through auctions excluding the spectrum in 2300 MHz / 2500 MHz band acquired / allocated prior to Fiscal 2016. Further, as per the SUC Office Order, in case there is reduction in the adjusted gross revenue of the service provider, the floor amount of SUC shall be reduced proportionately.

The Promoter challenged the clause (iii) of the SUC Office Order where BWA spectrum is excluded, before the TDSAT through telecommunications petition dated February 13, 2017 and sought (i) setting aside and quashing of the aforesaid clause; and (ii) passing an ad-interim order staying the operation of the aforesaid clause. The TDSAT through interim order dated March 21, 2017, *inter alia*, stayed the operation of the aforesaid clause. TDSAT allowed the Promoter's and Bharti Hexacom petition vide its judgment dated December 21, 2021 and quashed the clause (iii) of the DoT order dated August 12, 2016 which prescribed for exclusion of the spectrum in 2300 Mhz/2500 Mhz band i.e. BWA spectrum, acquired/allotted prior to 2015-16 for the purpose of SUC floor amount.

- 8 The DoT issued a Rs. 500 million penalty notice on November 11, 2011 in relation to violation of terms and conditions of International Long Distance (“ILD”) service license by providing ILD services to a non-licensed entity SingTel by entering into agreement dated December 20, 2007. The Promoter challenged the penalty notice before the TDSAT and the TDSAT quashed the penalty notice. The DoT, however, was granted liberty to proceed afresh. The DoT constituted a committee to grant hearing to the Promoter albeit without issuing any fresh show cause notice. This committee granted the hearing to the Promoter. The Promoter filed a written submission dated December 29, 2014 requesting the DoT to withdraw all the proceedings since the earlier show cause notice served was quashed by the TDSAT (and as such there was no existing show cause notice that survived).

In February 2013, the DoT also filed a criminal complaint with the CBI alleging that an estimated loss of Rs. 482.29 million had been caused to the exchequer on account of raising of bills on Indian customers without obtaining the requisite ILD license from the DoT. The CBI, after investigations, filed a closure report stating that no offence under the IPC has taken place. The closure report is under consideration by the jurisdictional court and is currently pending.

With reference to the TDSAT judgment dated September 28, 2012 the DoT issued a fresh show cause notice dated July 21, 2015 alleging violation of the terms and conditions of ILD license. The Promoter submitted its response to the DoT on August 28, 2015 submitting, *inter alia*, that the fresh notice was also based on the similar ground, falls foul of the judgment of the TDSAT dated September 28, 2012 and should be withdrawn. The DoT, however, did not withdraw the notice and issued a notice for oral hearing. The Promoter challenged the show cause notice before the TDSAT. The TDSAT through its order dated August 8, 2017 permitted the DoT to proceed with oral hearing subject to the condition that no order will be passed. Accordingly, the Promoter appeared before the DoT's committee and was heard on the show cause notice on August 10, 2017. Pursuant to said hearing, a written representation was also made to the DoT on August 31, 2017. In the meanwhile, the TDSAT dismissed the petition on August 22, 2017 without going into the merits and granted liberty to the Promoter to challenge the final order of the DoT. The DoT, through order dated November 14, 2018, imposed penalty of Rs. 500 million on the Promoter and issued a demand for the alleged violation of the license. The Promoter challenged the order of the DoT before the TDSAT by filing a petition under Sections 14 and 14A of the TRAI Act on November 27, 2018. The TDSAT, through its interim order dated November 29, 2018 stayed the demand notice. The DoT issued a fresh demand notice dated March 8, 2019 alleging that it is in continuation of the earlier demand dated November 14, 2018. The notice has been challenged by the Promoter before the TDSAT. The TDSAT through order dated March 15, 2019 stayed the fresh demand dated March 8, 2019 issued by the DoT. The matter is pending before the TDSAT.

- 9 DoT enhanced the microwave charges by introducing the slab-wise rates based on the number of carriers in circulars dated November 3, 2006 and November 10, 2008 (earlier it was based on the allocated frequency). The COAI challenged the aforesaid DoT circulars in the TDSAT by filing the petition dated May 28, 2007. The TDSAT through its order dated July 12, 2007 refused to pass any interim order and listed the matter for final hearing while allowing COAI to adjust the excess payments made in case the matter was decided in their favor. The TDSAT through its order dated April 22, 2010 set aside the DoT circulars dated November 3, 2006 and November 10, 2008 and the petition was allowed. Thereafter the DoT challenged the order of the TDSAT through a special leave petition filed before the Supreme Court, which is currently pending.
- 10 *Adjusted gross revenue matters:* The Government introduced a new package with effect from August 1, 1999, being the 'Migration Package' pursuant to the 'New Telecom Policy 1999' regime which required the licensees to migrate from fixed license fee to revenue sharing fee, under which the licensee would be required to pay one-time entry fee and license fee as a percentage share of gross revenue under the license. However, disputes arose in relation to the constituent of the revenue (*i.e.* gross revenue and adjusted gross revenue) and, *inter alia*, pertaining to:
- Inclusion of non-telecom revenue (such as interest, dividend, profit on sale of assets, IP1, etc.);
  - Inclusion of items which are either not revenue primarily (such as insurance claim, forex gain, etc.) or are not revenue for the Promoter (such as principal to principal issue);
  - Exclusion of items which reduces the revenue (such as bad debts, goodwill waiver, etc.); and
  - Allowable deduction of pass through on paid basis (even though revenue is to be considered on accrual).

The definition of adjusted gross revenue was challenged by the Promoter along with certain other telecommunication service providers and the COAI before the TDSAT. The TDSAT through orders dated July 7, 2006 and August 30, 2007 ("**Orders**") held that the license fee would be payable only on the revenues arising out of 'licensed activities' and not revenue arising out of activities outside the license. Thereafter, the DoT filed an appeal before the Supreme Court which by an order dated October 11, 2011 ("**AUSPI judgment**"), set aside the Orders and held that the TDSAT had no power to get into the validity of the definition and remitted the matter back to the TDSAT to decide by interpreting the terms and conditions of the license agreement and disputes relating to demands raised by the DoT. Subsequently, the Promoter filed a writ petition before the Kerala High Court and Bharti Hexacom before the Tripura High Court, challenging the validity of the inclusion of the non-telecom heads for the purposes of calculating the adjusted gross revenue and was granted favorable stays by the respective High Courts.

Simultaneously, in the matter remanded to the TDSAT by the Supreme Court for interpreting the terms and conditions of the license agreement, the TDSAT through judgment dated April 23, 2015, adjudicated the matters by interpreting the terms and conditions of license. Per the order the definition of 'Revenue' as provided in Accounting Standard AS-9 issued by the Institute of Chartered Accountant of India, is not in conflict with Clauses 19.1 and 19.2 of the license agreement defining gross revenue and adjusted gross revenue. The TDSAT also enunciated certain principles required to be applied for inclusion and exclusion of any items to revenue for the purpose of license fees. Accordingly, the TDSAT set aside all demands for fresh computation in light of the findings, observations and directions made in the judgment of the TDSAT. While the DoT challenged the TDSAT's judgment before the Supreme Court, the Promoter filed an appeal dated July 21, 2015 on limited grounds (challenging specific heads of revenue on the grounds that principles of AS 9 have not been applied uniformly). Telenor filed an application in March, 2016 to be impleaded as a necessary party in this appeal before the Supreme Court. The Supreme Court granted liberty to the DoT to file its response to the application filed by Telenor. The Supreme Court through its interim order dated February 29, 2016 allowed the DoT to raise demands

as per their understanding with the condition that the demands raised will not be enforced until the final decision of the Supreme Court in the matters. Subsequently, the DoT continued to raise demands.

The Supreme Court heard the matter and through its judgment and order dated October 24, 2019, (i) allowed the appeal filed by the DoT and dismissed the appeals filed by the telecom service providers; and (ii) directed the payments of the amounts due within three months and report compliance. The Promoter and Bharti Hexacom had filed review petitions before the Supreme Court, *inter alia*, seeking a review of the judgment dated October 24, 2019 including on the issue of levy of interest, penalty and interest. The review petitions were dismissed by the Supreme Court through its order dated January 16, 2020. Thereafter, the Promoter filed a modification application seeking the modification of the judgment and order dated October 24, 2019 by permitting the Promoter and DoT to conduct a mutual exercise for ascertaining the amounts due pursuant to the judgment dated October 24, 2019 and time and methodology for discharge of the same.

Pursuant to an order dated February 14, 2020, the Supreme Court, raised questions on compliance of the order dated October 24, 2019 and directed the managing directors / directors of the telecom service providers to show cause as to why contempt proceedings should not be initiated against them for violating the order dated October 24, 2019 by not depositing the specified amounts. In accordance with the DoT's direction to the telecom service providers to pay the dues on the basis of self-assessment, the Promoter and Bharti Hexacom paid a total amount of Rs. 180,040 million (comprising of Rs. 130,040 million basis self-assessment and an additional amount of Rs. 50,000 million as an ad-hoc payment to cover the differences, if any, after reconciliation/re-verification) and filed an affidavit of compliance before the Supreme Court in response to the show cause notice issued by the Supreme Court on February 14, 2020, recording the details of the payments made.

On March 16, 2020, the DoT filed a modification application seeking permission of the Supreme Court to recover the unpaid amounts due through annual instalments spread over 20 years as specified in the modification application. The Supreme Court vide its order dated March 18, 2020, among others, held that no exercise of self-assessment/re-assessment is to be done and the dues that were placed before the Supreme Court are final and are to be paid, including interests, penalty and interest on penalty, as specified in the order dated October 24, 2019. Thereafter, Supreme Court vide its order dated July 20, 2020, upheld the amounts stated as payable in the modification application filed by the DoT.

The Supreme Court vide its judgment dated September 1, 2020, held that except for the modifications concerning time schedule for making payment of arrears, the rest of the decisions taken by DoT shall stand and issued following directions: (i) that for the demand raised by the **DoT** in respect of the adjusted gross revenue dues based on the judgment of Supreme Court, there shall not be any dispute raised by any of the telecom operators and there shall be no re-assessment, (ii) that, at the first instance, the respective telecom operators shall make the payment of 10% of the total dues as demanded by the DoT by March 31, 2021, (iii) telecom operators have to make payment in yearly instalments commencing from April 1, 2021 to March 31, 2031 payable by March 31 of every succeeding financial year, (iv) various companies, through their managing directors / chairman or other authorized officer, shall furnish an undertaking within four weeks to make payment of arrears, (v) the existing bank guarantees that have been submitted regarding the spectrum shall be kept alive by the telecom operators until the payment is made, (vi) in the event of any default in making payment of annual instalments, interest would become payable as per the agreement along with penalty and interest on penalty automatically without reference to the Supreme Court, and any such default would be punishable for contempt of court, (vii) compliance of the judgment shall be reported by all telecom operators and the DoT every year by April 7 of each succeeding year.

The Promoter and Bharti Hexacom have filed clarification/ modification/recall applications before the Supreme Court for correction of demands, inter-alia, highlighting basic arithmetical, clerical and computational errors such as double counting (addition of same revenue twice), amounts paid not accounted for and approved DVRs

not given effect to. The Promoter & Bharti Hexacom have filed a compliance affidavit confirming compliance with the requirement to pay 10% of the Total Dues by March 31, 2021 in accordance with AGR September Judgment. Further, DoT filed an affidavit before Supreme Court in compliance with AGR September Judgment. Additionally, DoT, in its affidavit, stated AGR dues of Videocon were sought from the Promoter, however, the Promoter has disputed the same and payment has not been made. The Promoter has filed its response to DoT's demand for Videocon's dues from the Promoter.

On July 19, 2021, the Promoter and Bharti Hexacom confirmed its compliance to the Supreme Court with the directions to pay 10% of total dues by 31.03.2021. Further, the Supreme Court directed DoT to file its response to the compliance affidavit filed by the Telecom Service Providers. The matter is pending adjudication.

On July 23, 2021, the Supreme Court pronounced its judgment, whereby the applications filed by the TSPs for correction of errors were dismissed. The Promoter has filed a review petition against the order/judgment dated July 23, 2021 before the Supreme Court. The review petition is pending adjudication.

On April 07 2022, the Promoter has filed the yearly compliance affidavit (specifying the moratorium granted by DoT).

**Videocon AGR-** On October 7, 2020 & February 24, 2021 the DoT issued a letters to the Promoter ("**DoT Letter**") directing the Promoter to pay its liability of the outstanding adjusted gross revenue dues of Videocon Telecommunications Limited in compliance of the Supreme Court judgment dated September 1, 2020. The Promoter, through its response dated October 16, 2020 & March 04, 2021, has stated that the assertions made in the DoT Letter are impermissible and the DoT Letter has no basis in law, and further that the DoT Letter does not disclose the facts or rationale for the demand. DoT vide its letter dated August 17, 2021 issued the Demand Letter to the Promoter, inter-alia seeking payment of AGR dues of Videocon from the Promoter within a week, failing which the DoT threatened to invoke the financial Bank Guarantees submitted by the Promoter securing license fees and other dues under its licenses. In view of the threatened invocation of the Promoter's financial bank guarantees in the DoT's Demand Letter, on August 18, 2021, the Promoter approach the Hon'ble Supreme Court of India by way of an application seeking directions to be issued to the DoT to withdraw its Demand. The Hon'ble Supreme Court *vide* order dated August 24, 2021 was pleased to grant liberty to the Promoter to approach the TDSAT and further directed the DoT to refrain from invoking the bank guarantees for a period of three (3) weeks which protection was further extended till September 21, 2021 by Delhi High Court *vide* order dated September 3, 2021 pursuant to the petition filed by the Promoter. Subsequently, the Promoter has filed a petition challenging the DoT's demand dated August 17, 2021 before the TDSAT. The TDSAT *vide* its order dated September 16, 2021 directed the DoT to refrain from invoking the bank guarantees. The matter is pending adjudication.

### ***High Court of Kerala***

The Single Judge of Kerala High Court, on March 28, 2018, dismissed the writ petition filed by the Promoter. The Single Judge held that the license was not a statutory contract and the terms and conditions of an agreement could not be questioned on the basis that the same are arbitrary in violation of Article 14 of the Constitution of India as doctrine of fairness cannot be used for judging the contractual terms. The Single Judge further held that there was no law that prevented the state from making a bargain in a commercial contract. Accordingly, the Single Judge dismissed the batch writ petition. While dismissing the writ petition, the Single Judge directed the Government not to take any coercive steps for a period of one month or until the filing of appeal, whichever is earlier. Aggrieved by the judgment passed by the Single Judge of the Kerala High Court, the Promoter filed an appeal before the Division Bench of the Kerala High Court. The Division Bench of the Kerala High Court through its order dated May 29, 2018 granted interim stay of the judgment appealed against and further allowed the Promoter to continue making payment as was being done throughout the period of license with respect to the telecom activities. The matter is currently pending.

## 11 *SMS Termination matters:*

*TATA SMS Termination matter:* The Promoter and Bharti Hexacom filed a petition before the TDSAT against TTML and TTSL (collectively “**Tata Teleservices**”) for recovery of SMS termination charges which was allowed by the TDSAT through a judgment dated August 30, 2012. Tata Teleservices have challenged the TDSAT judgment before the Supreme Court. The Supreme Court admitted the appeal of Tata Teleservices and further through order dated October 17, 2012 ordered that if the appeal is allowed then the Promoter and Bharti Hexacom will have to refund the amount paid by Tata Teleservices along with interest at the rate of 12% per annum. Tata Teleservices have made a payment of approximately Rs. 4,012 million post deduction of tax at source to the Promoter. The matter is currently pending.

*Aircel SMS Termination matter:* the Promoter raised a demand on Aircel Limited (“**Aircel**”) towards SMS termination charge of approximately Rs. 245.89 million at Rs. 0.10 per SMS. This demand was challenged by Aircel before the TDSAT. The said petition was disposed of by the TDSAT through its order dated September 24, 2012 with a direction to Aircel to restitute to the Promoter an amount that was suffered as loss by way of damages, i.e., SMS termination charges at Rs. 0.10 per SMS on net inflow of traffic for the restitution period. Aircel challenged the TDSAT judgment before the Supreme Court which admitted the appeal, however rejected the interim prayer. Aircel filed another application before the Supreme Court seeking stay of recovery. The said application was dismissed by the Supreme Court through order dated December 5, 2012. “Aircel complied with the orders of the TDSAT and paid the SMS termination charges amounting to approximately Rs. 580 million against the initial demand (as well as one interim demand of Rs. 11.13 million). The matter is currently pending”

*Reliance Communications SMS Termination matter:* the Promoter’s demand of approximately Rs. 118 million at Rs. 0.10 per SMS towards SMS termination charges was challenged by Reliance Communications Limited (“**Reliance Communications**”) before the TDSAT. The TDSAT through interim order dated December 3, 2012 restrained the Promoter from disconnection of SMS services of Reliance Communications and directed Reliance Communications to pay 50% of the demanded amount at Rs. 0.10 per SMS from the date of filing of the petition. The interim order was challenged by Reliance Communications before the Delhi High Court. The Delhi High Court dismissed the writ petition filed by Reliance through order dated January 21, 2013. The TDSAT through judgment dated March 31, 2016 disposed of the petition by directing the parties to reconcile the accounts within four weeks of the receipt of necessary details including bifurcation of SMS data. Reliance Communications challenged the TDSAT judgment before the Supreme Court which is tagged with other matters.

*BSNL SMS Termination matter:* the Promoter raised a demand of approximately Rs. 434.6 million towards SMS termination charges on BSNL. The Promoter filed a recovery petition before the TDSAT. The TDSAT through judgment dated March 31, 2016 disposed of the petition by directing the parties to reconcile the accounts within four weeks of the receipt of necessary details including bifurcation of SMS data. BSNL challenged the TDSAT judgment before the Supreme Court and the same was tagged with other matters. The Promoter filed a petition against the judgment dated March 31, 2016 before the TDSAT for the recovery of the SMS dues, which was admitted by the TDSAT on April 4, 2019. The matter is currently pending for adjudication.

- 12 The DoT opposed intra-circle 3G roaming arrangement between the Promoter and certain other telecom service providers and through order dated March 15, 2013 directed the Promoter to stop providing 3G services wherein the Promoter has not been allotted 3G spectrum and levied a financial penalty of Rs. 3,500 million (for 7 circles at Rs. 500 million each). Thereafter, the DoT issued SCNs dated May 31, 2013 in respect of certain circles of the Promoter alleging that by providing 3G intra-circle roaming, the Promoter had acted in violation of the terms of license and asking the companies to show cause as to why action be not taken. The communication dated March 15, 2013, imposing a penalty of Rs. 3,500 million, was challenged before different forums including the High Court of Delhi and the Supreme Court and finally before the TDSAT which through its judgment dated

April 29, 2014, quashed the DoT's order, holding the service to be competent on merits. Consequently, the DoT has filed an appeal before the Supreme Court which is currently pending.

- 13 The DoT through its letters dated June 22, 2018 and June 26, 2018 demanded an amount of Rs. 12,879.7 million from the Promoter towards one-time spectrum charge for GSM Spectrum in respect of Chennai service area for the extended period of the license from November 30, 2014 to September 27, 2021 pursuant to a WPC wing order dated December 28, 2012. The Promoter through letters to the DoT dated July 12, 2018 and December 24, 2018, respectively, provided a detailed response, stating its grounds for refuting the demand raised by the DoT and its rationale for withdrawal of such demand. Subsequently, DoT through its letter dated April 10, 2019, while granting the in-principle approval for the merger of Tata Teleservices Limited with the Promoter and Bharti Hexacom Limited, has imposed, among others, a condition to pay the said one-time spectrum charge related to the Chennai region. The Promoter challenged the said condition before the TDSAT. The TDSAT, through its interim order dated May 2, 2019, had *inter alia*, stayed the enforcement of the demand of Rs. 12,879.70 million, subject to the Promoter submitting 50% of demand amount by way of bank guarantee with the registry of TDSAT, which bank guarantees were submitted by the Promoter. Subsequently, the TDSAT, vide its judgment dated December 23, 2020 has declared the OTSC demand of the DoT to be bad in law and has directed that the bank guarantees be returned to the Promoter. DoT has filed an appeal before Supreme Court against the TDSAT final judgment dated December 23, 2020, wherein TDSAT had quashed the DoT's Tata Merger conditions i.e. Chennai OTSC. The matter is pending adjudication.
- 14 The TRAI issued a show cause notice on September 27, 2016 to the Promoter alleging violations of the **Standards** of Quality of Service of Basic Telephone Service (Wireline) and Cellular Mobile Telephone Service Regulations, 2009 and the provisions of the License Agreement in terms of Allocation of POIs to Reliance Jio Infocomm Limited ("**RJIL**"). Further, the TRAI on October 21, 2016 recommended a penalty of Rs. 10,500 million on the Promoter (including Bharti Hexacom for the alleged violations mentioned above. A committee of the DoT, formed for the purpose of examining such recommendation of the TRAI dated October 21, 2016 rejected the recommendations on April 5, 2017. Subsequently, the TRAI through its response dated May 24, 2017 reiterated its recommendation of the imposition of penalty on the Promoter. The Promoter made its submissions before the DoT on December 21, 2017 and January 24, 2018. On February 4, 2018, the Promoter wrote to the DoT seeking attention to a judgment passed by the Supreme Court in an appeal filed by the Competition Commission of India in a parallel matter and represented that in view of this judgment, the Government was estopped from operating on the recommendations dated October 21, 2016. The Promoter subsequently also wrote to the Minister of State for Communications seeking intervention to advise DoT to refrain from operating on the recommendations and reject the same. On September 29, 2021, DoT issued a demand notice for an amount of INR 10,500 Million on the Promoter and Bharti Hexacom. The demand notice alleges violation of the Standards of Quality of Service of Basic Telephone Service (Wireline) and Cellular Mobile Telephone Service Regulations 2009. The Promoter and Bharti Hexacom have challenged the Demand Notice before the TDSAT, wherein TDSAT directed DoT not to take coercive action for realization of the penalty under challenge until further orders. The matter is pending adjudication.
- 15 On September 6, 2019, and September 7, 2019, the Andhra Pradesh Telecom Enforcement Resources **Management** Cell ("**TERM Cell**") issued demand notices to the Promoter, in respect of the Special Audit for Paper CAF for the months of October, 2016 to May, 2017 for Rs. 19.41 million against the Promoter and for Rs. 2.09 million against Telenor respectively. The Promoter has filed two appeals on September 12, 2019 before Deputy Director General, TERM ("**DDG**"), against the demand raised by the Andhra Pradesh TERM Cell on September 6, 2019, and September 7, 2019. In these appeals, amongst other grounds, the Promoter mentioned that the Andhra Pradesh High Court, pursuant to a writ petition filed by the Promoter, stayed the circulars on the basis of which the TERM Cell had levied the penalty on the Promoter. The appeals are pending with the DDG.

On September 17, 2019 and September 18, 2019, the Andhra Pradesh TERM cell issued demand notices to the Promoter, pertaining to the audits (Paper + EKYC) conducted for the months of August, 2017 to December, 2017 for approximately Rs. 2,247.83 million for the Promoter and approximately Rs. 222.58 million for Telenor. The Promoter filed two appeals on September 23, 2019 before the DDG TERM against the demand raised by the Andhra Pradesh TERM Cell on September 17, 2019 and September 18, 2019. In these appeals, amongst other grounds, the Promoter mentioned that the Punjab and Haryana High Court and Andhra Pradesh High Court, pursuant to a writ petition filed by the Promoter, stayed the circulars on the basis of which the TERM Cell had levied the penalty on the Promoter. The appeals are pending with the DDG.

On December 3, 2019, the Andhra Pradesh TERM cell issued demand notices to the Promoter, pertaining to the (Paper + EKYC) audits conducted for the months of January, 2018 to March, 2018 for Rs. 2,013.91 million. The Promoter filed an appeal before the DDG on December 9, 2019 against the demand raised by the Andhra Pradesh TERM Cell on December 3, 2019, which is pending before the DDG. In the appeal, amongst other grounds, the Promoter mentioned that the Andhra Pradesh High Court and the Punjab and Haryana High Court, pursuant to writ petitions filed by the Promoter, stayed the circulars on the basis of which the TERM Cell had levied the penalty on the Promoter. The appeal is pending before the DDG.

On December 17, 2019, the Andhra Pradesh TERM Cell issued demand notices pertaining to the audits (Paper+ EKYC) conducted for the months of April, 2018 and May, 2018 for approximately Rs. 1,541.15 million against the Promoter and for the months of January, 2018 to May, 2018 for approximately Rs. 442.86 million against Telenor. The Promoter has filed two appeals on December 23, 2019 before Deputy Director General, TERM (“DDG”), against the demand raised by the Andhra Pradesh TERM Cell on September 17, 2019. In these appeals, amongst other grounds, the Promoter mentioned that the Andhra Pradesh High Court and the Punjab and Haryana High Court, pursuant to writ petitions filed by the Promoter, stayed the circulars on the basis of which the TERM Cell had levied the penalty on the Promoter. The appeals are pending with the DDG.

- 16 The Telecom Service Providers were required to pay distance-based carriage charges to BSNL for mobile to fixed calls. TRAI had, pursuant to the Telecommunication Interconnection Usage Charges Regulation 2003, (“**IUC-2003 Regulations**”) prescribed a uniform carriage charge of Rs. 0.20 per minute in case of intra-circle calls, irrespective of the distance from the local exchange. However, BSNL continued to levy distance-based carriage charges at higher slab rates. TRAI had, in certain communications to BSNL, reconfirmed that the flat charge of Rs. 0.20 would continue to be applicable regardless of certain amendments to the IUC-2003 Regulations. In an appeal filed by BSNL before the TDSAT, the TDSAT, through its judgment and order dated May 21, 2010 (“**TDSAT Judgment**”) allowed BSNL’s appeal and held that BSNL is entitled to recover distance-based carriage charges even in respect of intra-circle Calls. The Cellular Operators Association of India (“**COAI**”), an industry association of telecommunications service providers, of which the Promoter is also a member has filed an appeal against the TDSAT Judgment before the Supreme Court. The matter is presently pending.
- 17 The Cellular Operators Association of India, the Promoter, Bharti Hexacom and others have filed a petition (“**Petition**”) under section 14(a)(i) of the TRAI Act, against the DoT before the TDSAT. The NIA of 2010 provided that the spectrum usage charges (“**SUC**”) of telecom service providers (“**TSPs**”) would be based on the GSM spectrum holding of such operators and that while calculating the slab for payment of SUC, the 2100 MHz spectrum was not to be counted. Further, SUC rate was fixed at 3% of the adjusted gross revenue for the TSPs. Pursuant to the expiry of licenses in 7 Circles where the Promoter no longer held administratively allocated spectrum, the Promoter calculated SUC at the rate of 3% for the 2100 MHz spectrum acquired in the auctions of 2010 as per the NIA conditions on SUC. However, the CCAs of different circles interpreted the NIA conditions of 2010 differently thereby uniformly denying the benefit of SUC at the rate of 3% to TSPs for the 2100 MHz Spectrum acquired in the auction of 2010. In the Petition, the TDSAT has granted interim relief and allowed



operators to pay as per their interpretation of the conditions of the NIA of 2010. The matter is pending before TDSAT for final adjudication.

- 18 The DoT through a circular dated June 29, 2012 imposed annual license fee on internet service providers and amended the definition of adjusted gross revenue in the ISP-IT license agreements to provisionally include all types of revenue from internet services for payment of license fee. The said circular of the DoT was challenged before TDSAT in the matter titled Internet Service Providers Association of India and others vs. Union of India and another (Petition No. 429 of 2012) (“**ISPAI Matter**”) and paragraph 2 of the said circular was set aside by the TDSAT through its judgment dated October 12, 2012, thereby disallowing the Government from levying license fee on pure internet service revenues. Thereafter, the DoT released its guideline document “Guidelines for Grant of Unified License” dated August 19, 2013 and an amendment dated December 8, 2013 by which it permitted the existing ISP license holders to continue with their existing licenses without migration, but mandated the licenses which are due for renewal to move to the new regime. As the Promoter’s ISP license was nearing its expiry, the Promoter applied for Unified License, which was duly granted by DoT. The TDSAT, through its interim order dated March 25, 2014, had ordered that if the petitioners filed an undertaking by March 27, 2014 that in case the petition fails, it would pay the full amount demanded by the DoT along with the interest as may be directed by the TDSAT, the petitioner’s license will be provisionally extended until the disposal of the petition and thereafter, such petitioners were protected against the arbitrary and unlawful demand of the DoT of adding revenue earned from pure internet services in the adjusted gross revenue. However, the Promoter was not a party to this petition.

The UL License was signed by the Promoter on October 16, 2014 with ISP Category “A” Authorization which was effective from March 03, 2014. However, the new UL regime also mandated for payment of license fee on pure internet services. This was challenged by the CJ Online Private Limited and the Promoter (“**Petitioners**”) on the ground that the GoI has created a distinction between the existing ISP licensees and the licensees migrating to the UL regime as a result of the renewal, forcing upon the latter category to pay license fee, thereby discriminating them and disturbing the level playing field within the industry. The TDSAT through its order dated October 13, 2015 stayed the demand of license fee with respect to pure internet services, subject to submission of an undertaking within fifteen days, that in case the petition fails, the Petitioners would pay the full amount demanded by the DoT along with interest as may be directed by the TDSAT. Accordingly, the Promoter submitted the undertaking.

Internet Service Providers Association of India (“**ISPAI**”), an industry association of ISPs, had also filed a similar petition before TDSAT, which was allowed by TDSAT through judgment dated October 18, 2019 (ISPAI Judgment), wherein the TDSAT set aside the decision to include revenue from pure internet service in the adjusted gross revenue for levy of license fee on the ISPs under UL. TDSAT had also set aside all demands of license fee with a direction to DoT to raise revised demands on the basis of same concept of adjusted gross revenue, as is being done in respect of ISPs with licences under the old regime. Further, the Petitioners were allowed to pay such revised demand forthwith after deducting payments, if any, made in the meantime towards licence fee by way of *ad hoc* payments as per their understanding. The TDSAT, on June 12, 2020, following ISPAI judgment, allowed the petition filed by the Promoter and set aside the demand notices.

DoT has filed an appeal against the ISPAI Judgment before the Supreme Court. The Promoter has filed an intervention application in the appeal. The Supreme Court through order dated January 5, 2021 admitted the appeal and also allowed the Promoter’s intervention application. The matter is pending adjudication.

#### **Other Regulatory Matters involving the Promoter**

1. Pursuant to the provisions of the “Guidelines for Transfer/Merger of various categories of Telecommunication service licenses/authorisation under Unified License (“**UL**”) on compromises, arrangements and amalgamation

of the companies” dated February 20, 2014 (“**Transfer-Merger Guidelines**”), Airtel Broadband Services Private Limited (“**ABSPL**”) notified the DoT on February 28, 2014 of its proposed scheme of amalgamation with the Promoter and its intention to merge its ISP license along with its access spectrum with the UASL of the Promoter for four service areas, namely, Delhi, Mumbai, Haryana and Kerala. The Bombay High Court through its order dated April 11, 2014 approved the aforesaid merger and the Promoter approached the DoT for taking the merger on record. After multiple correspondences between the DoT and the Promoter, the DoT through its communication dated February 2, 2015 granted in-principle approval for merger of licenses between the Promoter and ABSPL, subject to fulfillment of conditions stated therein. Out of the conditions imposed by the DoT, the Promoter and ABSPL were aggrieved of the following three conditions and challenged the same before the TDSAT: (i) demand for Rs. 4,360.9 million as additional entry fee; (ii) furnishing unconditional and unequivocal undertaking from the Promoter for payment of all demands which would be issued in the future with respect to All India ISP License No. 820 1106 / 010 LR dated March 15, 2012 issued to ABSPL; and (iii) demand for bank guarantee equivalent to one-time spectrum charge demanded by the DoT.

The TDSAT passed an interim order dated February 9, 2015, staying the imposition of the impugned conditions and permitted the Promoter to operationalize the spectrum subject to an undertaking without prejudice that in the event of the matter being decided against it, the demand of Rs. 4,360.9 million would be paid with interest as may be determined, within eight weeks of the date of such judgment. Further, the TDSAT, through order dated May 19, 2015 directed the concerned authority of the DoT to record the merger subject to the outcome of the matter. The matter was heard before the TDSAT, which through its order dated March 19, 2019 quashed the demand raised by DoT towards entry fee. Aggrieved with the TDSAT order for not addressing other prayers in the petition, the Promoter filed a review application for, *inter alia*, setting aside the aforesaid conditions imposed by the DoT and a direction to the DoT to extend the effective date of allocation of spectrum to offset the delay caused by the DoT. The TDSAT through its order dated April 4, 2019 has admitted the review petition and granted six weeks’ time to the DoT to file a detailed reply, extended the interim stay order on the demands raised by the DoT and directed the DoT to take the merger on record.

DoT has filed an appeal before the Supreme Court of India against the judgment dated March 19, 2019, wherein TDSAT had set aside the demand raised by the DoT towards entry fee. The appeal is pending before the Supreme Court.

On July 31, 2019, the TDSAT passed its order in the matters and held, *inter alia*, that (i) the condition relating to demand of bank guarantee was not sustainable, and that the DoT is not entitled to seek a bank guarantee in respect of the specific demands which have been stayed by the Bombay High Court; (ii) any condition in the undertaking required to be given by the Promoter shall be without prejudice to the rights and contentions of the parties before a court of law and the validity of such conditions shall be subject to the outcome of the judicial process; and (iii) the DoT shall consider the Promoter’s request for finally taking on record the merger within six weeks.

DoT has filed an appeal against the TDSAT judgment dated July 31, 2019, which is pending before the Supreme Court.

2. Pursuant to the provisions of the Transfer-Merger Guidelines, the Promoter notified the DoT on August 27, 2015 of its intention to merge with Augere Wireless Broadband India Private Limited (“**AWBIPL**”) entailing the merger of AWBIPL’s ISP and UASL with those of the Promoter. The Delhi High Court through its order dated December 19, 2016 approved the aforesaid scheme. The DoT through its communication dated January 17, 2017 granted in-principle approval of merger of license of AWBIPL with the Promoter but imposed conditions which were challenged by the Promoter before the TDSAT. The conditions imposed *inter alia* included: (i) payment of Rs. 172.25 million as additional entry fee; (ii) in case of judicial intervention in relation to demand raised for one-time spectrum charges, submission of bank guarantee equivalent to such one-time spectrum charges for the merging license; and (iii) submission of an unconditional and unequivocal undertaking by the Promoter as

required by the DoT to pay all future demands that may be raised in connection with the merging ISP license held by AWBIPL. The TDSAT through its order dated January 25, 2017 stayed the impugned conditions and allowed the Promoter to operationalize the spectrum subject to the Promoter providing an undertaking without prejudice that in case the petition fails, the Promoter shall pay Rs. 172.25 million along with interest as may be determined by the TDSAT within eight weeks from the date of judgment. The matter was heard before the TDSAT which through its order dated March 19, 2019 quashed the demand raised by DoT towards entry fee. Aggrieved with the TDSAT order for not addressing other prayers in the petition, the Promoter filed a review application for, *inter alia*, setting aside the aforesaid conditions imposed by the DoT and directing the DoT to take the merger on record. The TDSAT through its order dated April 4, 2019 has admitted the review petition and granted six weeks' time to file a detailed reply to DoT, extended the interim stay order against the DoT and directed the DoT to take the merger on record.

The Union of India has filed an appeal before the Supreme Court of India against the judgment dated March 19, 2019, wherein TDSAT had set aside the demand raised by the DoT towards entry fee. The appeal is pending before the Supreme Court.

On July 31, 2019, the TDSAT passed its order in the matters and held, *inter alia*, that (i) the condition relating to demand of bank guarantee was not sustainable, and that the DoT is not entitled to seek a bank guarantee in respect of those specific demands which have been stayed by the Bombay High Court; (ii) any condition in the undertaking required to be given by the Promoter shall be without prejudice to the rights and contentions of the parties before a court of law and the validity of such conditions shall be subject to the outcome of the judicial process; and (iii) the DoT shall consider the Promoter's request for finally taking on record the merger within six weeks.

DoT has filed an appeal against the TDSAT judgment dated July 31, 2019, which is also pending before the Supreme Court.

3. Pursuant to the provisions of the Transfer-Merger Guidelines, the Promoter notified the DoT on March 2, 2017 of its intention to merge with Telenor (India) Communications Private Limited ("**Telenor**"), entailing the merger of Telenor's business and UL along with the service authorizations of Telenor pertaining to NLD, ILD and internet services with those of the Promoter. Subsequently, the Promoter filed a petition before the NCLT, Delhi for sanction of the aforesaid merger. The NCLT, Delhi through its order dated March 8, 2018 granted sanction to the aforesaid scheme. The DoT through its letter dated April 3, 2018 granted in-principle approval for the aforesaid merger, but imposed conditions for taking the merger on record. The imposed conditions *inter alia* included (i) that the Promoter submit a bank guarantee towards the demand for one-time spectrum charges of Rs. 14,990.9 million; (ii) submission of an unconditional and unequivocal undertaking by the Promoter to pay all past dues in relation to the merging entities. The conditions so imposed by the DoT were challenged by the Promoter before the TDSAT. The TDSAT through order dated April 10, 2018 stayed the demand for bank guarantee to secure the amount of Rs. 14,990.9 million made by the DoT and directed DoT to take the merger on record subject to the Promoter providing an undertaking without prejudice as demanded by the DoT in the impugned letter. The DoT preferred an appeal against the order passed by the TDSAT which was dismissed by the Supreme Court. Subsequently, on May 14, 2018, the DoT gave its approval for the merger of Telenor with the Promoter. The matter was heard before the TDSAT which in its order dated March 19, 2019 did not address the prayers in its petition. The Promoter filed a review application for, *inter alia*, setting aside the aforesaid conditions imposed by the DoT and directing the DoT to issue the confirmation letter to the Promoter for taking the merger on record. The TDSAT through its order dated April 4, 2019 admitted the review petition.

On July 31, 2019, the TDSAT passed its order in the matters and held, *inter alia*, that (i) the condition relating to demand of bank guarantee was not sustainable, and that the DoT is not entitled to seek a bank guarantee in respect of those specific demands which have been stayed by the Bombay High Court; (ii) any condition in the

undertaking required to be given by the Promoter shall be without prejudice to the rights and contentions of the parties before a court of law and the validity of such conditions shall be subject to the outcome of the judicial process; and (iii) the DoT shall consider the Promoter's request for finally taking on record the merger within six weeks.

DoT has filed an appeal against the TDSAT judgment dated July 31, 2019, which is pending before the Supreme Court.

4. Pursuant to the provisions of the Transfer-Merger Guidelines, the Promoter notified the DoT on August 31, 2017, of its intention to merge with Bharti Digital Private Limited ("**Bharti Digital**") and to merge ISP license of Bharti Digital (in Gujarat, Himachal Pradesh, Uttar Pradesh (East) and Uttar Pradesh (West) with the Promoter's UASL. NCLT, Delhi through its order dated July 4, 2018 sanctioned the aforesaid scheme of amalgamation and the DoT was approached for taking the merger on record. The DoT through communication dated August 17, 2018 granted in-principle approval for the merger of the Promoter and Bharti Digital, but imposed conditions for taking the merger on record. The imposed conditions *inter alia* included: (i) payment of Rs. 1,856.25 million towards the difference between the entry fee; (ii) securing the demand of one-time spectrum charge for Rs. 14,412.7 million dues by way of bank guarantee; and (iii) submitting an unconditional and unequivocal undertaking to DoT for payment of past demands inclusive of anything remaining unpaid of the past period and subject to outcome of the judicial process. The Promoter and Bharti Digital challenged the impugned conditions before the TDSAT and the TDSAT through its order dated August 30, 2018 directed the DoT to take the merger on record and allowed the Promoter to operationalize the spectrum subject to the Promoter submitting an undertaking without prejudice before the TDSAT that in case the petition fails, it shall pay Rs. 1,856.25 million along with interest as may be determined by the TDSAT, within eight weeks of final judgment. The DoT had preferred an appeal against the TDSAT order dated August 30, 2018 before the Delhi High Court, which has been dismissed by the Delhi High Court through its judgment dated November 30, 2018. The matter was heard before the TDSAT which through its order dated March 19, 2019 quashed the demand raised by DoT towards entry fee. Aggrieved with the TDSAT order for not addressing other prayers in the petition, the Promoter filed a review application for, *inter alia*, setting aside the aforesaid conditions imposed by the DoT and directing the DoT to take the merger on record. The TDSAT through its order dated April 4, 2019 has admitted the review petition and granted six weeks' time to file a detailed reply to DoT, extended the interim stay order against the DoT and directed the DoT to take the merger on record.

DoT has filed an appeal before the Supreme Court of India against the judgment dated March 19, 2019, wherein TDSAT had set aside the demand raised by DoT towards entry fee. The appeal is pending before the Supreme Court.

On July 31, 2019, the TDSAT passed its order in the matters and held, *inter alia*, that (i) the condition relating to demand of bank guarantee was not sustainable, and that the DoT is not entitled to seek a bank guarantee in respect of those specific demands which have been stayed by the Bombay High Court; (ii) any condition in the undertaking required to be given by the Promoter shall be without prejudice to the rights and contentions of the parties before a court of law and the validity of such conditions shall be subject to the outcome of the judicial process; (iii) the DoT shall consider the Promoter's request for finally taking on record the merger within six weeks; and (iv) the time period to comply with the cross-holding conditions was extended by 12 weeks from the date of the order.

DoT has filed an appeal against TDSAT judgment dated July 31, 2019, whereby TDSAT had held that DoT is not entitled to seek BGs in respect of OTSC demands. This appeal is also pending before the Supreme Court.

DoT has issued the demand notice on Bharti Digital Network Pvt Ltd (now known as Airtel) for alleged violation of license conditions by completing the merger without obtaining the written approval. The TDSAT vide its order

dated August 12, 2021 stayed the demand notice and directed DoT not to take any coercive action against the demand notice. The matter is pending adjudication.

5. Pursuant to the provisions of the Transfer-Merger Guidelines, the Promoter and Bharti Hexacom notified the DoT on May 22, 2018, of its intention to merge the consumer mobile business of Tata Teleservices Limited (“TTSL”) with the Promoter and Bharti Hexacom (in Andhra Pradesh, Bihar, Delhi, Gujarat, Haryana, Himachal Pradesh, Karnataka, Kerala, Kolkata, Madhya Pradesh, Orissa, Punjab, Tamil Nadu (including erstwhile Chennai), Uttar Pradesh (E), Uttar Pradesh (W), West Bengal and Rajasthan). NCLT, Delhi through its order dated January 30, 2019 sanctioned this composite scheme of arrangement and the DoT was approached for taking the transfer/merger on record. The DoT through its communication dated April 10, 2019 granted in-principle approval for the aforesaid scheme of arrangement, but imposed certain conditions for taking the transfer/merger on record. The imposed conditions *inter alia* included: (i) securing the demand of one-time spectrum charge (“OTSC”) of Rs. 71,559.30 million due, by way of bank guarantee; (ii) payment of an amount of Rs. 12,879.70 million to the DoT purportedly towards the alleged one-time spectrum charges for the erstwhile Chennai licensed service area; and (iii) submission of an unconditional and unequivocal undertaking to DoT for payment of past demands inclusive of anything remaining unpaid for the past periods and subject to outcome of the judicial process.

The Promoter and Bharti Hexacom challenged the aforesaid conditions before the TDSAT, which, through orders dated May 2, 2019 and May 6, 2019 has, among other things, stayed the demand of bank guarantee of Rs. 71,559.30 million, and held that any condition in the undertaking required to be given by the Promoter shall be without prejudice to the rights and contentions of the parties before a court of law and the validity of such conditions shall be subject to the outcome of the judicial process. The TDSAT has further stayed the demand of Rs. 12,879.70 million. The Promoter has also been directed to submit 50% of Rs. 12,879.70 million demand by way of bank guarantee with the registry of the TDSAT and the DoT has been directed to take the merger on record. In compliance with the directions issued by the TDSAT, the Promoter has submitted bank guarantees amounting to Rs. 6,439.85 million. Further, the DoT had filed special leave petitions before the Supreme Court, challenging the TDSAT orders dated May 2, 2019 and May 6, 2019, wherein the Supreme Court did not interfere with the TDSAT orders and disposed of the said special leave petitions through its order dated November 18, 2019. The TDSAT through its order dated January 16, 2020, directed the DoT to take on record the merger between the Promoter, Bharti Hexacom and TTSL. As a result, the DoT has taken the merger on record on February 6, 2020. The DoT has stated that the merger is being taken on record without prejudice to the rights and contentions of the DoT, until the matters pending before the TDSAT are disposed of. The TDSAT vide its judgment dated December 23, 2020, among other things, has (i) quashed the demand towards the alleged OTSC dues for the extended period of license of the erstwhile Chennai service area, (ii) held that the DoT is not entitled to seek bank guarantees in respect of OTSC demands disputed before the Bombay High Court, (iii) held that the conditions of the undertaking shall be without prejudice to the rights and contentions of the parties before a court of law and subject to the outcome of the judicial proceedings, and (iv) directed that the bank guarantees be returned to the Promoter.

DoT has filed an appeal before the Supreme Court against the TDSAT final Judgment dated December 23, 2020, wherein TDSAT had quashed the DoT’s Tata Merger conditions (Chennai OTSC, BG for OTSC demand sub-judice at Bombay HC & unconditional undertaking).

6. Pursuant to the provisions of the Transfer-Merger Guidelines, the Promoter notified the DoT on April 18, 2018, of its intention to merge the consumer mobile business of Tata Teleservices (Maharashtra) Limited (“TTML”) with the Promoter (in Mumbai and Maharashtra). NCLT Delhi through its order dated January 30, 2019 sanctioned the scheme of arrangement and the DoT was approached for taking the transfer/merger on record. The DoT through its communication dated April 10, 2019 granted in-principle approval for the aforesaid scheme of arrangement, but imposed certain conditions for taking the transfer/merger on record. The imposed conditions *inter alia* included: (i) securing the demand of one-time spectrum charge (“OTSC”) for Rs. 10,425.10 million dues by way of bank guarantee; and (ii) submission of an unconditional and unequivocal undertaking to DoT for

payment of past demands inclusive of anything remaining unpaid of the past period and subject to outcome of the judicial process.

The Promoter has challenged the aforesaid conditions before the TDSAT, which through orders dated May 2, 2019 and May 6, 2019 has, among other things, stayed the demand of bank guarantee of Rs. 10,425.10 million, and held that any condition in the undertaking required to be given by the Promoter shall be without prejudice to the rights and contentions of the parties before a court of law and the validity of such conditions shall be subject to the outcome of the judicial process. Further, the DoT has been directed to take the merger on record. Further, the DoT had filed special leave petitions before Supreme Court, challenging the TDSAT orders dated May 2, 2019 and May 6, 2019, wherein the Supreme Court did not interfere with the TDSAT orders and disposed of the said special leave petitions through its order dated November 18, 2019. The TDSAT through its order dated January 16, 2020, directed the DoT to take on record the merger between the Promoter and TTSL. As a result, DoT has taken the merger on record vide its order dated February 6, 2020 and has stated that the merger is being taken on record without prejudice to the rights and contentions of the DoT, until the matters pending before the TDSAT are not disposed of. The TDSAT vide its judgment dated December 23, 2020, among other things, has (i) held that the DoT is not entitled to seek bank guarantees in respect of OTSC demands disputed before the Bombay High Court, (ii) held that the conditions of the undertaking shall be without prejudice to the rights and contentions of the parties before a court of law and subject to the outcome of the judicial proceedings.

DoT has filed an appeal before the Supreme Court against the TDSAT final Judgment dated December 23, 2020, wherein TDSAT had quashed the DoT's Tata Merger conditions (Chennai OTSC, BG for OTSC demand sub-judice at Bombay HC & unconditional undertaking).

#### TRAI matters:

The TRAI, by way of the International Telecommunication Access to Essential Facilities at Cable Landing Standing Regulations, 2007 dated June 7, 2007, and an amendment thereto dated October 19, 2012 (together, "**2007 Regulations**"), and the International Telecommunication Cable Landing Stations Access Facilitation Charges and Co location Charges Regulations, 2012 dated December 21, 2012 ("**2012 Regulations**", and together with the 2007 Regulations, the "**Regulations**") had specified that the charges for access facilitation, co-location, and operation and management were to be charged by the owner of CLS with effect from January 1, 2013. The Promoter and Tata challenged the Regulations before the Madras High Court, wherein they were granted a stay. Thereafter, the Madras High Court through judgment dated November 11, 2016, dismissed both the petitions. The Promoter filed an appeal before a Division Bench of the Madras High Court. The High Court, through its judgment dated July 2, 2018, set aside Schedules I, II and III of the 2012 Regulations and further directed TRAI to re-enact the quashed Schedules after adhering to the procedure of transparency and principles of natural justice.

The Association of Competitive Telecom Operators ("**ACTO**"), TRAI and RCOM preferred appeals against the Division Bench's judgment, which were dismissed by the Supreme Court through order dated October 8, 2018, directing that TRAI should re-determine the fixation of rates within 6 weeks from the date of the order, after following the procedure of transparency and principles of natural justice.

Thereafter, TRAI thereafter notified International Telecommunication Cable Landing Stations Access Facilitation Charges and Co location Charges (Amendment) Regulation, 2018 with effect from November 28, 2018 ("**2018 Regulations**"), substituting the aforesaid Schedules I, II and III of the 2012 Regulations ACTO and Reliance Jio Infocom Limited ("**RJIL**") filed an application before the Supreme Court seeking a direction that the 2018 Regulations should be made applicable retrospectively with effect from January 1, 2013 along with a direction to refund the excess CLS amount. The Supreme Court through its order dated January 28, 2019 disposed of the application granting liberty to ACTO to take up the matter before TDSAT.

RJIL and AT&T, citing retrospective application of 2018 Regulations and seeking refund of excess amount, had not paid CLS charges approximately amounting to Rs. 1,227.16 million and Rs. 82.77 million respectively, including interest. Thereafter, the Promoter issued demand/disconnection notices to RJIO and AT&T. Pursuant to demand/disconnection notice RJIO and AT&T approached TDSAT seeking a stay on the disconnection notice and further seeking a clarification about the retrospective applicability of 2018 Regulations from January 1, 2013. The TDSAT through a common order dated November 7, 2019 declined to grant any interim relief. The TDSAT also stated that the payments, if any, made by RJIL and AT&T shall be subject to the final outcome of the petition. RJIL challenged the TDSAT order before the Madras High Court, wherein the Madras High Court directed RJIL to furnish the bank guarantees for the demanded amount and further requested the TDSAT to decide the matter before February 28, 2020. RJIO furnished bank guarantee in the TDSAT in compliance with the orders passed by the Madras High Court. BSNL also filed a fresh petition before TDSAT seeking retrospective applicability of the 2018 Regulations, and for refund of the excess charges paid. The TDSAT dismissed the petitions through its Judgment dated April 16, 2020, *inter alia* holding that the re-enacted schedules that are part of the 2018 Regulations and are not effective from an earlier date, i.e., January 1, 2013. Further, the TDSAT held that the Bank Guarantee furnished by RJIL would stand invoked for immediate payment to the Promoter. The Bank Guarantee was invoked by the Promoter. The Promoter's counter claim in the BSNL petition shall be listed before TDSAT later for consideration. RJIO and ACTO have filed the appeals before the Supreme Court against TDSAT's Judgment dated April 16, 2020 and the same is pending for adjudication.

**Proceedings involving moral turpitude or criminal liability on the Promoter**

1. Mr. Md. Fazlur Rehman ("**Complainant**") filed a complaint ("**Complaint**") before the Court of Chief Judicial Magistrate, Dibrugarh on February 22, 2015 under Sections 406 and 34 of the IPC against the chief executive officer of the Promoter, alleging that the Promoter had advertised a scheme wherein, upon an online recharge of Rs. 449, through the website of the Promoter, internet data of 2.5 GB with a validity period of 30 days was provided. However, the Complainant claims that after doing the aforementioned recharge he received only 2 GB data with a validity period of 28 days. The Complaint was subsequently transferred to the Court of Sub Divisional Judicial Magistrate (Sadar), Dibrugarh, who took cognizance of the offences, alleged in the Complaint, through its order dated October 16, 2015. Pursuant to this, the Promoter filed a criminal petition under Section 482 of the Cr. PC before the Gauhati High Court for quashing of the Complaint. The Gauhati High Court through orders dated April 4, 2016 and May 6, 2016 stayed the proceedings in the Court of Sub Divisional Judicial Magistrate (Sadar), Dibrugarh with respect to the Complaint. The matter is currently pending.
2. Mr. Shailesh Navalshankar Pandya ("**Applicant**") filed application under Section 319 of the Cr. PC ("**Application**") before the Judicial Magistrate, First Class, Vasai praying that the Promoter be impleaded as an accused in the regular case filed by the Applicant and that cognizance of offences under Sections 420, 465, 467, 468, 471, and 474 read with Section 34 of the IPC be taken against the Promoter. The Applicant alleged that the Promoter, in collusion with its agents and hirelings, forged signature of the Applicant and prepared a rubber stamp of Bhakti Infotech Private Limited, a private company of which the Applicant is a director. Further, he alleged that the Promoter along with the other respondents mentioned in the Application also forged the Pan Card, electricity bill, memorandum of association and articles of association of Bhakti Infotech Private Limited, and by using these documents got 77 SIM cards issued in the name of Bhakti Infotech Private Limited without the consent, knowledge and permission of the Applicant, owing to which the Applicant alleged having suffered a loss of Rs. 1,250 million. The Promoter filed a reply before the Judicial Magistrate, First Class, Vasai on September 29, 2016 denying the averments and seeking dismissal of the Application. Subsequently, the Promoter filed written arguments on record of the Court on March 16, 2017 and the matter is pending for orders on the Application.



3. Ms. Akansha Srivastava (“**Complainant**”) filed an application under Section 156(3) of the Cr. PC before the Chief Judicial Magistrate, Ghaziabad against the Promoter and certain officers of the Promoter (collectively the “**Accused Persons**”) alleging the commission of offences under Sections 323, 504, 506, and 406 of the IPC and Section 72 of the IT Act on August 24, 2006 claiming that owing to certain loopholes in the network security of the Promoter, personal and confidential information of her son such as billing address, call details, call duration, etc. were disclosed to other persons. Further, she alleged that when her son visited the office of the Promoter and raised his grievances with the Accused Persons, they instead of resolving the grievance assaulted and threatened him. The Court ordered investigation basis the Police Report and took cognizance of the matter. Separately, upon a petition filed by the Promoter under Section 482 of the Cr. PC before the Allahabad High Court, the High Court stayed the proceedings before Trial Court. Both matters are currently pending.
4. Mr. K. Lakshmana Kailash (“**Complainant**”) filed criminal complaint before the Court of Additional Chief Metropolitan Magistrate-VI, Bangalore on August 28, 2008 under Section 190(A) read with Section 200 of the Cr. PC and Sections 197 and 203 of the IPC against the Promoter amongst others, alleging that the Promoter intentionally fabricated false evidence against the Complainant and misdirected the police investigation with respect to the offence of posting of derogatory remarks about Shivaji Maharaj on Orkut, a social media website in order to protect the person who actually posted such remarks. The Court of Additional Chief Metropolitan Magistrate-VI, Bangalore through its order dated September 5, 2009 took cognizance of the aforementioned offences and issued summons against the Promoter and some of its officials. The Promoter filed a petition under Section 482 of the Cr. PC before the Karnataka High Court seeking to quash the proceedings initiated by trial court. By way of order dated August 30, 2013, the Karnataka High Court partially allowed the petition filed by the Promoter, quashing the proceedings against the other accused persons and directed the Promoter to nominate a person to continue with the proceedings against the Promoter. The matter is currently pending.
5. Mr. V.S. Suresh (“**Complainant**”) filed a private complaint (“**Complaint**”) before the Metropolitan Magistrate-VII, Chennai against the Promoter and its erstwhile CEO Mr. Rajiv Rajgopal (collectively “**Accused Persons**”). A FIR was registered by Police as per instructions of Metropolitan Magistrate- VII Chennai under Sections 292, 292A and 294 of the IPC, Sections 3, 4 and 6 of the Indecent Representation of Women Act, 1956 and Sections 2, 3 and 6 of Young Person (Harmful Publication) Act, 1956 wherein the complainant alleged that the Promoter through its mobile services had sent obscene messages soliciting the Complainant to purchase such obscene pictures through his mobile service. The original petitions under Section 482 of the Cr. PC filed by the Accused persons before the Madras High Court seeking to stay the proceedings in the Complaint, has been dismissed with a direction to the court below to complete the trial. The order passed by Madras High Court has been challenged by erstwhile CEO Mr. Rajiv Rajgopal before the Supreme Court. The Supreme Court has granted interim relief and has stayed the trial proceedings before the lower court. The matter is pending.
6. The Delhi Development Authority (“**DDA**”) filed two criminal complaints before the Trial Court against the Promoter and others for misuse of property under Section 14 read with Section 29(2) of the Delhi Development Authority Act, 1957 (“**Act**”) with respect to sites situated at K-6, ground floor, NDSE II and C-657 New Friends Colony, New Delhi on September 27, 2002 and February 27, 2003 respectively. The DDA alleged that the Promoter installed a Remote Switching Unit in residential area without taking prior permission of DDA, at such sites, thereby violating the provisions of the Act. The Promoter filed petitions under Section 482 of the Cr. PC pursuant to which the Delhi High Court stayed the proceedings before Trial Court in both criminal complaints through orders dated November 4, 2004. The matters are currently pending.

7. Mr. Malik Mushtaq Ahmed (“**Complainant**”) filed a criminal complaint under Sections 406, 418, 420, 109, 120-B of Ranbir Penal Code (“**RPC**”) in the Court of Judicial Magistrate of First Class, Pulwama against the Promoter, its managing director and other officials alleging non-activation of his mobile connection. The Promoter filed a petition under Section 561-A of the Code of Criminal Procedure, 1989 (Jammu & Kashmir) before the Jammu and Kashmir High Court at Srinagar for dismissing the Complaint, and the High Court has granted a stay on the proceedings before the Trial Court. The matter is currently pending.
8. Mr. Jawahar Lal Saini (“**Complainant**”) filed complaint (“**Complaint**”) before the Court of Judicial Magistrate, First Class, Jabalpur under Section 138 of Negotiable Instrument Act, 1881 read with Section 200 of the Cr. PC against an unnamed director of Bharti Cellular Limited along with Mr. Amit Agrawal, proprietor of Delta Telecom (collectively “**Accused Persons**”), alleging that Mr. Amit Agrawal represented to the Complainant that he is the authorized signatory/representative of Bharti Cellular Limited and entered into a lease and license agreement with the Complainant on December 8, 2017 (“**Agreement**”) on behalf of Bharti Cellular Limited for establishment of transmission tower and took Rs. 0.2 million as security deposit from the Complainant. He further alleged as no transmission site was established on the property of the Complainant, Mr. Amit Aggarwal issued two cheques for an amount of Rs. 0.27 million to the Complainant, which on presenting to Bank were dishonoured. The Judicial Magistrate, First Class, Jabalpur through its order dated April 25, 2008 issued summons to the Accused Persons. The Promoter filed petition before the Madhya Pradesh High Court at Jabalpur under Section 482 of the Cr. PC for quashing the Complaint and setting aside the order of the Judicial Magistrate, First Class, Jabalpur dated April 25, 2008. The matter is pending.
9. Mr. Nitin Jayantibhai Patel filed a criminal complaint before the Judicial Magistrate, First Class, Anand, at Gujarat under Sections 211 and 503 of the IPC on March 14, 2006 against the Promoter and an employee thereby alleging that the Promoter and its employee harassed him in order to collect outstanding dues owed by the Complainant to the Promoter. The Chief Judicial Magistrate, Anand through order dated January 18, 2008, issued summons against the Promoter. The matter is currently pending.
10. Mr. Iqbal Ahmed filed a complaint under Section 156(3) of the Cr. PC (“**Complaint**”) before the Chief Judicial Magistrate, Saharanpur (Uttar Pradesh) alleging that the Promoter through its managing director along with some other persons, have illegally taken possession of his land for installation of a telecom tower. The magistrate through its order dated March 8, 2010 dismissed the Complaint under Section 203 of the Cr. PC holding the dispute as civil in nature. Against the said order, a criminal revision was filed on August 11, 2010 and was allowed ex parte and the Court took cognizance under Section 447 of the IPC and issued summons on September 21, 2010. Against the order dated September 21, 2010 another revision complaint was filed on March 16, 2012 which was dismissed by the learned District Judge. The managing director of the Promoter filed a petition before the Allahabad High Court for quashing of the proceedings. The Allahabad High Court has stayed proceedings before the Trial Court. The matter is currently pending.
11. The Municipal Corporation of New Delhi filed a complaint (“**Complaint**”) before the Metropolitan Magistrate, Patiala House Court, New Delhi against the Promoter under Sections 461, 416, 417 and 430 of the Delhi Municipal Corporation Act, 1957 (“**Act**”) alleging misuse and violation of the aforesaid provisions of the Act with respect to premises situated at K-6, Ground Floor, NDSE-II, New Delhi. On November 27, 2007 the Metropolitan Magistrate, Patiala House Court, New Delhi passed ex-parte orders and issued a non-bailable warrant in name of accused persons. Consequently, the Promoter filed a petition under Section 482 of the Cr. PC before the Delhi High Court, which through its order has stayed the proceedings before Trial Court. The matter is currently pending.
12. Four criminal complaints were filed by the Municipal Corporation, Cochin in the Police Stations at Ernakulum (Kerala) against the Promoter, alleging violation of provisions of Prevention of Damage to Public

Property Act, 1984 and that the Promoter has laid underground cables without prior permission from the Corporation. The Police sought certain information from the Promoter, which the Promoter provided. The matters are currently pending.

13. The complainant Alok Kumar (“**Complainant**”) being aggrieved of sudden disconnection/barring of his mobile number and receipt of threatening calls, approached police station – Patrakar Nagar, Patna and requested for a first information report to be lodged against the Promoter. The police after preliminary investigation found the complaint to be frivolous and refused to register the first information report. Subsequently, the Complainant approached the Court of Chief Judicial Magistrate, Patna under section 156(3) of the Code of Criminal Procedure, 1973 for institution of a first information report and the Court directed the police to register a first information report. The Complainant has alleged in his complaint that he has received numerous threatening calls on his alternate number from one of his primary mobile number which was barred/disconnected by the Promoter without his consent. The police has registered a first information report as directed by the Court and investigation in the matter is ongoing. The matter is pending.
14. An employee of the Promoter in Patna who had been removed from services (“**Complainant**”) has filed a criminal complaint before the Court of the Chief Judicial Magistrate, Patna (“**Court**”) against certain officials of the Promoter, including the Chairman and Chief Executive Officer of the Promoter, alleging certain malpractices of the Complainant has also alleged that he was forced to be a part of such malpractices, and upon his refusal to participate in them, his services were terminated. The Court of Additional Chief Judicial Magistrate-III, Patna took cognizance against all 11 persons impleaded in the complaint. Criminal revision petitions have been filed before the High Court for quashing of the complaint and stay of proceedings before the trial court. The Patna High Court has stayed the proceedings before the trial court. The matter is pending.
15. Angshuman Sarkar has filed a criminal complaint under section 200 of the Code of Criminal Procedure, 1973 before the Additional Chief Judicial Magistrate, Bidhan Nagar, West Bengal, against the Chief Executive Officer and the Chairman of the Promoter and others, alleging forgery under sections 465 and 468 of the Indian Penal Code, 1860 in respect of his customer acquisition form. A criminal revision petition for quashing the complaint has been filed wherein the Calcutta High Court has stayed the proceedings before the Trial Court. The matter is pending.
16. An inspector under the Madhya Pradesh Shram Kalyan Nidhi Adhiniyam, 1982 (“**Shram Kalyan Act**”) had filed a private complaint before the Chief Judicial Magistrate, Gwalior against certain officials of the Promoter, alleging that during inspection of the zonal office of the Promoter at Gwalior, the Promoter had failed to show compliance to the provisions of the Act. The Promoter has challenged the complaint and the summoning order before the High Court of Madhya Pradesh at Gwalior. The High Court has stayed the proceedings before lower court. The matter is pending.

### **Direct Tax Proceedings**

1. Tax Deducted at Source (“**TDS**”) on income of Distributer: The Calcutta High Court through order dated May 19, 2011 had upheld the order passed by the Income Tax Appellate Tribunal dated April 4, 2006, holding that the trade margin offered by the Promoter to its distributors in respect of pre-paid products such as SIM card and recharge vouchers, attracted the provisions relating to tax deductible at source under the Income-Tax Act. The Calcutta High Court further held that the relationship between the Promoter and its distributors was that of principal to agent and not of principal to principal. The Promoter had filed an appeal against the Calcutta High Court judgment before the Supreme Court, which is pending.

The Karnataka High Court in a similar writ petition involving the same issue regarding assessment years 2005-2006 to 2008-2009, held through judgment dated August 14, 2014 that “trade margins” do not attract

provisions related to deduction of tax at source and that the relationship between the Promoter and its distributors is that of principal to principal and no commission is paid when the Promoter sells SIM cards to the distributors. The Karnataka High Court has allowed the Promoter's appeal and set aside the orders of the Assessing Authority dated August 23, 2013. The Karnataka High Court remitted the matter back to the Assessing Authority in order to investigate how the Promoter has maintained its accounting books and how it treats the sale price and the sale discount and noting that if the accounts do not reflect payment of commission, then provisions for deduction of tax at source should not be attracted. The Income Tax Department filed an appeal against the Karnataka High Court's judgment before the Supreme Court. The matter is currently pending before the Supreme Court and clubbed with the appeal filed by the Promoter against the judgment of the Calcutta High Court.

The Rajasthan High Court through its judgment and order dated July 11, 2017 allowed the income tax appeals filed by other assessee and dismissed the appeals filed by the Commissioner of Income Tax in matters pertaining to Bharti Hexacom. The High Court further held that there is no occasion to invoke provisions of Section 194H of Income-Tax Act as no amount has been paid by the assessee, Bharti Hexacom to its distributors.

The High Court of Orissa, in matter related to the Promoter, through its judgment and order dated February 20, 2019 allowed the income tax appeals filed by the assessee while relying on the judgment and order passed by Rajasthan High Court.

Similar issue is pending at different stages in various other jurisdictions across the country before the Commissioners of Income Tax (Appeals), Income Tax Appellate Tribunals, High Courts and the Supreme Court for the Promoter and Bharti Hexacom. The amounts involved in these matters are approximately Rs. 7,519 million for the Promoter and Rs. 591 million for Bharti Hexacom. Accordingly, the Promoter and Bharti Hexacom have paid various amounts under protest in this regard.

2. The Commissioner of Income Tax, Delhi – II (“CIT”) initiated proceedings under Section 263 of the Income-Tax Act directing the assessing officer to reopen the assessment proceeding against the Promoter for the Fiscal 2007-08 on grounds that the assessment order dated October 30, 2012 of Assessing Officer (“AO”) was erroneous and prejudicial to the interest of revenue through order dated March 30, 2014. The Promoter filed an income tax appeal before the Income Tax Appellate Tribunal, Delhi Bench ‘A’, New Delhi (“ITAT”) challenging the order of the CIT dated March 30, 2014. While the challenge order of the CIT dated March 30, 2014 was pending before the ITAT, in accordance with directions of the CIT, the AO passed an order under Sections 263, 144C, and 143(3) of the Income-Tax Act on March 31, 2015 in respect of the assessment for the year 2007-08, alleging that the Promoter did not pay tax under Section 28(iv) of the Income-Tax Act, on the purported notional profit derived from the Promoter's transfer of passive infrastructure to Indus Towers. The AO taxed the Promoter's notional credit lying in the revaluation reserve being the difference between fair value of the investment in Indus Towers recorded in the Promoter's books and the net worth of the undertaking transferred to Indus Towers as benefit arising in the course of business under Section 28(iv) of the Income-Tax Act. Accordingly, the AO by its order dated March 31, 2015 raised a demand of Rs. 12,185 million. Subsequently through order dated May 6, 2015 the ITAT allowed the appeal filed by the Promoter, setting aside the order of the CIT and holding that the issue had already been examined by the AO and dispute resolution panel at the time of passing the assessment order on October 30, 2012. Further, the ITAT held that in the absence of receipt of consideration for transfer, no notional sum can be attributed as consideration and hence issue of capital gain does not arise. The ITAT further held that, in the absence of any benefit or perquisite accruing to the assessee during the course of business and the impugned transfer being purely a capital transaction, the notional gain cannot be taxed under Section 28(iv) of the Income-Tax Act. The CIT has filed an appeal before the Delhi High Court against the order of the ITAT being ITA No. 864 of 2015. The Delhi High Court has admitted the appeal and the matter is pending. In the

meanwhile, as a result of the order of the ITAT setting aside the order of the CIT passed under Section 263, the order of the AO passed in accordance with the orders of CIT, became futile. Therefore, the Promoter had also filed an appeal against the order of the AO dated March 31, 2015 before the CIT (Appeal). The CIT (Appeal) allowed the appeal of the Promoter and deleted the demand raised by the AO. The AO filed an appeal against the order of CIT (Appeal) before the ITAT, which was dismissed by the ITAT by way of order dated July 30, 2019. The CIT (Appeal) has filed an appeal before the Delhi High Court challenging the order of ITAT dated July 30, 2019. Both the appeals are tagged together and pending before the Delhi High Court.

### **Indirect Tax Proceedings**

1. Entry Tax: Several states had enacted laws which provided for levy of tax on the entry of goods into the state for sale, use or consumption therein. The constitutional validity of these legislations was challenged in different High Courts on various grounds, *inter alia*, including that the same were in violation of the constitutional right to freedom of trade and commerce enshrined under Article 301 of the Constitution of India and that the levy did not pass the judicially evolved tests of being ‘compensatory’ in nature. It was also contended that the levies were in violation of Article 304(a) of the Constitution of India for being discriminatory in nature. Some of the High Courts had struck down the Legislations enacted by the respective States being *ultra vires*.

Certain constitutional aspects of Entry Tax were subsequently referred to the Nine Judge Constitutional Bench of the Supreme Court which through judgment dated November 11, 2016 held, *inter alia*, that only such taxes which are discriminatory in nature are prohibited by Article 304(a) of the Constitution of India. It also held that the compensatory tax theory evolved in earlier rulings of the Court (basis which various High Courts ruled the levy to be unconstitutional) had no juristic basis and that there was no constitutional or juristic basis of ‘compensatory’ tax and that tax simpliciter is not covered under Article 301 of the Constitution of India as an impediment to free flow of trade and commerce between the States, etc. Certain questions of law, including the question whether Entry Tax can be imposed by the States on the goods imported from outside the country, etc., were left open by the Constitutional bench. Thereafter, the regular Division Bench of the Supreme Court disposed of the matters arising from several States through order dated March 22, 2017, granting liberty to the assesseees to file fresh petitions before the respective High Courts, raising additional grounds in the light of the judgment of the Constitutional Bench.

Subsequently, in the matters arising from the state of Kerala and other connected matters from Orissa, Bihar, Jharkhand, the regular bench of the Supreme Court held that Entry tax could be and was legitimately imposed by the State on the goods imported from outside the country (settling one of the issues left open by the Constitutional Bench). In terms of the liberty granted by the Supreme Court, fresh writ petitions were filed by the Promoter, Bharti Hexacom, and Bharti Telemedia Limited in Uttar Pradesh, Kerala, Madhya Pradesh, Assam, Orissa, Chhattisgarh, Jharkhand, and Rajasthan (as may be applicable). The High Courts of Rajasthan, Uttar Pradesh and Kerala granted interim relief to the Promoter, Bharti Hexacom, and Bharti Telemedia Limited (as may be applicable). The Promoter, Bharti Hexacom, and Bharti Telemedia Limited challenged the vires of the local legislations, *inter alia*, on grounds of being discriminatory.

The Allahabad High Court through its common Judgment dated May 4, 2018, dismissed a bunch of petitions filed by companies belonging to several industries, upholding the constitutionality of the Uttar Pradesh Entry of Goods Tax in to Local Area Act, 2017 (“Act”).

In the state of Bihar there is exposure for the period of Fiscal 2006 to June 2017 and the Promoter’s and Bharti Telemedia Limited’s challenge is pending before the Patna High Court. In various circles, certain

amounts have been deposited under protest with the department. The aforementioned matters, wherein Entry Tax legislations have been challenged by various industries across different High Courts are pending to be decided by respective High Courts, except for the Allahabad High Court.

*Other pending matters which, if they result in an adverse outcome would materially and adversely affect the operations or the financial position of the Promoter*

Mr. Anand Arya (“**Complainant**”), a subscriber of mobile services offered by the Promoter, filed a consumer complaint before the National Consumer Complaints Redressal Commission, New Delhi (“**Commission**”) on October 23, 2015, against the Promoter, alleging that the quality of services offered by the Promoter had been deteriorating since 2010 and more particularly from March, 2015 and owing to that the Complainant claimed that he had suffered extremely serious mental trauma and mental torture at least three times when there were medical emergencies. The Complainant sought damages to the tune of Rs. 448.2 million and demanded that the Promoter pay penalty to the rate of one thousand times the amount of mobile bills paid in 2015 by the Complainant which amounts to Rs. 11.73 million. Further, the Complainant also prayed that the Promoter be directed to deposit amount to the tune of Rs. 44,373.78 million in the Prime Minister’s relief fund. The Commission through order dated November 24, 2015 issued show cause notice to the Promoter. The Promoter filed its reply before the Commission on September 26, 2016. The matter is currently pending.

#### *Direct Tax Proceedings*

2. For details of Direct Tax Proceedings with respect to TDS on income of distributor proceedings against the Promoter, see “—*Legal Proceedings—Litigation involving the Promoter—Direct Tax Proceedings*”.

#### *Indirect Tax Proceedings*

3. For details of Indirect Tax Proceedings with respect to Entry Tax matters against the Promoter see “—*Legal Proceedings—Litigation involving the Promoter—Indirect Tax Proceedings*”.

**CP borrowing limit, supporting board resolution for CP borrowing, details of CP issued during the last 15 months.**

| ISIN                     | ISSUE DATE    | ISSUE DATE                       | MATURITY DATE                   | AMOUNT O/S | IPA  | CRA   | RATING   | RATED AMOUNT |               |                          |          |                              |                                      |               |
|--------------------------|---------------|----------------------------------|---------------------------------|------------|--|-------|----------|--------------|---------------|--------------------------|----------|------------------------------|--------------------------------------|---------------|
| INE0BTN14014             | 400 Crores    | August 11, 2021                  | August 31, 2021                 | Nil        | IPA: Axis Bank Limited <table><tr><td>DP ID</td><td>IN300484</td></tr><tr><td>DP Name</td><td>Axis Bank Ltd</td></tr><tr><td>CP Allotment Account No.</td><td>24477527</td></tr></table> | DP ID | IN300484 | DP Name      | Axis Bank Ltd | CP Allotment Account No. | 24477527 | CRISIL:<br><br>CARE ratings: | CRISIL: A1+<br><br>CARE Ratings: A1+ | Rs 500 crores |
| DP ID                    | IN300484      |                                  |                                 |            |  |       |          |              |               |                          |          |                              |                                      |               |
| DP Name                  | Axis Bank Ltd |                                  |                                 |            |  |       |          |              |               |                          |          |                              |                                      |               |
| CP Allotment Account No. | 24477527      |                                  |                                 |            |  |       |          |              |               |                          |          |                              |                                      |               |
| INE0BTN14022             | Rs 200 Crs    | 3 <sup>rd</sup> September, 2021  | 3 <sup>rd</sup> December, 2021  | Nil        | IPA: Axis Bank Limited <table><tr><td>DP ID</td><td>IN300484</td></tr><tr><td>DP Name</td><td>Axis Bank Ltd</td></tr><tr><td>CP Allotment Account No.</td><td>24477527</td></tr></table> | DP ID | IN300484 | DP Name      | Axis Bank Ltd | CP Allotment Account No. | 24477527 | CRISIL:<br><br>CARE ratings: | CRISIL: A1+<br><br>CARE Ratings: A1+ | Rs 500 crores |
| DP ID                    | IN300484      |                                  |                                 |            |  |       |          |              |               |                          |          |                              |                                      |               |
| DP Name                  | Axis Bank Ltd |                                  |                                 |            |  |       |          |              |               |                          |          |                              |                                      |               |
| CP Allotment Account No. | 24477527      |                                  |                                 |            |  |       |          |              |               |                          |          |                              |                                      |               |
| INE0BTN14030             | Rs 300 Crs    | 30 <sup>th</sup> September, 2021 | 20 <sup>th</sup> December, 2021 | Nil        | IPA: Axis Bank Limited <table><tr><td>DP ID</td><td>IN300484</td></tr><tr><td>DP Name</td><td>Axis Bank Ltd</td></tr><tr><td>CP Allotment Account No.</td><td>24477527</td></tr></table> | DP ID | IN300484 | DP Name      | Axis Bank Ltd | CP Allotment Account No. | 24477527 | CRISIL:<br><br>CARE ratings: | CRISIL: A1+<br><br>CARE Ratings: A1+ | Rs 500 crores |
| DP ID                    | IN300484      |                                  |                                 |            |  |       |          |              |               |                          |          |                              |                                      |               |
| DP Name                  | Axis Bank Ltd |                                  |                                 |            |  |       |          |              |               |                          |          |                              |                                      |               |
| CP Allotment Account No. | 24477527      |                                  |                                 |            |  |       |          |              |               |                          |          |                              |                                      |               |



|              |             |                               |                             |         |                          |               |                       |                               |                |
|--------------|-------------|-------------------------------|-----------------------------|---------|--------------------------|---------------|-----------------------|-------------------------------|----------------|
| INE0BTN14048 | Rs. 200 crs | 3 <sup>rd</sup> December 2021 | 24 <sup>th</sup> March 2022 | Nil     | IPA: Axis Bank Limited   |               | CRISIL: CARE ratings: | CRISIL: A1+ CARE Ratings: A1+ | Rs 1000 crores |
|              |             |                               |                             |         | DP ID                    | IN300484      |                       |                               |                |
|              |             |                               |                             |         | DP Name                  | Axis Bank Ltd |                       |                               |                |
|              |             |                               |                             |         | CP Allotment Account No. | 24477527      |                       |                               |                |
| INE0BTN14063 | 250 crs     | 17 <sup>th</sup> Dec 21       | 17 <sup>th</sup> March 2022 | Nil     | IPA: Axis Bank Limited   |               | CRISIL: CARE ratings: | CRISIL: A1+ CARE Ratings: A1+ | Rs 1000 crore  |
|              |             |                               |                             |         | DP ID                    | IN300484      |                       |                               |                |
|              |             |                               |                             |         | DP Name                  | Axis Bank Ltd |                       |                               |                |
|              |             |                               |                             |         | CP Allotment Account No. | 24477527      |                       |                               |                |
| INE0BTN14055 | 300 crs     | 20 <sup>th</sup> Dec 21       | 21 <sup>st</sup> Mar 22     | Nil     | IPA: Axis Bank Limited   |               | CRISIL: CARE ratings: | CRISIL: A1+ CARE Ratings: A1+ | 1000 cr        |
|              |             |                               |                             |         | DP ID                    | IN300484      |                       |                               |                |
|              |             |                               |                             |         | DP Name                  | Axis Bank Ltd |                       |                               |                |
|              |             |                               |                             |         | CP Allotment Account No. | 24477527      |                       |                               |                |
| INE0BTN14071 | 245 crs     | 16 <sup>th</sup> Mar 22       | 2 <sup>nd</sup> July 23     | 245 crs | IPA: Axis Bank Limited   |               | CRISIL: CARE ratings  | CRISIL: A1+ CARE Ratings: A1+ |                |
|              |             |                               |                             |         | DP ID                    | IN300484      |                       |                               |                |
|              |             |                               |                             |         | DP Name                  | Axis Bank Ltd |                       |                               |                |
|              |             |                               |                             |         | CP Allotment             | 24477527      |                       |                               |                |

[illegible]

**Certified true copy of the resolution passed in the meeting of Board of Directors of Nxtra Data Limited held on September 20, 2021 through video conferencing**

Resolved that in supersession to earlier resolution no. 9(b) passed in the board meeting held on February 25, 2021 and pursuant to the provisions of Section 179, 180 and other applicable provisions of the Companies Act, 2013 and rules made thereunder, and in accordance with the guidelines issued by Reserve Bank of India (RBI) and other regulatory authority as may be applicable, consent of the board of directors of the Company be and is hereby accorded, to borrow upto INR 1,000 Crores by way of issuance of unsecured commercial papers, in one or more tranche, within the overall borrowing limits of Rs. 1600 crores and to refinance as and when they become due, for a term of up to one year, such that the outstanding commercial paper issuances at any given point of time (excluding refinancing of immediate maturing commercial papers) shall not exceed INR 1,000 crores.

Resolved further that in this regard the following officials of the Company be and are hereby authorized to:

| Authorised Signatories | Mode of Authorisation   |
|------------------------|---|
| Group I                | Any two from group I<br>(OR)<br>Any one from Group I along with any one from Group II |
| Devendra Khanna        |   |
| Harjeet Singh Kohli    |   |
| Ashish Sardana         |   |
| Group II               |   |
| Aseem Soin             |   |
| Rupesh Kumar Mishra    |   |
| Deepak Kumar           |   |

- Negotiate, finalize, vary, amend and modify terms and conditions relating to issuance and listing of commercial papers including the date of issue, tenure etc.
- Approve, amend, finalize, execute and deliver or cause to be executed and delivered all necessary documents/agreements/papers including issuance promissory note;
- Appoint, terminate, re-appoint stock brokers, credit rating agency(s), merchant bankers, bankers to the issues, legal advisors, advisors, authorized dealers, lawyers, consultants, registrars; depository participants; Issuing and Paying Agent (IPA), printers; advertisement agency and any other advisors or professionals or intermediaries etc. on such terms and conditions as deemed fit;
- Make all requisite applications to the appropriate authorities for their requisite approvals and represent the Company before regulatory and/or statutory authorities and departments including RBI, SEBI, Stock Exchanges for issuance of commercial papers;
- Open, operate and close the bank accounts and depository accounts in the name and on behalf of the Company for the aforesaid purpose;
- affix the common seal of the company, if required;



**Corporate Office:** Nxtra Data Ltd., Plot No. 16, Udyog Vihar, Phase – IV, Gurugram – 122016, Haryana, India

**Registered Office:** Nxtra Data Ltd., Bharti Crescent, 1, Nelson Mandela Road, Vasant Kunj, Phase – II, New Delhi 110076, India

**CIN:** U72200DL2013PLC254747 | **Toll-free Helpline:** 1800-102-6161

**Email:** nxtra.marketing@nxtradata.com | **Website:** www.nxtradata.com

- Do all such acts, deeds, matters and things as it may in its absolute discretion, deem necessary, expedient, usual or proper."

**Certified True Copy  
For Nxtra Data Limited**

*Shivangni Bajaj*  
**Shivangni Bajaj  
Company Secretary  
Membership No: A60147  
Address: Bharti Crescent, 1  
Nelson Mandela Road, Vasant Kunj,  
Phase – II, New Delhi- 110070**



**INDEPENDENT AUDITOR'S REPORT ON AUDIT OF INTERIM FINANCIAL RESULTS**
**TO THE BOARD OF DIRECTORS OF NXTRA DATA LIMITED**
**Opinion**

We have audited the Financial Results for the quarter and six months ended September 30, 2022 ("the Financial Results") included in the accompanying "Statement of Audited Financial Results for the quarter and six months ended September 30, 2022" of **NXTRA DATA LIMITED** ("the Company"), ("the Statement"), being submitted by the Company pursuant to the requirements of Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("the Listing Regulations").

In our opinion and to the best of our information and according to the explanations given to us, the Statement:

- (i) is presented in accordance with the requirements of Regulation 52 of the Listing Regulations; and
- (ii) gives a true and fair view in conformity with the recognition and measurement principles laid down in the Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013 ("the Act") read with relevant rules issued thereunder and other accounting principles generally accepted in India of the net profit and total comprehensive income and other financial information of the Company for the quarter and six months ended September 30, 2022.

**Basis for Opinion**

We conducted our audit in accordance with the Standards on Auditing ("SAs") specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in Auditor's Responsibilities for Audit of the Financial Results 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 Results under the provisions of the Act and the Rules 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.

**Management's Responsibilities for the Statement**

This Statement, which includes the Financial Results, is the responsibility of the Company's Board of Directors and has been approved by them for the issuance. The Statement has been compiled from the related Audited Financial Statements for the year ended March 31, 2022, Audited Interim Condensed Financial Statements for the quarter ended June 30, 2022 and Audited Interim Condensed Financial Statements for the quarter and six months ended September 30, 2022. This responsibility includes the preparation and presentation of the Financial Results for the quarter and six months ended September 30, 2022 that give a true and fair view of the net profit and other comprehensive loss and other financial information in accordance with the recognition and measurement principles laid down in Ind AS 34 prescribed under Section 133 of the Act read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 52 of the Listing Regulations. 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 the 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 Results that give a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the Financial Results, the Board of Directors are 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the financial reporting process of the Company.

#### **Auditor's Responsibilities for the audit of the Financial Results**

Our objectives are to obtain reasonable assurance about whether the Financial Results as a whole is 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 this Financial Results. 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 Results, 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, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal financial controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors.
- Evaluate the appropriateness and reasonableness of disclosures made by the Board of Directors in terms of the requirements specified under Regulation 52 of the Listing Regulations.
- Conclude on the appropriateness of the Board of Directors' 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 ability of the Company 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 Statement 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 Results, including the disclosures, and whether the Financial Results represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the Financial Results of the Company to express an opinion on the Financial Results.





Materiality is the magnitude of misstatements in the Financial Results that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Financial Results 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 Results.

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.

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



**Nilesh H. Lahoti**  
Partner  
(Membership No. 130054)  
UDIN: 22130054BCPUDS4399

Place: Gurugram  
Date: November 09, 2022

**Nxtra Data Limited**

**Interim Condensed Financial Statements**

**September 30, 2022**



## **Nxtra Data Limited**

### **Interim Condensed Financial Statements – September 30, 2022**

| <b>Contents</b>  | <b>Page No.</b> |
|--|-----------------|
| <b>1. Independent Auditor's Report</b>   | <b>4</b>        |
| <b>2. Interim Condensed Financial Statements</b>   |                 |
| - Interim Condensed Balance Sheet as of September 30, 2022 and March 31, 2022  | 7               |
| - Interim Condensed Statement of Profit and Loss for the three months and six months ended September 30, 2022 and September 30, 2021 | 8               |
| - Interim Condensed Statement of Changes in Equity for the six months ended September 30, 2022 and September 30, 2021                | 9               |
| - Interim Condensed Statement of Cash Flows for the six months ended September 30, 2022 and September 30, 2021                       | 10              |
| - Notes to Interim Condensed Financial Statements  | 11              |

## **Independent Auditor's Report**

## **Interim Condensed Financial Statements**

**Nxtra Data Limited**  
**Interim Condensed Balance Sheet**  
*(All amounts are in millions of Indian Rupee)*

|  |       | As of              |                |
|--|-------|--------------------|----------------|
|  | Notes | September 30, 2022 | March 31, 2022 |
| <b>Assets</b>  |       |                    |                |
| <b>Non-current assets</b>  |       |                    |                |
| Property, plant and equipment  | 5     | 19,223             | 19,106         |
| Capital work-in-progress   |       | 1,820              | 1,087          |
| Right-of-use assets  | 6     | 3,073              | 3,215          |
| <b>Financial assets</b>  |       |                    |                |
| - Investments  |       | 73                 | 4              |
| - Other financial assets   |       | 528                | 517            |
| Income tax assets (net)  |       | 112                | 118            |
| Deferred tax assets (net)  |       | 497                | 494            |
| Other non-current assets   |       | 191                | 10             |
|  |       | <b>25,517</b>      | <b>24,551</b>  |
| <b>Current assets</b>  |       |                    |                |
| <b>Financial assets</b>  |       |                    |                |
| - Investments  |       | 65                 | 150            |
| - Trade receivables  |       | 4,433              | 2,876          |
| - Cash and cash equivalents  |       | 293                | 1,869          |
| - Other bank balances  |       | 8                  | 8              |
| - Other financial assets   |       | 749                | 777            |
| Other current assets   |       | 697                | 756            |
|  |       | <b>6,245</b>       | <b>6,436</b>   |
|  |       | <b>31,762</b>      | <b>30,987</b>  |
| <b>Total assets</b>  |       |                    |                |
| <b>Equity and liabilities</b>  |       |                    |                |
| <b>Equity</b>  |       |                    |                |
| Equity share capital   |       | 119                | 90             |
| Other equity   |       | 24,006             | 5,140          |
|  |       | <b>24,125</b>      | <b>5,230</b>   |
| <b>Non-current liabilities</b>   |       |                    |                |
| <b>Financial liabilities</b>   |       |                    |                |
| - Lease liabilities  |       | 1,170              | 1,301          |
| - Derivative instruments   |       | -                  | 78             |
| - Other financial liabilities  | 9     | -                  | 17,802         |
| Deferred revenue   |       | 19                 | 23             |
| Provisions   |       | 21                 | 22             |
|  |       | <b>1,210</b>       | <b>19,226</b>  |
| <b>Current liabilities</b>   |       |                    |                |
| <b>Financial liabilities</b>   |       |                    |                |
| - Borrowings   | 8     | 2,405              | 2,343          |
| - Lease liabilities  |       | 329                | 338            |
| - Trade payables   |       |                    |                |
| - total outstanding dues of micro enterprises and small enterprises                      |       | 36                 | 11             |
| - total outstanding dues of creditors other than micro enterprises and small enterprises |       | 1,593              | 2,020          |
| - Other financial liabilities  | 9     | 944                | 1,535          |
| Deferred revenue   |       | 811                | 58             |
| Provisions   |       | 26                 | 19             |
| Current tax liabilities (net)  |       | 135                | 108            |
| Other current liabilities  |       | 148                | 99             |
|  |       | <b>6,427</b>       | <b>6,531</b>   |
|  |       | <b>7,637</b>       | <b>25,757</b>  |
| <b>Total liabilities</b>   |       |                    |                |
| <b>Total equity and liabilities</b>  |       |                    |                |
|  |       | <b>31,762</b>      | <b>30,987</b>  |

The accompanying notes 1 to 14 form an integral part of these Interim Condensed 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: New Delhi

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

**Ashish Arora**  
 Whole Time Director & CEO  
 DIN: 09692591  
 Place: New Delhi

**Kapil Jethani**  
 Chief Financial Officer  
 Place: New Delhi

**Ajay Chitkara**  
 Director  
 DIN: 08977367  
 Place: New Delhi  
**Shivangni Bajjal**  
 Company Secretary  
 Place: New Delhi

Date: November 9, 2022



**Nxtra Data Limited**  
**Interim Condensed Statement of Profit and Loss**  
*(All amounts are in millions of Indian Rupee ; except per share data)*

|   | Notes | For the three months ended |                    | For the six months ended |                    |
|---|-------|----------------------------|--------------------|--------------------------|--------------------|
|   |       | September 30, 2022         | September 30, 2021 | September 30, 2022       | September 30, 2021 |
| <b>Income</b>   |       |                            |                    |                          |                    |
| Revenue from operations                                   | 12    | 3,946                      | 3,092              | 7,619                    | 6,180              |
| Other income  |       | 153                        | 108                | 218                      | 126                |
|   |       | <u>4,099</u>               | <u>3,200</u>       | <u>7,837</u>             | <u>6,306</u>       |
| <b>Expenses</b>   |       |                            |                    |                          |                    |
| Data centre operating expenses                            |       | 2,322                      | 1,868              | 4,246                    | 3,552              |
| Employee benefits expense                                 |       | 81                         | 19                 | 161                      | 90                 |
| Other expenses  |       | 137                        | 161                | 316                      | 361                |
|   |       | <u>2,540</u>               | <u>2,048</u>       | <u>4,723</u>             | <u>4,003</u>       |
| <b>Profit before depreciation, finance costs and tax</b>  |       | <b>1,559</b>               | <b>1,152</b>       | <b>3,114</b>             | <b>2,303</b>       |
| Depreciation expense                                      |       | 838                        | 487                | 1,652                    | 982                |
| Finance costs   |       | 52                         | 41                 | 108                      | 60                 |
| <b>Profit before tax</b>                                  |       | <b>669</b>                 | <b>624</b>         | <b>1,354</b>             | <b>1,261</b>       |
| <b>Tax expense / (credit)</b>                             |       |                            |                    |                          |                    |
| Current tax   |       | 153                        | 148                | 345                      | 326                |
| Deferred tax  |       | 17                         | (10)               | (2)                      | (33)               |
|   |       | <u>170</u>                 | <u>138</u>         | <u>343</u>               | <u>293</u>         |
| <b>Profit for the period</b>                              |       | <b>499</b>                 | <b>486</b>         | <b>1,011</b>             | <b>968</b>         |
| <b>Other comprehensive income</b>                         |       |                            |                    |                          |                    |
| Items not to be reclassified to profit or loss :          |       |                            |                    |                          |                    |
| - Remeasurement (loss) / gain on defined benefit plans    |       | (0)                        | 0                  | (2)                      | 1                  |
| - Tax credit / (charge)                                   |       | 0                          | (0)                | 1                        | (0)                |
| <b>Other comprehensive (loss) / income for the period</b> |       | <b>-</b>                   | <b>-</b>           | <b>(1)</b>               | <b>1</b>           |
| <b>Total comprehensive income for the period</b>          |       | <b>499</b>                 | <b>486</b>         | <b>1,010</b>             | <b>969</b>         |
| <b>Earnings per share (Face value: Rs. 10 each)</b>       |       |                            |                    |                          |                    |
| Basic and diluted earnings per share                      |       | 42.05                      | 46.06              | 85.12                    | 93.19              |

The accompanying notes 1 to 14 form an integral part of these Interim Condensed 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: New Delhi

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

**Ashish Arora**  
Whole Time Director & CEO  
DIN: 09692591  
Place: New Delhi

**Kapil Jethani**  
Chief Financial Officer  
Place: New Delhi

**Ajay Chitkara**  
Director  
DIN: 06977367  
Place: New Delhi

**Shivangni Baijal**  
Company Secretary  
Place: New Delhi

Date: November 9, 2022



**Nxtra Data Limited**
**Interim Condensed 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<br>(In '000) | Amount | Securities<br>Premium               | Deemed capital<br>contribution | Retained<br>earnings | Share-based<br>payment reserve | Capital<br>reserve | Total  |              |
| <b>As of April 1, 2021</b>               | 9,018                      | 90     | 0                                   | 258                            | 2,682                | -                              | (189)              | 2,751  | 2,841        |
| Profit for the period                    | -                          | -      | -                                   | -                              | 968                  | -                              | -                  | 968    | 968          |
| Other comprehensive income (net of tax)  | -                          | -      | -                                   | -                              | 1                    | -                              | -                  | 1      | 1            |
| <b>Total comprehensive income</b>        | -                          | -      | -                                   | -                              | 969                  | -                              | -                  | 969    | 969          |
| <b>As of September 30, 2021</b>          | 9,018                      | 90     | 0                                   | 258                            | 3,651                | -                              | (189)              | 3,720  | 3,810        |
| Profit for the period                    | -                          | -      | -                                   | -                              | 1,416                | -                              | -                  | 1,416  | 1,416        |
| Other comprehensive income (net of tax)  | -                          | -      | -                                   | -                              | 1                    | -                              | -                  | 1      | 1            |
| <b>Total comprehensive income</b>        | -                          | -      | -                                   | -                              | 1,417                | -                              | -                  | 1,417  | 1,417        |
| <b>Transaction with owners of equity</b> |                            |        |                                     |                                |                      |                                |                    |        |              |
| Employee share-based payment expense     | -                          | -      | -                                   | -                              | -                    | 3                              | -                  | 3      | 3            |
| <b>As of March 31, 2022</b>              | 9,018                      | 90     | 0                                   | 258                            | 5,068                | 3                              | (189)              | 5,140  | 5,230        |
| Profit for the period                    | -                          | -      | -                                   | -                              | 1,011                | -                              | -                  | 1,011  | 1,011        |
| Other comprehensive loss (net of tax)    | -                          | -      | -                                   | -                              | (1)                  | -                              | -                  | (1)    | (1)          |
| <b>Total comprehensive income</b>        | -                          | -      | -                                   | -                              | 1,010                | -                              | -                  | 1,010  | 1,010        |
| <b>Transaction with owners of equity</b> |                            |        |                                     |                                |                      |                                |                    |        |              |
| Issue of equity shares (refer note 4(a)) | 2,854                      | 29     | 17,851                              | -                              | -                    | -                              | -                  | 17,851 | 17,880       |
| Employee share-based payment expense     | -                          | -      | -                                   | -                              | -                    | 5                              | -                  | 5      | 5            |
| <b>As of September 30, 2022</b>          | 11,872                     | 119    | 17,851                              | 258                            | 6,078                | 8                              | (189)              | 24,006 | 24,125       |

The accompanying notes 1 to 14 form an integral part of these Interim Condensed 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: New Delhi

**For and on behalf of the Board of Directors of Nxtra Data Limited**

**Ashish Arora**  
 Whole Time Director & CEO  
 DIN: 09692591  
 Place: New Delhi

**Kapil Jethani**  
 Chief Financial Officer  
 Place: New Delhi

**Ajay Chitkara**  
 Director  
 DIN: 06977367  
 Place: New Delhi

**Shivangni Bajaj**  
 Company Secretary  
 Place: New Delhi



Date: November 9, 2022

**Nxtra Data Limited**  
**Interim Condensed Statement of Cash Flows**  
*(All amounts are in millions of Indian Rupees; unless stated otherwise)*

|   | For the six months ended |                    |
|---|--------------------------|--------------------|
|   | September 30, 2022       | September 30, 2021 |
| <b>Cash flows from operating activities</b>   |                          |                    |
| Profit before tax   | 1,354                    | 1,261              |
| <b>Adjustments for:</b>   |                          |                    |
| Depreciation expense  | 1,652                    | 982                |
| Finance costs   | 113                      | 61                 |
| Interest income   | (2)                      | (0)                |
| Net gain on fair value through profit or loss (FVTPL) investments                       | (18)                     | (2)                |
| Employee share - based payment expense  | 2                        | -                  |
| Other non-cash items  | 64                       | (66)               |
| <b>Operating cash flows before changes in assets and liabilities</b>                    | <b>3,165</b>             | <b>2,236</b>       |
| <b>Changes in assets and liabilities</b>  |                          |                    |
| Trade receivables   | (1,599)                  | (1,995)            |
| Trade payables  | (402)                    | (412)              |
| Inventories   | -                        | 127                |
| Provisions  | (5)                      | (7)                |
| Other financial and non-financial liabilities   | 829                      | 536                |
| Other financial and non-financial assets  | 76                       | 522                |
| <b>Net cash generated from operations before tax</b>                                    | <b>2,064</b>             | <b>1,007</b>       |
| Income tax Paid - net   | (313)                    | (337)              |
| <b>Net cash generated from operating activities (a)</b>                                 | <b>1,751</b>             | <b>670</b>         |
| <b>Cash flows from investing activities</b>   |                          |                    |
| Purchase of property, plant and equipment and capital work in progress                  | (3,169)                  | (3,962)            |
| Purchase of investment  | (69)                     | -                  |
| Proceeds from sale of current investments (net)   | 103                      | 692                |
| Interest received   | 2                        | 0                  |
| <b>Net cash used in investing activities (b)</b>  | <b>(3,133)</b>           | <b>(3,270)</b>     |
| <b>Cash flows from financing activities</b>   |                          |                    |
| Proceeds from borrowings  | -                        | 1,982              |
| Repayment of borrowings   | -                        | (4,400)            |
| Payment of lease liabilities  | (133)                    | (634)              |
| Proceeds from short-term borrowings (net)   | -                        | 2,968              |
| Interest and other finance charges paid   | (61)                     | (1,078)            |
| Proceeds from issuance of compulsorily convertible preference shares                    | -                        | 4,000              |
| <b>Net cash (used in) / generated from financing activities (c)</b>                     | <b>(194)</b>             | <b>2,838</b>       |
| <b>Net (decrease) / increase in cash and cash equivalents during the period (a+b+c)</b> | <b>(1,576)</b>           | <b>238</b>         |
| Add: Cash and cash equivalents as at the beginning of the period                        | 1,869                    | 124                |
| <b>Cash and cash equivalents as at the end of the period (refer note 7)</b>             | <b>293</b>               | <b>362</b>         |

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

The accompanying notes 1 to 14 form an integral part of these Interim Condensed 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: New Delhi

**For and on behalf of the Board of Directors of Nxtra Data Limited**

**Ashish Arora**  
 Whole Time Director & CEO  
 DIN: 09692591  
 Place: New Delhi

**Kapil Jethani**  
 Chief Financial Officer  
 Place: New Delhi

**Ajay Chitkara**  
 Director  
 DIN: 08977367  
 Place: New Delhi

**Shivangni Bajjal**  
 Company Secretary  
 Place: New Delhi

Date: November 9, 2022





## **1. Corporate information**

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

The Company is principally engaged in the business of data center, managed services and sale of hardware.

## **2. Basis of preparation**

These Interim Condensed Financial Statements ('Financial Statements') include Interim Condensed Balance Sheet ('Balance Sheet'), Interim Condensed Statement of Profit and Loss ('Statement of Profit and Loss'), Interim Condensed Statement of Changes in Equity ('Statement of Changes in Equity'), Interim Condensed Statement of Cash Flows ('Statement of Cash Flows') and accompanying notes. These Financial Statements have been prepared in accordance with Ind AS 34, 'Interim Financial Reporting' as notified by the Ministry of Corporate Affairs 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. Accordingly, the said Financial Statements do not include all the information required for a complete set of Ind AS Financial Statements, and should be read in conjunction with the Company's latest Annual Financial Statements for the year ended March 31, 2022. Further, selected explanatory notes have been included to explain events and transactions that are significant for the understanding of the changes in the Company's financial position and performance since the latest Annual Financial Statements.

The Financial Statements are approved for issue by the Company's Board of Directors on November 9, 2022.

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'.

## **New Amendments adopted during the period**

### **Amendments to Ind AS**

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 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, however, these do not have material impact on the Financial Statements of the Company.

## **3. Significant accounting policies and key sources of estimation uncertainties and critical judgements**

### **a. Significant accounting policies**

The accounting policies adopted in the preparation of these Financial Statements are consistent with those followed in the preparation of the Company's latest Annual Financial Statements.

### **b. Key sources of estimation uncertainties and critical judgement**

The preparation of the said Financial Statements requires 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 judgements and estimates are significant to the Financial





Statements or areas involving a higher degree of judgement or complexity are the same as those applied to the Company's latest Annual Financial Statements.

#### 4. Significant transactions / new developments

- a) During the year ended March 31, 2021, the Company has entered into an Investment Agreement with CA Cloud Investments (formerly Comfort Investments II) ('investor'). In accordance with the said agreement, the investor will subscribe to 17,880,000 compulsorily convertible preference shares ('CCPS'), each at Rs. 1,000, and 10 equity shares, each at Rs. 5,780 (including securities premium of Rs. 5,770), of the Company for an aggregate consideration of Rs. 17,880 in three separate tranches. Till March 31, 2022, the Company has received all three tranches of Rs. 17,880 and has allotted 17,880,000 CCPS and 10 equity shares to the investor. Further, during the six months ended September 30, 2022, based on terms of Investment Agreement, the said CCPS have been converted into 2,854,461 equity shares of Rs 10/- each. Post conversion, the investor now holds 24.04% equity stake in the Company.
- b) On March 16, 2022, the Company got its commercial papers listed for Rs. 2,450 which will get matured on February 7, 2023. The listing is pursuant to SEBI circulars SEBI/HO/IMD/DF2/P/2019/104 dated October 1, 2019 and SEBI/HO/DDHS/DDHS/CIR/P/2019/115 dated October 22, 2019 (refer note 8).
- c) The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. The Ministry of Labour and Employment ('Ministry') has issued draft of the Code on Social Security (Central) Rules, 2020 on November 13, 2020 and has invited suggestions from stakeholders which are under active consideration by the Ministry. However, the date on which the Code will come into effect has not been notified. The Company is assessing the impact of the Code and will record any related impact in the period in which the Code becomes effective.

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

During the six months ended September 30, 2022 and September 30, 2021, the Company has made an addition to PPE amounting to Rs. 1,628 and Rs. 1,339 respectively.

#### 6. Right-of-use assets ('ROU')

The following table presents the reconciliation of changes in the carrying value of ROU for the six months ended September 30, 2022 and September 30, 2021:

|   | <b>Building</b> | <b>Land</b>  | <b>Total</b> |
|---|-----------------|--------------|--------------|
| <b>Balance as at April 1, 2021</b>      | <b>664</b>      | <b>770</b>   | <b>1,434</b> |
| Additions                               | 136             | 946          | 1,082        |
| Depreciation expense                    | (107)           | (7)          | (114)        |
| Disposals / adjustments                 | 238             | -            | 238          |
| <b>Balance as at September 30, 2021</b> | <b>931</b>      | <b>1,709</b> | <b>2,640</b> |
| <b>Balance as at April 1, 2022</b>      | <b>1,369</b>    | <b>1,846</b> | <b>3,215</b> |
| Depreciation expense                    | (131)           | (11)         | (142)        |
| <b>Balance as at September 30, 2022</b> | <b>1,238</b>    | <b>1,835</b> | <b>3,073</b> |



## 7. Cash and cash equivalents ('C&CE')

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

|                           | As of              |                    |
|---------------------------|--------------------|--------------------|
|                           | September 30, 2022 | September 30, 2021 |
| Cash and Cash Equivalents | 293                | 362                |
|                           | <b>293</b>         | <b>362</b>         |

## 8. Borrowings

### Current

|                     | As of              |                |
|---------------------|--------------------|----------------|
|                     | September 30, 2022 | March 31, 2022 |
| Commercial papers * | 2,405              | 2,343          |
|                     | <b>2,405</b>       | <b>2,343</b>   |

\*Refer note 4(b).

## 9. Other financial liabilities

### Non-current

|   | As of              |                |
|---|--------------------|----------------|
|   | September 30, 2022 | March 31, 2022 |
| Liability component of CCPS (refer note 4(a)) | -                  | 17,802         |
|   | <b>-</b>           | <b>17,802</b>  |

### Current

|                                      | As of              |                |
|--------------------------------------|--------------------|----------------|
|                                      | September 30, 2022 | March 31, 2022 |
| Payables against capital expenditure | 866                | 1,494          |
| Employee payables                    | 23                 | 39             |
| Interest accrued                     | 6                  | -              |
| Others                               | 49                 | 2              |
|                                      | <b>944</b>         | <b>1,535</b>   |

## 10. Commitments

### Capital Commitments

The Company has contractual commitments towards capital expenditure (net of related advance) of Rs. 4,901 and Rs. 3,159 as of September 30, 2022 and March 31, 2022, respectively.

## 11. Segment reporting

The Company operates only in one business segment viz. to carry on the business of data center, managed services, which is the only reportable segment. Accordingly, no operating segment information is disclosed.



**12. Disaggregation of revenue**

Revenue is disaggregated by geographical market, major products / service lines and timing of revenue recognition.

Disaggregation of revenue from contract with customers for the three months ended September 30, 2022 and September 30, 2021 is as follows:

|   | <b>For the three months ended</b> |                           |
|---|-----------------------------------|---------------------------|
|   | <b>September 30, 2022</b>         | <b>September 30, 2021</b> |
| <b>Geographical Markets</b>             |                                   |                           |
| India                                   | 3,872                             | 3,040                     |
| Outside India                           | 74                                | 52                        |
|   | <b>3,946</b>                      | <b>3,092</b>              |
| <b>Major Product / Services lines</b>   |                                   |                           |
| Data centre and managed services        | 3,946                             | 3,038                     |
| Others                                  | -                                 | 54                        |
|   | <b>3,946</b>                      | <b>3,092</b>              |
| <b>Timing of Revenue Recognition</b>    |                                   |                           |
| Products transferred at a point in time | -                                 | 54                        |
| Services transferred over time          | 3,946                             | 3,038                     |
|   | <b>3,946</b>                      | <b>3,092</b>              |

Disaggregation of revenue from contract with customers for the six months ended September 30, 2022 and September 30, 2021 is as follows:

|   | <b>For the six months ended</b> |                           |
|---|---------------------------------|---------------------------|
|   | <b>September 30, 2022</b>       | <b>September 30, 2021</b> |
| <b>Geographical markets</b>             |                                 |                           |
| India                                   | 7,476                           | 6,061                     |
| Outside India                           | 143                             | 119                       |
|   | <b>7,619</b>                    | <b>6,180</b>              |
| <b>Major product / Services lines</b>   |                                 |                           |
| Data centre and managed services        | 7,605                           | 6,034                     |
| Others                                  | 14                              | 146                       |
|   | <b>7,619</b>                    | <b>6,180</b>              |
| <b>Timing of Revenue recognition</b>    |                                 |                           |
| Products transferred at a point in time | 14                              | 146                       |
| Services transferred over time          | 7,605                           | 6,034                     |
|   | <b>7,619</b>                    | <b>6,180</b>              |



**13. Related party transactions**

The details of significant transactions with related parties for the three and six months ended September 30, 2022 and September 30, 2021 are provided below:

|   | For the three months ended |                    | For the six months ended |                    |
|---|----------------------------|--------------------|--------------------------|--------------------|
|   | September 30, 2022         | September 30, 2021 | September 30, 2022       | September 30, 2021 |
| (i) <b>Rendering of services</b>                            |                            |                    |                          |                    |
| <b>Parent Company</b>                                       |                            |                    |                          |                    |
| Bharti Airtel Limited*                                      | 3,088                      | 2,533              | 6,176                    | 5,251              |
| (ii) <b>Receiving of services</b>                           |                            |                    |                          |                    |
| <b>Parent Company</b>                                       |                            |                    |                          |                    |
| Bharti Airtel Limited                                       | 224                        | 195                | 450                      | 345                |
| (iii) <b>Expenses incurred on behalf of the Company</b>     |                            |                    |                          |                    |
| <b>Parent Company</b>                                       |                            |                    |                          |                    |
| Bharti Airtel Limited                                       | 56                         | 28                 | 101                      | 75                 |
| (iv) <b>Reimbursement of energy expenses</b>                |                            |                    |                          |                    |
| <b>Parent Company</b>                                       |                            |                    |                          |                    |
| Bharti Airtel Limited                                       | 1,273                      | 1,092              | 2,479                    | 2,107              |
| (v) <b>Loan taken</b>                                       |                            |                    |                          |                    |
| <b>Parent Company</b>                                       |                            |                    |                          |                    |
| Bharti Airtel Limited                                       | -                          | 10,505             | 3,797                    | 13,904             |
| (vi) <b>Repayment of loan taken</b>                         |                            |                    |                          |                    |
| <b>Parent Company</b>                                       |                            |                    |                          |                    |
| Bharti Airtel Limited                                       | -                          | 11,938             | 3,797                    | 13,904             |
| (vii) <b>Issuance of Equity shares</b>                      |                            |                    |                          |                    |
| <b>Entity having significant influence over the Company</b> |                            |                    |                          |                    |
| CA Cloud Investments (refer note 4(a))                      | -                          | -                  | 17,880                   | -                  |
| (viii) <b>Issuance of CCPS</b>                              |                            |                    |                          |                    |
| <b>Other related party</b>                                  |                            |                    |                          |                    |
| CA Cloud Investments  | -                          | 4,000              | -                        | 4,000              |

\* Includes advance billing.

**14. 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   |                |
|--|---------|----------------------|----------------|--------------------|----------------|
|  |         | September 30, 2022   | March 31, 2022 | September 30, 2022 | March 31, 2022 |
| <b>Financial assets</b>                  |         |                      |                |                    |                |
| <b>Fair value through profit or loss</b> |         |                      |                |                    |                |
| Investments - quoted                     | Level 1 | 65                   | 150            | 65                 | 150            |
| Investments - unquoted                   | Level 2 | 73                   | 4              | 73                 | 4              |
| <b>Amortised cost</b>                    |         |                      |                |                    |                |
| Trade receivables                        |         | 4,433                | 2,876          | 4,433              | 2,876          |
| Cash and cash equivalents                |         | 293                  | 1,869          | 293                | 1,869          |
| Other bank balances                      |         | 8                    | 8              | 8                  | 8              |
| Other financial assets                   |         | 1,277                | 1,294          | 1,277              | 1,294          |
|  |         | <b>6,149</b>         | <b>6,201</b>   | <b>6,149</b>       | <b>6,201</b>   |
| <b>Financial liabilities</b>             |         |                      |                |                    |                |
| <b>Fair value through profit or loss</b> |         |                      |                |                    |                |
| Derivative Instruments                   | Level 3 | -                    | 78             | -                  | 78             |
| <b>Amortised cost</b>                    |         |                      |                |                    |                |
| Borrowings - fixed                       | Level 1 | 2,405                | 2,343          | 2,405              | 2,343          |
| Trade payables                           |         | 1,629                | 2,031          | 1,629              | 2,031          |
| Other financial liabilities              |         | 944                  | 19,337         | 944                | 19,337         |
|  |         | <b>4,978</b>         | <b>23,789</b>  | <b>4,978</b>       | <b>23,789</b>  |

**Nxtra Data Limited**  
**Notes to Interim Condensed Financial Statements**  
*(All amounts are in millions of Indian Rupee; unless stated otherwise)*

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

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

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

The following table describes the key inputs used in the valuation (basis discounted cash flow technique) of Level 2 and Level 3 financial assets / liabilities as of September 30, 2022 and March 31, 2022:

| <b>Financial assets / liabilities</b> | <b>Inputs used</b>                                    |
|---------------------------------------|---|
| Investments                           | Prevailing interest rates in market, future cashflows |
| Derivative Instruments                | Prevailing interest rates in market, inflation rates  |

During the six months ended September 30, 2022 and year ended March 31, 2022, there were no transfers between Level 1 and Level 2 fair value measurements.



**Nxtra Data Limited**

**Ind AS Financial Statements**

**March 31, 2022**

**Nxtra Data Limited**

**Ind AS Financial Statements – March 2022**

| <b>Contents</b>   | <b>Page No.</b> |
|---|-----------------|
| <b>1. Independent Auditor's Report</b>  | <b>4</b>        |
| <b>2. Ind AS Financial Statements</b>   |                 |
| - Balance Sheet as of March 31, 2022 and March 31, 2021                               | 9               |
| - Statement of Profit and Loss for the year ended March 31, 2022 and March 31, 2021   | 10              |
| - Statement of Changes in Equity for the year ended March 31, 2022 and March 31, 2021 | 11              |
| - Statement of Cash Flows for the year ended March 31, 2022 and March 31, 2021        | 12              |
| - Notes to Financial Statements   | 13              |

## **Independent Auditor's Report**



## INDEPENDENT AUDITOR'S REPORT

### To The Members of NXTRA DATA LIMITED

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the accompanying Financial Statements of **NXTRA DATA LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 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 Financial Statements of the current period. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

| Sr. No. | Key Audit Matter  | Auditor's Response   |
|---------|---|--|
| 1       | <b>Accounting and valuation of Compulsory Convertible Preference Shares ('CCPS')</b><br>(Refer Notes 3.1 and 31 of Financial Statements): | <b>Principal Audit Procedures</b><br><br>We performed testing of design and operating effectiveness of internal controls and substantive testing as follows: |



| Sr. No. | Key Audit Matter   | Auditor's Response  |
|---------|--|---|
|         | <p>As at March 31, 2022, the Company has financial liability relating to CCPS of Rs. 17,880 millions (including embedded derivative).</p> <p>Considering the terms of the CCPS, the accounting is complex and involved significant management judgement. The fair value of CCPS is determined through application of valuation techniques and the use of assumptions and estimates, in which observable data is not readily available, as in the case of level 3 financial instruments.</p> <p>We identified application of appropriate accounting and determining the fair value of CCPS as a key audit matter because of the degree of complexity involved in accounting, valuing financial liabilities and the judgement exercised by management in determining the inputs used in the valuation.</p> | <ul style="list-style-type: none"> <li>•Evaluated the design and operating effectiveness of management's internal controls over accounting and valuation process.</li> <li>•Evaluated the management's accounting assessment of CCPS by reading the terms of CCPS in the investment agreement.</li> <li>•Obtained the fair valuation report of management's expert.</li> <li>•Evaluated the objectivity, competence and independence of the management expert.</li> <li>•Evaluated the valuation model, assumptions relating to EBIDTA and other terms of CCPS agreement by involving our valuations specialists.</li> </ul> <p>We further assessed the adequacy of the disclosures made in Notes 3.1 and 31 in the Financial Statements for the year ended March 31, 2022.</p> |

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

The Company's Board of Directors is responsible for the other information. The other information comprises the Board's Report including annexures to Board Report, but does not include the Financial Statements and our auditor's report thereon.

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

#### **Management's Responsibility for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive income, 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



## **Deloitte Haskins & Sells LLP**

preparation and presentation of the Financial Statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

### **Auditor's Responsibility for the Audit of the Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **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, 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 the Ind AS specified under Section 133 of the Act.
- e) On the basis of the written representations received from the directors as on March 31, 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.





## **Deloitte Haskins & Sells LLP**

- 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 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.
  - iii. There were no amounts which were 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 any material misstatement.
  - v. The company has not declared or paid any dividend during the year and has not proposed final dividend for the year.



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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)



**Nilesh H. Lahoti**

(Partner)

(Membership No. 130054)

(UDIN:22130054AJWGGV3830)



Place: Gurugram

Date: May 30, 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 **NXTRA DATA LIMITED** ("the Company") as at March 31, 2022 in conjunction with our audit of the Financial Statements of the Company as at and 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 ("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.



### **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 authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the Financial Statements.

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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

### **Opinion**

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



A handwritten signature in blue ink, appearing to read "Nilesh H. Lahoti".

**Nilesh H. Lahoti**  
(Partner)

(Membership No. 130054)

(UDIN:22130054AJWGGV3830)

Place: Gurugram

Date: May 30, 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 of even date)

In terms of the information and explanations sought by us and given by the Company and the books of account 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 Company's 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) As the Company does not hold any intangible assets, reporting under clause (i)(a)(B) of the Order is not applicable.

b) The Company has a program of verification of property, plant and equipment, capital work in-progress and right-of-use assets so to cover all the 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, Property, Plant and Equipment and right of use assets 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 noticed on such verification.

c) With respect to immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the Company) disclosed in the financial statements included in property, plant and equipment and capital work-in progress and according to the information and explanations given to us and based on the examination of the property tax receipts, utility bills for building constructed, registered sale deed / transfer deed provided to us, we report that, the title deeds of such immovable properties are held in the name of the Company as at the balance sheet date.

In respect of immovable properties that have been taken on lease and disclosed in the Financial Statements as right of use assets as at the balance sheet date, the lease agreements are duly executed in favour of the Company.

d) The Company has not revalued any of its property, plant and equipment (including right of use assets) during the year. The Company does not have any intangible assets.

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) In respect of its Inventory:

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



- 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.
- iv) According to information and explanation given to us, the Company has not granted any loans, made investments or provided guarantees or securities that are covered under the provisions of sections 185 or 186 of the Companies Act, 2013, 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) To the best of our knowledge and as explained to us, 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, duty of Excise, 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 the Dues | Amount (Rs.) | Period to which the Amount Relates |
|---------------------------------------|--------------------|--------------|------------------------------------|
| Maharashtra Value Added Tax Act, 2002 | Value Added tax    | 51,958       | 2018-19                            |

- 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) In respect of its Borrowings:
- a) 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.
- d) On an overall examination of the Financial Statements of the Company, the funds raised on short-term basis have, prima facie, not been used during the year for long-term purpose by the Company.
- 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 has not raised loans during the year on the pledge of securities held in its subsidiaries or joint ventures or associate companies.
- x) In respect of its Issued securities:
  - a) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year. Moneys raised by way of commercial papers during the year have been, prima facie, applied by the Company for the purposes for which they were raised.
  - 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) In respect if fraud:
  - 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 (and 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 I 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) In respect of Internal audit:
  - 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 December 31, 2021 and the draft of the internal audit



reports where issued after the balance sheet date covering the period January 1, 2022 to March 31, 2022 for the period under audit.

- xv) In our opinion, during the year the Company has not entered into any non-cash transactions with any of its directors or directors of it's 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) 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.
- The Parent Group has more than one CIC as part of the Parent Group. There are 2 CIC forming part of the Parent 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 which is not mitigated 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)



**Nilesh H. Lahoti**  
(Partner)  
(Membership No. 130054)  
(UDIN:22130054AJWGGV3830)

Place: Gurugram  
Date: May 30, 2022

## **Ind AS Financial Statements**

**Nextra Data Limited**  
**Balance Sheet**

(All amounts are in millions of Indian Rupee)

|  |       | As of          |                |
|--|-------|----------------|----------------|
|  | Notes | March 31, 2022 | March 31, 2021 |
| <b>Assets</b>  |       |                |                |
| <b>Non-current assets</b>  |       |                |                |
| Property, plant and equipment  | 5     | 19,106         | 8,262          |
| Capital work-in-progress   | 5     | 1,087          | 4,612          |
| Right-of-use assets  | 29    | 3,215          | 1,434          |
| <b>Financial assets</b>  |       |                |                |
| - Investments  | 6     | 4              | 4              |
| - Other financial assets   | 7     | 517            | 326            |
| Income tax assets (net)  |       | 118            | 103            |
| Deferred tax assets (net)  | 8     | 494            | 583            |
| Other non-current assets   | 9     | 10             | 1              |
|  |       | <b>24,551</b>  | <b>15,325</b>  |
| <b>Current assets</b>  |       |                |                |
| Inventories  |       |                | 38             |
| <b>Financial assets</b>  |       |                |                |
| - Investments  | 6     | 150            | 690            |
| - Trade receivables  | 10    | 2,876          | 822            |
| - Cash and cash equivalents  | 11    | 1,869          | 124            |
| - Other bank balances  | 11    | 8              | 8              |
| - Other financial assets   | 7     | 777            | 71             |
| Other current assets   | 9     | 756            | 1,837          |
|  |       | <b>6,436</b>   | <b>3,590</b>   |
| <b>Total assets</b>  |       | <b>30,987</b>  | <b>18,915</b>  |
| <b>Equity and liabilities</b>  |       |                |                |
| <b>Equity</b>  |       |                |                |
| Equity share capital   | 12    | 90             | 90             |
| Other equity   |       | 5,140          | 2,731          |
|  |       | <b>5,230</b>   | <b>2,821</b>   |
| <b>Non-current liabilities</b>   |       |                |                |
| <b>Financial liabilities</b>   |       |                |                |
| - Borrowings   | 14    |                | 3,150          |
| - Lease liabilities  |       | 1,301          | 665            |
| - Derivative instruments   | 15    | 78             | 181            |
| - Other financial liabilities  | 16    | 17,802         | 6,819          |
| Deferred revenue   | 21    | 23             | 31             |
| Provisions   | 17    | 22             | 25             |
|  |       | <b>19,226</b>  | <b>10,671</b>  |
| <b>Current liabilities</b>   |       |                |                |
| <b>Financial liabilities</b>   |       |                |                |
| - Borrowings   | 14    | 2,343          | 1,250          |
| - Lease liabilities  |       | 338            | 241            |
| - Trade payables   |       |                |                |
| - total outstanding dues of micro enterprises and small enterprises                      | 18    | 11             | 49             |
| - total outstanding dues of creditors other than micro enterprises and small enterprises | 18    | 2,020          | 2,777          |
| - Other financial liabilities  | 16    | 1,535          | 535            |
| Deferred revenue   | 21    | 58             | 34             |
| Provisions   | 17    | 19             | 17             |
| Current tax liabilities (net)  |       | 108            | 182            |
| Other current liabilities  | 19    | 99             | 98             |
|  |       | <b>6,531</b>   | <b>5,203</b>   |
| <b>Total liabilities</b>   |       | <b>25,757</b>  | <b>15,874</b>  |
| <b>Total equity and liabilities</b>  |       | <b>30,987</b>  | <b>18,915</b>  |

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. Lakhoti  
Partner  
Membership No: 130054  
Place: Gurugram



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

  
Rajesh Tapadia  
WTD & Chief Executive Officer  
DIN: 08391891  
Place: New Delhi

  
Kapil Jethani  
Chief Financial Officer  
Place: Gurugram

  
Ajay Chitkara  
Director  
DIN: 08977367  
Place: Gurugram

  
Shivangni Bajaj  
Company Secretary  
Place: New Delhi

Date: May 30, 2022





**Nxtra Data Limited**  
**Statement of Profit and loss**

(All amounts are in millions of Indian Rupee ; except per share data)

|  | Notes | For the year ended |                |
|--|-------|--------------------|----------------|
|  |       | March 31, 2022     | March 31, 2021 |
| <b>Income</b>  |       |                    |                |
| Revenue from operations                                  | 21    | 13,333             | 11,091         |
| Other income   |       | 340                | 346            |
|  |       | <b>13,673</b>      | <b>11,437</b>  |
| <b>Expenses</b>  |       |                    |                |
| Data centre operating expenses                           | 22    | 7,169              | 6,235          |
| Employee benefits expense                                | 23    | 258                | 263            |
| Other expenses   | 24    | 425                | 511            |
|  |       | <b>7,852</b>       | <b>7,009</b>   |
| <b>Profit before depreciation, finance costs and tax</b> |       | <b>5,821</b>       | <b>4,428</b>   |
| Depreciation expense                                     | 25    | 2,455              | 1,773          |
| Finance costs  | 26    | 229                | 241            |
| <b>Profit before tax</b>                                 |       | <b>3,137</b>       | <b>2,414</b>   |
| <b>Tax expense / (credit)</b>                            |       |                    |                |
| Current tax  | 8     | 664                | 629            |
| Deferred tax   | 8     | 89                 | (3)            |
|  |       | <b>753</b>         | <b>626</b>     |
| <b>Profit for the year</b>                               |       | <b>2,384</b>       | <b>1,788</b>   |
| <b>Other comprehensive income</b>                        |       |                    |                |
| Items not to be reclassified to profit or loss :         |       |                    |                |
| - Remeasurement Gain / (Loss) on defined benefit plans   | 23    | 2                  | (4)            |
| - Tax (charge) / credit                                  | 8     | (0)                | 1              |
| <b>Other comprehensive income / (loss) for the year</b>  |       | <b>2</b>           | <b>(3)</b>     |
| <b>Total comprehensive income for the year</b>           |       | <b>2,386</b>       | <b>1,785</b>   |
| <b>Earnings per share (Face value: Rs. 10 each)</b>      |       |                    |                |
| Basic and diluted earnings per share                     | 27    | 228.99             | 187.44         |

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



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

  
Rajesh Tapadia  
WTD & Chief Executive Officer  
DIN: 08391891  
Place: New Delhi

  
Kapil Jethani  
Chief Financial Officer  
Place: Gurugram

  
Ajay Chitkara  
Director  
DIN: 08977357  
Place: Gurugram

  
Shwagati Bajaj  
Company Secretary  
Place: New Delhi

Date: May 30, 2022



**Nextra Data 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    | Securities Premium                  | Deemed capital contribution | Retained earnings | Share-based payment reserve | Capital reserve | Total        |              |
| <b>As of April 1, 2020</b>              | <b>9,018</b>            | <b>90</b> | -                                   | <b>258</b>                  | <b>897</b>        | -                           | <b>(189)</b>    | <b>966</b>   | <b>1,056</b> |
| Issue of Shares*                        | 0                       | 0         | 0                                   | -                           | -                 | -                           | -               | 0            | 0            |
| Profit for the year                     | -                       | -         | -                                   | -                           | 1,788             | -                           | -               | 1,788        | 1,788        |
| Other comprehensive loss (net of tax)   | -                       | -         | -                                   | -                           | (3)               | -                           | -               | (3)          | (3)          |
| <b>Total comprehensive income</b>       | <b>-</b>                | <b>-</b>  | <b>-</b>                            | <b>-</b>                    | <b>1,785</b>      | <b>-</b>                    | <b>-</b>        | <b>1,785</b> | <b>1,785</b> |
| <b>As of March 31, 2021</b>             | <b>9,018</b>            | <b>90</b> | <b>0</b>                            | <b>258</b>                  | <b>2,682</b>      | <b>-</b>                    | <b>(189)</b>    | <b>2,751</b> | <b>2,841</b> |
| Profit for the year                     | -                       | -         | -                                   | -                           | 2,304             | -                           | -               | 2,304        | 2,304        |
| Other comprehensive income (net of tax) | -                       | -         | -                                   | -                           | 2                 | -                           | -               | 2            | 2            |
| <b>Total comprehensive income</b>       | <b>-</b>                | <b>-</b>  | <b>-</b>                            | <b>-</b>                    | <b>2,306</b>      | <b>-</b>                    | <b>-</b>        | <b>2,306</b> | <b>2,306</b> |
| Transaction with owners of equity       | -                       | -         | -                                   | -                           | -                 | -                           | -               | -            | -            |
| Employee share-based payment expense    | -                       | -         | -                                   | -                           | -                 | 3                           | -               | 3            | 3            |
| <b>As of March 31, 2022</b>             | <b>9,018</b>            | <b>90</b> | <b>0</b>                            | <b>258</b>                  | <b>5,068</b>      | <b>3</b>                    | <b>(189)</b>    | <b>5,140</b> | <b>5,230</b> |

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

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 30, 2022

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

  
Rajesh Tapadia  
WTD & Chief Executive Officer  
DIN: 08391891  
Place: New Delhi

  
Kapil Jethani  
Chief Financial Officer  
Place: Gurugram

  
Ajay Chikara  
Director  
DIN: 04977367  
Place: Gurugram

  
Shrawgni Batjal  
Company Secretary  
Place: New Delhi





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

|  | For the year ended |                |
|--|--------------------|----------------|
|  | March 31, 2022     | March 31, 2021 |
| <b>Cash flows from operating activities</b>                                |                    |                |
| Profit before tax  | 3,137              | 2,414          |
| <b>Adjustments for:</b>  |                    |                |
| Depreciation expense   | 2,455              | 1,773          |
| Finance costs  | 235                | 230            |
| Interest income  | (1)                | (31)           |
| Net gain on FVTPL Investments  | (4)                | -              |
| Employee share - based payment expense                                     | 1                  | -              |
| Other non-cash items   | (215)              | 77             |
| <b>Operating cash flows before changes in assets and liabilities</b>       | <b>5,608</b>       | <b>4,463</b>   |
| <b>Changes in assets and liabilities</b>                                   |                    |                |
| Trade receivables  | (1,930)            | 369            |
| Trade payables   | (795)              | (536)          |
| Inventories  | 153                | (25)           |
| Provisions   | (8)                | -              |
| Other financial and non-financial liabilities                              | 8                  | (912)          |
| Other financial and non-financial assets                                   | 173                | (491)          |
| <b>Net cash generated from operations before tax</b>                       | <b>3,209</b>       | <b>2,868</b>   |
| Income tax Paid - net  | (753)              | (100)          |
| <b>Net cash generated from operating activities (a)</b>                    | <b>2,456</b>       | <b>2,768</b>   |
| <b>Cash flows from investing activities</b>                                |                    |                |
| Purchase of property, plant and equipment and capital work in progress     | (8,438)            | (5,101)        |
| Proceeds from sale / (purchase) of current investments (net)               | 544                | (690)          |
| Interest received  | 1                  | 31             |
| <b>Net cash used in investing activities (b)</b>                           | <b>(7,893)</b>     | <b>(5,760)</b> |
| <b>Cash flows from financing activities</b>                                |                    |                |
| Proceeds from issue of shares  | -                  | 0              |
| Proceeds from borrowings   | 9,267              | 4,400          |
| Repayment of borrowings  | (11,400)           | (3,750)        |
| Payment of lease liabilities   | (182)              | (669)          |
| Net Repayment of short-term borrowings (net)                               | (56)               | (3,661)        |
| Interest and other finance charges paid                                    | (1,327)            | (250)          |
| Proceeds from issuance of compulsorily convertible preference shares       | 10,880             | 7,000          |
| <b>Net cash generated from financing activities (c)</b>                    | <b>7,182</b>       | <b>3,070</b>   |
| <b>Net increase in cash and cash equivalents during the year (a+b+c)</b>   | <b>1,745</b>       | <b>78</b>      |
| Add: Cash and cash equivalents as at the beginning of the year             | 124                | 46             |
| <b>Cash and cash equivalents as at the end of the year (refer note 11)</b> | <b>1,869</b>       | <b>124</b>     |

The above Statement of Cash Flows has been prepared under the 'Indirect method' as set out in Ind AS 7 '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 M. Lahoti**  
Partner  
Membership No: 130054  
Place: Gurugram



Date: May 30, 2022

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

  
**Rajesh Taparia**  
WTD & Chief Executive Officer  
DIN: 08391891  
Place: New Delhi

  
**Kapil Jethani**  
Chief Financial Officer  
Place: Gurugram

  
**Ajay Chikara**  
Director  
DIN: 08977367  
Place: Gurugram

  
**Shivangni Bajaj**  
Company Secretary  
Place: New Delhi



## **1. Corporate information**

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

The Company is principally engaged in the business of data center, managed services and sale of hardware.

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

### **2.1 Basis of preparation**

These Financial Statements have been prepared to comply in all material respects with the Indian Accounting Standards ('Ind AS') as notified by the Ministry of Corporate Affairs ('MCA') under Section 133 of the Companies Act, 2013 ('Act'), read together with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and other accounting principles generally accepted in India.

The Financial Statements are approved for issue by the Company's Board of Directors on May 30, 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) of the Companies Act, 2013. Further, for the purpose of clarity, various items are aggregated in the Balance Sheet and Statement of Profit and Loss. 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 / or amendments during the year.

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



**New Amendments adopted during the year****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 102, Share-based Payments
- Ind AS 107, Financial Instruments: Disclosures
- Ind AS 109, Financial Instruments
- Ind AS 116, Leases
- 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
- Ind AS 27, Separate Financial Statements
- Ind AS 37, Provisions, Contingent Liabilities and Contingent Assets

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 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.

**2.2 Basis of measurement**

The financial statements have been prepared on the accrual and going concern basis, and the historical cost convention except where the Ind AS requires a different accounting treatment. The principal variations from the historical cost convention relate to financial instruments which are classified as fair value through profit or loss (refer note 2.8) – which are measured at fair value.

### **Fair value measurement**

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

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 Foreign currency transactions**

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

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

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

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

### **2.4 Current versus non-current classification**

The Company presents assets and liabilities in the balance sheet based on current / non-current classification. Deferred tax assets and liabilities, and all assets and liabilities which are not current (as discussed in the below paragraphs) are classified as non-current assets and liabilities.

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

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

Separated embedded derivatives are classified basis the host contract

## **2.5 Common control transactions**

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

## **2.6 Property, plant and equipment ('PPE')**

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

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

Cost of assets not ready for intended use, as on the balance sheet date, is shown as capital work-in-progress ('CWIP'), 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 for use, such as repairs and maintenance, are normally charged to the statement of profit and loss in the year in which such costs are



incurred. However, in situations where the said expenditure can be measured reliably and is probable that future economic benefits associated with it will flow to the Company, it is included in the asset's carrying value or as a separate asset, as appropriate.

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

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

| <b>Categories</b>      | <b>Years</b>                              |
|------------------------|---|
| Building               | 20  |
| Plant and Machinery    | 2-25                                      |
| Computer               | 1-3                                       |
| Office equipments      | 2 - 5                                     |
| Furniture and Fixtures | 5   |
| Leasehold improvements | Lease term or 20 years, whichever is less |

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

## **2.7 Impairment of non-financial assets**

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

PPE (including 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. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets.



## **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.

The entire hybrid contract, financial assets with embedded derivatives, are considered in their entirety for determining the contractual terms of the cash flow and accordingly, the embedded derivatives are not separated. However, derivatives embedded in non-financial instrument / financial liabilities (measured at amortised cost) host contracts are classified as separate derivatives if their economic characteristics and risks are not closely related to those of the host contracts.

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

### **b. Measurement - Non-derivative financial instruments**

#### **I. Initial measurement**

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

#### **II. Subsequent measurement - financial assets**

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

##### **i. Financial assets measured at amortised cost**

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



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

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

**iii. Impairment**

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

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

**III. Subsequent measurement - financial liabilities**

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

**c. Measurement – derivative financial instruments**

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

**d. Derecognition**

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

**2.9 Leases**

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





### **Company as a lessee**

The Company recognises a ROU and a corresponding lease liability with respect to all lease agreements in which it is the lessee in the Balance Sheet. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the incremental borrowing rate (as the rate implicit in the lease cannot be readily determined). Lease liabilities include the net present value of fixed payments (including any in-substance fixed payments) and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Subsequently, the lease liability is measured at amortised cost using the incremental borrowing rate. It is remeasured when there is a change in future lease payments including or when the lease contract is modified and the lease modification is not accounted for as a separate lease. The corresponding adjustment is made to the carrying amount of the ROU, or is recorded in profit or loss if the carrying amount of the related ROU has been reduced to zero and there is a further reduction in the measurement of the lease liability.

ROU are measured at cost, comprising the amount of the initial measurement of lease liability, any lease payments made at or before the commencement date and any initial direct costs less any lease incentives received.

Subsequent to initial recognition, ROU are stated at cost less accumulated depreciation and any impairment losses and adjusted for certain remeasurements of the lease liability. Depreciation is computed using the straight-line method from the commencement date to the end of the useful life of the underlying asset or the end of the lease term, whichever is shorter. The estimated useful lives of ROU are determined on the same basis as those of the underlying asset.

In the Balance Sheet, the ROU and lease liabilities are presented separately. In the statement of profit and loss, interest expense on lease liabilities are presented separately from the depreciation charge for the ROU. Interest expense on the lease liability is a component of finance costs, which are presented separately in the statement of profit or loss. In the statement of cash flows, cash payments for the principal portion of lease payments and the interest portion of lease liability are presented as financing activities, and short-term lease payments and payments for leases of low-value assets and variable lease payments not included in the measurement of the lease liability, if any, as operating activities.

### **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 expense associated with these leases in Statement of Profit and Loss.

## **2.10 Taxes**

The income tax expense comprises of current and deferred income tax. Income tax is recognised in the statement of profit and loss, except to the extent that it relates to items recognised in the other

comprehensive income or directly in equity, in which case the related income tax is also recognised accordingly.

**a. Current tax**

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

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

**b. Deferred tax**

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

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

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

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

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

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

### **2.11 Inventories**

Inventories are stated at the lower of cost (determined using the first-in-first-out method) and net realisable value. The costs comprise its purchase price and any directly attributable cost of bringing the inventories to its present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

### **2.12 Cash and cash equivalents**

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

### **2.13 Equity Share capital**

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

### **2.14 Employee benefits**

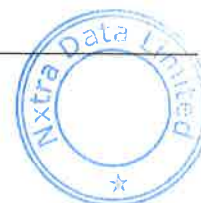
The Company's employee benefits mainly include wages, salaries, bonuses, defined contribution to plans, defined benefit plans, compensated absences, deferred compensation and share based payments. The employee benefits are recognised in the year in which the associated services are rendered by the Company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

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

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

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

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



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

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

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

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

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

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

**d. Share-based payments**

The Company operates equity-settled employee share-based compensation plans, under which the Company receives services from employees as consideration for stock options towards shares of the Company.

In case of equity-settled awards, the fair value of stock options (at grant date) is recognised as an expense in the statement of profit and loss within employee benefits as employee share-based payment expenses over the vesting period, with a corresponding increase in share-based payment reserve (a component of equity).

The total amount so expensed is determined by reference to the grant date fair value of the stock options granted, which includes the impact of any market performance conditions and non-vesting conditions but excludes the impact of any service and non-market performance vesting conditions. However, the non-market performance vesting and service conditions are considered in the assumption as to the number of options that are expected to vest. The forfeitures are estimated at the time of grant and reduce the said expense rateably over the vesting period.



The expense so determined is recognised over the requisite vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. As at each reporting date, the Company revises its estimates of the number of options that are expected to vest, if required.

It recognises the impact of any revision to original estimates in the period of change. Accordingly, no expense is recognised for awards that do not ultimately vest, except for which vesting is conditional upon a market performance / non-vesting condition. These are treated as vested irrespective of whether or not the market / non-vesting condition is satisfied, provided that service conditions and all other non-market performance are satisfied.

Where the terms of an award are modified, in addition to the expense pertaining to the original award, an incremental expense is recognised for any modification that results in additional fair value, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled or settled during the vesting period (other than a grant cancelled by forfeiture when the vesting conditions are not satisfied), company shall account for the cancellation or settlement as an acceleration of vesting, and shall therefore recognise immediately the amount that otherwise would have been recognised for services received over the remainder of the vesting period.

## **2.15 Provisions**

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

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

## **2.16 Contingencies**

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

## **2.17 Revenue recognition**

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



**Nxtra Data Limited**  
**Notes to Financial Statements**

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

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

**a) Service revenue**

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

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

**b) Equipment sales**

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

**c) Interest income**

The interest income is recognised using the EIR method.

**2.18 Borrowing costs**

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

**2.19 Exceptional items**

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

**2.20 Dividends paid**

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

**2.21 Earnings per share ('EPS')**

The Company presents the Basic and Diluted EPS.

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



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 year.

## **2.22 Segment reporting**

The Company operates only in one business segment viz. to carry on the business of data centre, managed services, which is the only reportable segment. Accordingly, no further operating segment financial information is disclosed.

## **3. Key sources of estimation uncertainties and critical judgements**

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

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

### **3.1 Key sources of estimation uncertainties**

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

#### **a. Useful lives of PPE**

As described at note 2.6 above, the Company reviews the estimated useful lives of 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. Allowance for impairment of trade receivables**

The expected credit loss is mainly based on the ageing of the receivable balances and historical experience. The receivables are assessed on an individual basis or grouped into homogeneous groups and assessed for

impairment collectively, depending on their significance. Moreover, trade receivables are written off on a case-to-case basis if deemed not to be collectible on the assessment of the underlying facts and circumstances.

**c. Fair valuation of compulsorily convertible preference shares ('CCPS')**

Considering the terms of issuance of CCPS, the accounting is complex and involved significant management judgement. The fair value of CCPS is determined through application of valuation techniques and the use of assumptions and estimates.

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

**Determining the incremental borrowing rate for lease contracts**

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

**4. Significant transactions / new developments**

- a) During the previous year ended March 31, 2021, the Company has entered into an Investment Agreement with CA Cloud Investments (formerly Comfort Investments II) ('investor'). In accordance with the said agreement, the investor will subscribe to 17,880,000 compulsorily convertible preference shares ('CCPS'), each at Rs. 1,000, and 10 equity shares, each at Rs. 5,780 (including securities premium of Rs. 5,770), of Nxtra Data Limited for an aggregate consideration of Rs. 17,880 in three separate tranches. During the previous year ended March 31, 2021, the Company has received the first tranche of Rs. 7,000 and has allotted 7,000,000 CCPS and 10 equity shares to the investor. During the current year ended March 31, 2022, the Company has received the second and third tranche of Rs. 10,880 and has allotted 10,880,000 CCPS to the investor. These amounts have been classified as liability (refer note 16).
- b) On March 16, 2022, the Company got its commercial papers listed for Rs. 2,450 which will get matured on February 7, 2023. The listing is pursuant to SEBI circulars SEBI/HO/IMD/DF2/P/2019/104 dated October 1, 2019 and SEBI/HO/DDHS/DDHS/CIR/P/2019/115 dated October 22, 2019 (refer note 14).
- 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.



**Nxtra Data Limited****Notes to Financial Statements***(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:

|                                 | Building     | Plant and machinery | Furniture and fixtures | Office equipment | Computer   | Leasehold improvements | Total         |
|---------------------------------|--------------|---------------------|------------------------|------------------|------------|------------------------|---------------|
| <b>Gross Carrying value</b>     |              |                     |                        |                  |            |                        |               |
| <b>As of April 1, 2020</b>      | <b>1,135</b> | <b>16,074</b>       | <b>13</b>              | <b>1,175</b>     | <b>207</b> | <b>433</b>             | <b>19,037</b> |
| Additions                       | -            | 1,656               | 1                      | 49               | 6          | 1                      | 1,713         |
| Disposals / adjustment          | (9)          | (241)               | 86                     | (191)            | (1)        | (1)                    | (357)         |
| <b>As of March 31, 2021</b>     | <b>1,126</b> | <b>17,489</b>       | <b>100</b>             | <b>1,033</b>     | <b>212</b> | <b>433</b>             | <b>20,393</b> |
| <b>As of April 1, 2021</b>      | <b>1,126</b> | <b>17,489</b>       | <b>100</b>             | <b>1,033</b>     | <b>212</b> | <b>433</b>             | <b>20,393</b> |
| Additions                       | 2,890        | 9,733               | 11                     | 295              | 111        | 1                      | 13,041        |
| Disposals / adjustments         | -            | (712)               | (8)                    | (46)             | (5)        | -                      | (771)         |
| <b>As of March 31, 2022</b>     | <b>4,016</b> | <b>26,510</b>       | <b>103</b>             | <b>1,282</b>     | <b>318</b> | <b>434</b>             | <b>32,663</b> |
| <b>Accumulated depreciation</b> |              |                     |                        |                  |            |                        |               |
| <b>As of April 1, 2020</b>      | <b>25</b>    | <b>9,187</b>        | <b>13</b>              | <b>1,090</b>     | <b>206</b> | <b>382</b>             | <b>10,903</b> |
| Charge                          | 56           | 1,404               | 1                      | 81               | 17         | 14                     | 1,573         |
| Disposals / adjustment          | 1            | (140)               | 86                     | (263)            | (29)       | -                      | (345)         |
| <b>As of March 31, 2021</b>     | <b>82</b>    | <b>10,451</b>       | <b>100</b>             | <b>908</b>       | <b>194</b> | <b>396</b>             | <b>12,131</b> |
| <b>As of April 1, 2021</b>      | <b>82</b>    | <b>10,451</b>       | <b>100</b>             | <b>908</b>       | <b>194</b> | <b>396</b>             | <b>12,131</b> |
| Charge                          | 103          | 1,960               | 1                      | 77               | 44         | 13                     | 2,198         |
| Disposals / adjustment          | -            | (712)               | (8)                    | (46)             | (5)        | -                      | (771)         |
| <b>As of March 31, 2022</b>     | <b>185</b>   | <b>11,699</b>       | <b>93</b>              | <b>938</b>       | <b>233</b> | <b>409</b>             | <b>13,557</b> |
| <b>Net carrying Amount</b>      |              |                     |                        |                  |            |                        |               |
| As of March 31, 2021            | 1,044        | 7,038               | -                      | 125              | 18         | 37                     | 8,262         |
| As of March 31, 2022            | 3,831        | 14,811              | 10                     | 344              | 85         | 25                     | 19,106        |

During the year ended March 31, 2022 and March 31, 2021 the Company has capitalised borrowing cost for under construction building of Rs. 91 and Rs. 111 respectively. The rate used to determine the amount of borrowing cost eligible for capitalisation is 5.65% and 6.71% for the year ended March 31, 2022 and March 31, 2021, which is the weighted average interest rate applicable to the company's general borrowings.

The carrying value of capital work-in-progress ('CWIP') as of March 31, 2022 and March 31, 2021 is Rs. 1,087 and Rs. 4,612 which mainly pertains to plant and machinery and construction of building.



**Nxtra Data Limited**  
**Notes to Financial Statements**

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

**CWIP Ageing Schedule:**

**As of March 31, 2022**

| Project                 | Amount in CWIP for a period of |           |           |                   | Total |
|-------------------------|--------------------------------|-----------|-----------|-------------------|-------|
|                         | Less than 1 year               | 1-2 years | 2-3 years | More than 3 years |       |
| Data centre             | 374                            | 110       | -         | -                 | 484   |
| Mobile switching centre | 602                            | 1         | -         | -                 | 603   |
| Total                   | 976                            | 111       | -         | -                 | 1,087 |

**As of March 31, 2021**

| Project                 | Amount in CWIP for a period of |           |           |                   | Total |
|-------------------------|--------------------------------|-----------|-----------|-------------------|-------|
|                         | Less than 1 year               | 1-2 years | 2-3 years | More than 3 years |       |
| Data centre             | 2,386                          | 1,286     | 210       | -                 | 3,882 |
| Mobile switching centre | 720                            | 10        | -         | -                 | 730   |
| Total                   | 3,106                          | 1,296     | 210       | -                 | 4,612 |

**6. Investment**

**Non- current**

**Investments - FVTPL**

Greenery Wind Corporation Pvt. Ltd. : 53,398 shares of Rs. 10 each \*

Aban Green Power Pvt. Ltd. : 47,155 shares of Rs. 10 each

Sugnaneshwara Hydel Power Pvt. Ltd. : 32,500 shares of Rs. 100 each \*

| As of          |                |
|----------------|----------------|
| March 31, 2022 | March 31, 2021 |
| 4              | 1              |
| 0              | 0              |
| -              | 3              |
| <b>4</b>       | <b>4</b>       |

**Current**

**Investments - FVTPL**

Mutual funds

|            |            |
|------------|------------|
| 150        | 690        |
| <b>150</b> | <b>690</b> |

Aggregate book value of unquoted investments

Aggregate book value / market value of quoted investments

|            |            |
|------------|------------|
| 4          | 4          |
| <b>150</b> | <b>690</b> |

\*During the year ended March 31, 2022 Sugnaneshwara Hydel Power Pvt. Ltd. got merged into Greenery Wind Corporation Pvt. Ltd.

**7. Other financial assets**

**Non-current**

Margin Money^

Security deposits\*

| As of          |                |
|----------------|----------------|
| March 31, 2022 | March 31, 2021 |
| 2              | 2              |
| 515            | 324            |
| <b>517</b>     | <b>326</b>     |

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

\* Security deposits include amount due from related parties (refer note 28), and net of provision of Rs. 2 and Rs 2 as of March 31, 2022 and March 31, 2021 respectively.

It majorly includes deposits given to electricity department.



**Nxtra Data Limited**  
**Notes to Financial Statements**

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

**Current**

|                                  | As of          |                |
|----------------------------------|----------------|----------------|
|                                  | March 31, 2022 | March 31, 2021 |
| Unbilled revenue (refer note 21) | 767            | 30             |
| Security deposits                | 6              | 41             |
| Claims recoverable               | 0              | 0              |
| Others *                         | 4              | -              |
|                                  | <b>777</b>     | <b>71</b>      |

\*It include amount recoverable from related parties (refer note 28)

**8. Income tax**

The major components of Income tax expense are:

**Amounts recognised in Statement of Profit and Loss:**

|   | For the year ended |                |
|---|--------------------|----------------|
|   | March 31, 2022     | March 31, 2021 |
| <b>Current tax</b>                                  |                    |                |
| - For the year                                      | 663                | 633            |
| - Adjustments for prior periods                     | 1                  | (4)            |
|   | <b>664</b>         | <b>629</b>     |
| <b>Deferred tax</b>                                 |                    |                |
| - Origination and reversal of temporary differences | 118                | (3)            |
| - Adjustments for prior periods                     | (29)               | -              |
|   | <b>89</b>          | <b>(3)</b>     |
| <b>Income tax expense</b>                           | <b>753</b>         | <b>626</b>     |

**Amounts recognised in Other Comprehensive Income:**

Deferred tax related to items charged or credited directly to Other Comprehensive Income during the year:

|  |            |          |
|--|------------|----------|
| - Remeasurement gains / (losses) on defined benefit plans              | (0)        | 1        |
| <b>Deferred Tax (credited) / charged to Other Comprehensive Income</b> | <b>(0)</b> | <b>1</b> |

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

|   | For the year ended |                |
|---|--------------------|----------------|
|   | March 31, 2022     | March 31, 2021 |
| Profit before tax                                       | 3,137              | 2,414          |
| Tax expense @ 25.168%                                   | 790                | 608            |
| <b>Effect of:</b>                                       |                    |                |
| Adjustment in respect to current tax of previous years  | 1                  | (4)            |
| Adjustment in respect to deferred tax of previous years | (29)               | -              |
| (Income) / expense not taxable / deductible (net)       | (9)                | 22             |
| <b>Income tax expense</b>                               | <b>753</b>         | <b>626</b>     |



**Nextra Data Limited****Notes to Financial Statements***(All amounts are in millions of Indian Rupee; unless stated otherwise)*

The analysis of deferred tax assets is as follows:

|  | As of                     |                |
|--|---------------------------|----------------|
|  | March 31, 2022            | March 31, 2021 |
| <b>Deferred tax asset</b>                              |                           |                |
| Allowance for impairment of debtors / advance          | 92                        | 127            |
| Employee share options                                 | 1                         | -              |
| Post employment benefits                               | 6                         | 5              |
| MTM Gains  | (1)                       | -              |
| Depreciation / amortisation on PPE / intangible assets | 396                       | 451            |
| <b>Net deferred tax asset</b>                          | <b>494</b>                | <b>583</b>     |
|  | <b>For the year ended</b> |                |
|  | March 31, 2022            | March 31, 2021 |
| <b>Deferred tax expense</b>                            |                           |                |
| Allowance for impairment of debtors / advance          | (35)                      | 11             |
| Employee share options                                 | 1                         | -              |
| Post employment benefits                               | 1                         | 1              |
| MTM Gains  | (1)                       | -              |
| Depreciation / amortisation on PPE / intangible assets | (55)                      | (9)            |
| <b>Net deferred tax (expense) / income</b>             | <b>(89)</b>               | <b>3</b>       |

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

|  | For the year ended |                |
|--|--------------------|----------------|
|  | March 31, 2022     | March 31, 2021 |
| <b>Opening balance</b>   | 583                | 579            |
| Tax (expense) / credit recognised in statement of profit or loss | (89)               | 3              |
| Tax (expense) / credit recognised in OCI                         | (0)                | 1              |
| <b>Closing balance</b>   | <b>494</b>         | <b>583</b>     |

**9. Other assets****Non-current**

|                  | As of          |                |
|------------------|----------------|----------------|
|                  | March 31, 2022 | March 31, 2021 |
| Prepaid expenses | -              | 1              |
| Capital advances | 10             | -              |
|                  | <b>10</b>      | <b>1</b>       |

*(This space has been intentionally left blank)*

**Nextra Data Limited**  
**Notes to Financial Statements**

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

**Current**

|                               | As of          |                |
|-------------------------------|----------------|----------------|
|                               | March 31, 2022 | March 31, 2021 |
| Taxes recoverable*            | 613            | 335            |
| Advances to suppliers (net)** | 106            | 463            |
| Prepaid expenses              | 6              | 949            |
| Others ^                      | 31             | 90             |
|                               | <b>756</b>     | <b>1,837</b>   |

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

\*\* Advance to Suppliers are disclosed net of provision of Rs. 24 and Rs. 28 as of March 31, 2022 and March 31, 2021 respectively.

^ Others majorly include earnest money deposits.

**10. Trade receivables**

|   | As of          |                |
|---|----------------|----------------|
|   | March 31, 2022 | March 31, 2021 |
| Trade receivable considered good - Unsecured* | 3,213          | 1,308          |
| Less: Allowances for doubtful receivables     | (337)          | (486)          |
|   | <b>2,876</b>   | <b>822</b>     |

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

Refer note 30.1(iii) for credit risk

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

|                         | For the year ended |                |
|-------------------------|--------------------|----------------|
|                         | March 31, 2022     | March 31, 2021 |
| Opening balance         | 486                | 393            |
| (Write off) / Additions | (149)              | 44             |
| Adjustments*            | -                  | 49             |
| Closing balance         | <b>337</b>         | <b>486</b>     |

\*Reclass from other provisions.

**Trade receivables ageing:**

**As of March 31, 2022**

|  | Outstanding for following periods from due date of payment |                   |           |           |                   |       |       |
|--|--|-------------------|-----------|-----------|-------------------|-------|-------|
| Not due  | Less than 6 months   | 6 months - 1 year | 1-2 Years | 2-3 years | More than 3 years | Total |       |
| Undisputed Trade receivables — considered good | 1,041  | 1,715             | 92        | 112       | 81                | 172   | 3,213 |
|  |  |                   |           |           |                   |       | 3,213 |
| Less: allowance for doubtful receivables       |  |                   |           |           |                   |       | (337) |
| Total Trade receivables                        |  |                   |           |           |                   |       | 2,876 |

**As of March 31, 2021**

|  | Outstanding for following periods from due date of payment |                   |           |           |                   |       |       |
|--|--|-------------------|-----------|-----------|-------------------|-------|-------|
| Not due  | Less than 6 months   | 6 months - 1 year | 1-2 Years | 2-3 years | More than 3 years | Total |       |
| Undisputed Trade receivables — considered good | 428  | 470               | 79        | 99        | 68                | 164   | 1,308 |
|  |  |                   |           |           |                   |       | 1,308 |
| Less: allowance for doubtful receivables       |  |                   |           |           |                   |       | (486) |
| Total Trade receivables                        |  |                   |           |           |                   |       | 822   |



**Nxtra Data Limited**  
**Notes to Financial Statements**

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

**11. Cash and bank balances**

| Cash and cash equivalents                                  | As of          |                |
|--|----------------|----------------|
|  | March 31, 2022 | March 31, 2021 |
| Balances with banks  |                |                |
| - On current accounts                                      | 224            | 124            |
| - Bank deposits with original maturity of 3 months or less | 1,645          | -              |
|  | <b>1,869</b>   | <b>124</b>     |

| Other Bank Balances | As of          |                |
|---------------------|----------------|----------------|
|                     | March 31, 2022 | March 31, 2021 |
| Margin Money^       | 8              | 8              |
|                     | <b>8</b>       | <b>8</b>       |

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

**12. Equity share capital**

|  | As of          |                |
|--|----------------|----------------|
|  | March 31, 2022 | March 31, 2021 |
| <b>Authorised shares</b>                           |                |                |
| 312,000,000 (March 31, 2021- 312,000,000)          |                |                |
| equity shares of Rs. 10 each                       | 3,120          | 3,120          |
| <b>Issued, Subscribed and fully paid-up shares</b> |                |                |
| 9,017,867 (March 31, 2021- 9,017,867)              |                |                |
| equity shares of Rs. 10 each                       | 90             | 90             |
|  | <b>90</b>      | <b>90</b>      |

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

|   | For the year ended    |           |                       |           |
|---|-----------------------|-----------|-----------------------|-----------|
|   | March 31, 2022        |           | March 31, 2021        |           |
|   | No. of shares in '000 | Amount    | No. of shares in '000 | Amount    |
| At the beginning of the year              | 9,018                 | 90        | 9,018                 | 90        |
| Issued during the year*                   | -                     | -         | 0                     | 0         |
| <b>Outstanding at the end of the year</b> | <b>9,018</b>          | <b>90</b> | <b>9,018</b>          | <b>90</b> |

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

**b. Rights, preferences and restrictions attached to Shares**

The Company has only one class of equity shares having par value of Rs. 10 per share. 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 holders 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.





**Nxtra Data Limited****Notes to Financial Statements***(All amounts are in millions of Indian Rupee; unless stated otherwise)***c. Details of shareholders (as per the register of shareholders) holding more than 5% shares in the Company (including shares held by holding company and its subsidiary)**

|  | As of                 |           |                       |           |
|--|-----------------------|-----------|-----------------------|-----------|
|  | March 31, 2022        |           | March 31, 2021        |           |
|  | No. of shares in '000 | % holding | No. of shares in '000 | % holding |
| <b>Equity shares of Rs 10 each fully paid up</b> |                       |           |                       |           |
| Bharti Airtel Limited (Holding Company)          | 5,105                 | 57%       | 5,050                 | 56%       |
| Nettle Infrastructure Investment Limited         | 3,913                 | 43%       | 3,968                 | 44%       |

**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                     | 5,105         | 57%               | 1.09%                    |
| 2                    | Nettle Infrastructure Investments Limited | 3,913         | 43%               | -1.39%                   |

| As of March 31, 2021 |   |               |                   |                          |
|----------------------|---|---------------|-------------------|--------------------------|
| S No.                | Promoter Name                             | No. of shares | % of total shares | % Change during the year |
| 1                    | Bharti Airtel Limited                     | 5,050         | 56%               | -                        |
| 2                    | Nettle Infrastructure Investments Limited | 3,968         | 44%               | -                        |

**13. Other Equity**

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

**14. Borrowings****Non-current**

| Unsecured                              | As of          |                |
|--|----------------|----------------|
|  | March 31, 2022 | March 31, 2021 |
| Term loans                             | -              | 3,157          |
|  | -              | <b>3,157</b>   |
| Less: Interest accrued (refer note 16) | -              | (7)            |
|  | -              | <b>3,150</b>   |



**Nxtra Data Limited**  
**Notes to Financial Statements**

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

**Current**

|                     | As of          |                |
|---------------------|----------------|----------------|
|                     | March 31, 2022 | March 31, 2021 |
| <b>Unsecured</b>    |                |                |
| Term Loan           | -              | 1,250          |
| Commercial papers * | 2,343          | -              |
|                     | <b>2,343</b>   | <b>1,250</b>   |

\* Refer Note no 4(b).

**Analysis of borrowings**

The details given below are gross of debt origination cost.

**14.1 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 (range) | Type of borrowing | Frequency of installments | Number of installments outstanding per facility * | Within one year | Between one and two years | Between two and five years |
| <b>Commercial paper ^</b> | 5.4%                  | Fixed             | One time                  | One time  | 2,450           | -                         | -                          |
|                           |                       |                   |                           |   | <b>2,450</b>    |                           |                            |

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

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

^ The borrowings are in INR.

**15. Derivative financial liabilities**

|                      | As of          |                |
|----------------------|----------------|----------------|
|                      | March 31, 2022 | March 31, 2021 |
| Embedded derivatives | 78             | 181            |
|                      | <b>78</b>      | <b>181</b>     |

(This space has been intentionally left blank)





**Nxtra Data Limited**  
**Notes to Financial Statements**

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

**16. Other financial liabilities**

**Non-Current**

|                              | As of          |                |
|------------------------------|----------------|----------------|
|                              | March 31, 2022 | March 31, 2021 |
| Liability component of CCPS* | 17,802         | 6,819          |
|                              | <b>17,802</b>  | <b>6,819</b>   |

\* Refer Note no 4(a).

**Current**

|                                      | As of          |                |
|--------------------------------------|----------------|----------------|
|                                      | March 31, 2022 | March 31, 2021 |
| Payables against capital expenditure | 1,494          | 498            |
| Employee payables                    | 39             | 28             |
| Interest accrued                     | -              | 7              |
| Others                               | 2              | 2              |
|                                      | <b>1,535</b>   | <b>535</b>     |

**17. Provisions**

**Non-Current**

|                         | As of          |                |
|-------------------------|----------------|----------------|
|                         | March 31, 2022 | March 31, 2021 |
| Gratuity                | 21             | 23             |
| Long term service award | 1              | 2              |
|                         | <b>22</b>      | <b>25</b>      |

**Current**

|                         | As of          |                |
|-------------------------|----------------|----------------|
|                         | March 31, 2022 | March 31, 2021 |
| Gratuity                | 6              | 2              |
| Compensated absence     | 12             | 10             |
| Other employee benefits | 1              | 5              |
|                         | <b>19</b>      | <b>17</b>      |

Refer note 23 for movement of provision towards employee benefits.

**18. Trade payables**

|  | As of          |                |
|--|----------------|----------------|
|  | March 31, 2022 | March 31, 2021 |
| Due to micro enterprises and small enterprises | 11             | 49             |
| Others*  | 2,020          | 2,777          |
|  | <b>2,031</b>   | <b>2,826</b>   |

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



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

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

| S No. | Particulars  | 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   | 11                 | 49             |
| 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 | 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 (A)            | -        | 11   | -         | -         | -                 | 11    |
| (ii) Others (B)  | 1,840    | 157  | 17        | 3         | 3                 | 2,020 |
| (iii) Disputed dues to micro and small enterprises (C) | -        | -  | -         | -         | -                 | -     |
| (iv) Disputed dues - Others (D)                        | -        | -  | -         | -         | -                 | -     |
| Total dues to micro and small enterprises (A + C)      |          |  |           |           |                   | 11    |
| Total Others (B + D)                                   |          |  |           |           |                   | 2,020 |

**As of March 31, 2021**

| Particulars  | Unbilled | 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 (A)            | -        | 49   | 0         | 0         | -                 | 49    |
| (ii) Others (B)  | 1,524    | 1,069  | 180       | 1         | 3                 | 2,777 |
| (iii) Disputed dues to micro and small enterprises (C) | -        | -  | -         | -         | -                 | -     |
| (iv) Disputed dues - Others (D)                        | -        | -  | -         | -         | -                 | -     |
| Total dues to micro and small enterprises (A + C)      |          |  |           |           |                   | 49    |
| Total Others (B + D)                                   |          |  |           |           |                   | 2,777 |



**Nxtra Data Limited**  
**Notes to Financial Statements**

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

**19. Other liabilities**

**Current**

|                        | <b>As of</b>          |                       |
|------------------------|-----------------------|-----------------------|
|                        | <b>March 31, 2022</b> | <b>March 31, 2021</b> |
| Taxes Payable *        | 55                    | 50                    |
| Advance from customers | 43                    | 47                    |
| Others                 | 1                     | 1                     |
|                        | <b>99</b>             | <b>98</b>             |

\* It mainly pertains to Goods & Services Tax ('GST') payable.

**20. Commitments**

**Capital Commitments**

The Company has contractual commitments towards capital expenditure (net of related advance) of Rs. 3,159 and Rs. 4,317 as of March 31, 2022 and March 31, 2021, respectively.

**21. Revenue from operations**

|                  | <b>For the year ended</b> |                       |
|------------------|---------------------------|-----------------------|
|                  | <b>March 31, 2022</b>     | <b>March 31, 2021</b> |
| Service revenue  | 13,155                    | 10,915                |
| Sale of products | 178                       | 176                   |
|                  | <b>13,333</b>             | <b>11,091</b>         |

**Disaggregation of revenue**

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

|   | <b>For the year ended</b> |                       |
|---|---------------------------|-----------------------|
|   | <b>March 31, 2022</b>     | <b>March 31, 2021</b> |
| <b>Geographical Markets</b>             |                           |                       |
| India                                   | 12,945                    | 10,892                |
| Outside India                           | 388                       | 199                   |
|   | <b>13,333</b>             | <b>11,091</b>         |
| <b>Major Product / Services lines</b>   |                           |                       |
| Data centre and managed services        | 13,155                    | 10,915                |
| Others                                  | 178                       | 176                   |
|   | <b>13,333</b>             | <b>11,091</b>         |
| <b>Timing of Revenue Recognition</b>    |                           |                       |
| Products transferred at a point in time | 178                       | 176                   |
| Services transferred over time          | 13,155                    | 10,915                |
|   | <b>13,333</b>             | <b>11,091</b>         |



**Nxtra Data Limited**  
**Notes to Financial Statements**

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

**Contract Balances**

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

|                  | <b>As of</b>          |                       |
|------------------|-----------------------|-----------------------|
|                  | <b>March 31, 2022</b> | <b>March 31, 2021</b> |
| Unbilled revenue | 767                   | 30                    |
| Deferred revenue | 81                    | 85                    |

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

|   | <b>For the year ended</b> |                         |
|---|---------------------------|-------------------------|
|   | <b>March 31, 2022</b>     |                         |
|   | <b>Unbilled revenue</b>   | <b>Deferred revenue</b> |
| Revenue recognised that was included in deferred revenue at the beginning of the year   | -                         | 54                      |
| Increases due to cash received, excluding amounts recognised as revenue during the year | -                         | 50                      |
| Transfers from unbilled revenue recognised at the beginning of the year to receivables  | 30                        | -                       |

**22. Data centre operating expenses**

|                        | <b>For the year ended</b> |                       |
|------------------------|---------------------------|-----------------------|
|                        | <b>March 31, 2022</b>     | <b>March 31, 2021</b> |
| Electricity and water  | 5,678                     | 5,035                 |
| Rent                   | 229                       | 384                   |
| Repair and maintenance | 1,015                     | 1,018                 |
| Others *               | 247                       | (202)                 |
|                        | <b>7,169</b>              | <b>6,235</b>          |

\* It includes charged towards leased line charges, security and insurance.

**23. Employee benefits expense**

|   | <b>For the year ended</b> |                       |
|---|---------------------------|-----------------------|
|   | <b>March 31, 2022</b>     | <b>March 31, 2021</b> |
| Salaries and wages                              | 216                       | 225                   |
| Contribution to provident and other funds       | 13                        | 10                    |
| Staff welfare expenses                          | 19                        | 19                    |
| Defined benefit plan / other long term benefits | 9                         | 9                     |
| Share based payment expense                     | 1                         | -                     |
|   | <b>258</b>                | <b>263</b>            |



### 23.1 Share-based payment plans

The following table provides an overview of all existing share option plans of the Company:

| <b>Scheme</b>                      | <b>Plan</b> | <b>Vesting Period (years)</b> | <b>Contractual terms</b> |
|------------------------------------|-------------|-------------------------------|--------------------------|
| <b><u>Equity Settled Plans</u></b> |             |                               |                          |
| Scheme I                           | 2021 Plan   | 1 - 4                         | 7                        |

The stock options vesting are subject to service and certain performance conditions mainly pertaining to certain financial parameters.

The movement in the number of stock options and the related weighted average exercise prices are as follows:

|                                  | <b>For the year ended</b>             |  |                                       |  |
|----------------------------------|---------------------------------------|--|---------------------------------------|--|
|                                  | <b>March 31, 2022</b>                 |  | <b>March 31, 2021</b>                 |  |
|                                  | <b>Number of share options ('000)</b> | <b>Weighted average exercise price (Rs.)</b> | <b>Number of share options ('000)</b> | <b>Weighted average exercise price (Rs.)</b> |
| <b>2021 Plan</b>                 |                                       |  |                                       |  |
| Outstanding at beginning of year | -                                     | -  | -                                     | -  |
| Granted                          | 16                                    | 5,780  | -                                     | -  |
| Exercised                        | -                                     | -  | -                                     | -  |
| Forfeited / expired              | (1)                                   | -  | -                                     | -  |
| Outstanding at end of year       | 15                                    | 5,780  | -                                     | -  |
| Exercisable at end of year       | -                                     | -  | -                                     | -  |

The details of weighted average remaining contractual life, weighted average fair value and weighted average share price for the options are as follows:

| <b>Weighted average</b>  | <b>March 31, 2022</b> | <b>March 31, 2021</b> |
|--|-----------------------|-----------------------|
| Remaining contractual life for the options outstanding as of (years) | 6.54                  | -                     |
| Fair value for the options granted during the year ended (Rs.)       | 990                   | -                     |
| Share price for the options exercised during the year ended (Rs.)    | -                     | -                     |

The fair value of options is measured using Black-Scholes valuation model. The key inputs used in the measurement of the grant date fair valuation of equity settled plans is given in the table below:

|                                    | <b>For the year ended</b> |                       |
|------------------------------------|---------------------------|-----------------------|
|                                    | <b>March 31, 2022</b>     | <b>March 31, 2021</b> |
| Risk free interest rates           | 5.34% to 6.19%            | -                     |
| Expected life                      | 48 to 84 months           | -                     |
| Volatility                         | 24%                       | -                     |
| Dividend yield                     | 0%                        | -                     |
| Exercise price (Rs.)               | 5,780                     | -                     |
| Weighted average share price (Rs.) | 4,232                     | -                     |

**Nxtra Data Limited**  
**Notes to Financial Statements**

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

The expected life of the stock options is based on the Company's expectations and is not necessarily indicative of exercise patterns that may actually occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the expected life of the options is indicative of future trends, which may not necessarily be the actual outcome. Further, the expected volatility is based on the weighted average volatility of the comparable benchmark companies.

## 23.2 Employee benefits

The details of significant defined benefit obligations are as follows:

|  | For the Year Ended |                      |                |                      |
|--|--------------------|----------------------|----------------|----------------------|
|  | March 31, 2022     |                      | March 31, 2021 |                      |
|  | Gratuity           | Compensated absences | Gratuity       | Compensated absences |
| <b>Obligation:</b>                     |                    |                      |                |                      |
| Obligation as at beginning of the year | 25                 | 10                   | 22             | 9                    |
| Current service cost                   | 4                  | 4                    | 4              | 2                    |
| Interest cost                          | 2                  | 1                    | 2              | 1                    |
| Benefits paid                          | (3)                | (2)                  | (9)            | (2)                  |
| Transfer                               | 1                  | 1                    | 2              | -                    |
| Remeasurements                         | (2)                | (2)                  | 4              | -                    |
| <b>Present value of obligation</b>     | <b>27</b>          | <b>12</b>            | <b>25</b>      | <b>10</b>            |
| <b>Current portion</b>                 | <b>6</b>           | <b>12</b>            | <b>2</b>       | <b>10</b>            |
| <b>Non-current portion</b>             | <b>21</b>          | <b>-</b>             | <b>23</b>      | <b>-</b>             |

As of March 31, 2022, expected contributions for the next annual reporting period is Rs. 7.

### Amount recognised in Other Comprehensive Income

|   | For the year ended |                |
|---|--------------------|----------------|
|   | March 31, 2022     | March 31, 2021 |
| Gains / (Losses) from change in actuarial assumptions | 2                  | (4)            |
| <b>Remeasurements of defined benefit plans</b>        | <b>2</b>           | <b>(4)</b>     |

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

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

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

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

|                         | As of          |                |
|-------------------------|----------------|----------------|
|                         | March 31, 2022 | March 31, 2021 |
| Discount Rate           | 7.2%           | 6.8%           |
| Rate of salary increase | 7.0%           | 7.5%           |
| Rate of attrition       | 10% to 35%     | 0% to 17%      |
| Retirement age          | 58             | 58             |



### Sensitivity analysis

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

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

|                    | Change in | As of           |                |
|--------------------|-----------|-----------------|----------------|
|                    |           | March 31, 2022  | March 31, 2021 |
|                    |           | <b>Gratuity</b> |                |
| Discount Rate      | +1%       | (1)             | (2)            |
|                    | -1%       | 1               | 2              |
| Salary Growth Rate | +1%       | 1               | 2              |
|                    | -1%       | (1)             | (2)            |

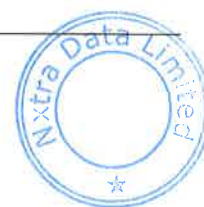
The above sensitivity analysis is determined based on a method that extrapolates the impact on the net defined benefit obligations, as a result of reasonable possible changes in the significant actuarial assumptions. Further, the above sensitivity analysis is based on a reasonably possible change in 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.

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

|                                      | As of          |                |
|--------------------------------------|----------------|----------------|
|                                      | March 31, 2022 | March 31, 2021 |
| Within one year                      | 6              | 2              |
| Within one - three years             | 9              | 5              |
| Within three - five years            | 5              | 2              |
| Above five years                     | 8              | 29             |
| Weighted average duration (in years) | 5.14           | 8.34           |

*(This space has been intentionally left blank)*





**Nxtra Data Limited**  
**Notes to Financial Statements**

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

**24. Other expenses**

|                                    | For the year ended |                |
|------------------------------------|--------------------|----------------|
|                                    | March 31, 2022     | March 31, 2021 |
| Legal & professional charges#      | 7                  | 7              |
| Sales & marketing expense          | 110                | 85             |
| Provision for doubtful receivables | (149)              | 44             |
| Cost of goods sold                 | 228                | 149            |
| Repair and maintenance             | 128                | 14             |
| Charity & donation^                | 29                 | 38             |
| Customer Care expenses             | 23                 | 35             |
| Rates, Fees and Taxes              | 12                 | 34             |
| Printing and Stationery            | 32                 | 29             |
| Other administrative expense*      | 5                  | 76             |
|                                    | <b>425</b>         | <b>511</b>     |

\* Other administrative expenses represent rent, consultancy charges and security expenses.

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

|                           | For the year ended |                |
|---------------------------|--------------------|----------------|
|                           | March 31, 2022     | March 31, 2021 |
| Audit fees                | 3                  | 1              |
| Reimbursement of Expenses | 0                  | 0              |
|                           | <b>3</b>           | <b>1</b>       |

**^ Additional information pertaining to Corporate Social Responsibility (CSR)**

|  | For the year ended                     |                              |
|--|--|------------------------------|
|  | March 31, 2022                         | March 31, 2021               |
| Amount required to be spent by the company during the year   | 29                                     | 15                           |
| Amount of expenditure incurred   | 29                                     | 35                           |
| Shortfall at the end of the year   | Nil                                    | Nil                          |
| Total of previous years shortfall  | Nil                                    | Nil                          |
| Reason for shortfall   | NA                                     | NA                           |
| Nature of CSR activities   | Promotion of Education                 | Promotion of art and culture |
| Details of related party transactions, e.g., contribution to a trust controlled by the company in relation to CSR expenditure as per relevant Accounting Standard                  | Contribution done to Bharti Foundation | NA                           |
| Where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year shall be shown separately | NA                                     | NA                           |

**25. Depreciation expense**

|                                 | For the year ended |                |
|---------------------------------|--------------------|----------------|
|                                 | March 31, 2022     | March 31, 2021 |
| Depreciation (including on ROU) | 2,455              | 1,773          |
|                                 | <b>2,455</b>       | <b>1,773</b>   |





**Nxtra Data Limited**  
**Notes to Financial Statements**

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

**26. Finance costs**

|                                     | For the year ended |                |
|-------------------------------------|--------------------|----------------|
|                                     | March 31, 2022     | March 31, 2021 |
| Interest expense                    | 134                | 147            |
| Interest expense- lease liabilities | 103                | 83             |
| Other finance charges               | 0                  | 1              |
| Net exchange loss / (gain)          | (8)                | 10             |
|                                     | <b>229</b>         | <b>241</b>     |

**27. 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 |
| Profit attributable to equity shareholder as per statement of profit and loss (A)                  | 2,384              | 1,788          |
| Weighted average number of equity shares for calculation of basic / diluted EPS (in thousands) (B) | 10,413             | 9,539          |
| <b>Earning per share</b>   |                    |                |
| Equity share of face value Rs 10 per share   |                    |                |
| Basic / diluted earnings per share (A)/(B)   | 228.99             | 187.44         |

**28. Related party transactions**

List of related parties

**(i) Holding Company**

Bharti Airtel Limited

**(ii) Ultimate controlling entity**

Bharti Enterprises (Holding) Private Limited. It is held by private trusts of Bharti family, with Mr. Sunil Bharti Mittal's family trust effectively controlling the said company.

**(iii) Fellow Subsidiaries**

Bharti Hexacom Limited  
 Bharti Telemedia Limited  
 Telesonic Networks Limited  
 Indo Teleports Limited  
 Bharti Airtel (Hongkong) Ltd.  
 Bharti Airtel (UK) Ltd.  
 Bharti Airtel (USA) Ltd.  
 Bharti Airtel International (Netherlands) B.V.  
 Bharti Airtel Services Limited  
 Airtel (Seychelles) Limited  
 Airtel Congo (RDC) S.A.  
 Airtel Congo S.A.  
 Airtel Digital Limited  
 Airtel Gabon S.A.  
 Airtel Madagascar S.A.  
 Airtel Malawi Limited  
 Airtel Networks Kenya Limited



**Nxtra Data Limited**  
**Notes to Financial Statements**

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

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Airtel Networks Ltd.  
Airtel Networks Zambia Plc  
Airtel Rwanda Limited  
Airtel Tanzania Limited  
Airtel Tchad S.A.  
Airtel Uganda Limited  
Celtel Niger S.A.

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

**Fellow Joint Ventures**

Indus Towers Limited

**Fellow Associates**

Airtel Payments Bank Limited

**(v) Other related parties\***

Aban Green Power Private Limited  
Beetel Teletech Limited (Formerly Known As Brightstar Telecommunication India Limited)  
Bharti AXA Life Insurance Company Limited  
Bharti Global Limited  
Bharti Land Ltd  
Bharti Real Estates Limited  
Bharti Realty Limited (Formerly Bharti Realty Private Limited)  
Centum Learning Limited  
Greenenergy Wind Corporation Private Limited  
CA Cloud Investments  
Bharti Realty Holdings Limited  
Deber Technologies Private Limited  
Bharti Foundation

**(vi) Key Management Personnel**

Rajesh Tapadia  
Kapil Jethlani (From September 1, 2021)  
Durgesh Pandey (Till August 31, 2021)

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

*(This space has been intentionally left blank)*



**Nextra Data Limited**  
**Notes to Financial Statements**

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

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

|  | For the Year ended |                     |   |                |                     |   |
|--|--------------------|---------------------|---|----------------|---------------------|---|
|  | March 31, 2022     |                     |   | March 31, 2021 |                     |   |
|  | Parent Company     | Fellow Subsidiaries | Entities having significant influence and Other related parties | Parent Company | Fellow Subsidiaries | Entities having significant influence and Other related parties |
| Rendering of services                      | 10,565             | 323                 | 170   | 9,286          | 197                 | 68  |
| Receiving of services                      | 698                | 23                  | 3   | 702            | 12                  | 128   |
| Reimbursement of energy expenses           | 4,245              | -                   | 375   | 4,223          | -                   | 132   |
| Expenses incurred on behalf of the Company | 202                | 0                   | -   | 144            | 4                   | -   |
| Expenses incurred on behalf of others      | 1                  | 2                   | -   | 3              | -                   | -   |
| Issuance of CCPS                           | -                  | -                   | 10,880  | -              | -                   | 7,000   |
| Loans taken                                | 32,367             | -                   | -   | 12,320         | -                   | -   |
| Repayment of loans taken                   | 32,367             | -                   | -   | 15,981         | -                   | -   |
| Donation                                   | -                  | -                   | 19  | -              | -                   | -   |

The significant transactions with related parties are as follows:

|   | For the year ended |                |
|---|--------------------|----------------|
|   | March 31, 2022     | March 31, 2021 |
| (i) <b>Rendering of services</b><br><b>Parent Company</b><br>Bharti Airtel Limited*                       | 10,565             | 9,286          |
| (ii) <b>Receiving of services</b><br><b>Parent Company</b><br>Bharti Airtel Limited                       | 698                | 702            |
| (iii) <b>Expenses incurred on behalf of the Company</b><br><b>Parent Company</b><br>Bharti Airtel Limited | 202                | 144            |
| (iv) <b>Reimbursement of energy expenses</b><br><b>Parent Company</b><br>Bharti Airtel Limited            | 4,245              | 4,223          |
| (v) <b>Loan taken</b><br><b>Parent Company</b><br>Bharti Airtel Limited                                   | 32,367             | 12,320         |
| (vi) <b>Repayment of loan taken</b><br><b>Parent Company</b><br>Bharti Airtel Limited                     | 32,367             | 15,981         |
| (vii) <b>Issuance of CCPS</b><br><b>Other related party</b><br>CA Cloud Investments                       | 10,880             | 7,000          |

\* Includes advance billing.



**Nxtra Data Limited**  
**Notes to Financial Statements**

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

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

|  | Parent<br>Company | Fellow<br>Subsidiaries | Entities having significant<br>influence and Other<br>related parties |
|--|-------------------|------------------------|---|
| <b>As of March 31, 2022</b>                        |                   |                        |   |
| Trade payables                                     | -                 | 2                      | 60  |
| Other financial liabilities (including derivative) | -                 | -                      | 17,880  |
| Trade receivables                                  | 1,450             | 271                    | 61  |
| Security deposit (asset)                           | 0                 | -                      | 78  |
| <b>As of March 31, 2021</b>                        |                   |                        |   |
| Trade payables                                     | 1,025             | 1                      | 47  |
| Other financial liabilities (including derivative) | -                 | -                      | 7,000   |
| Trade receivables                                  | -                 | 479                    | 85  |
| Security deposit (asset)                           | -                 | -                      | 51  |

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

**Transactions with KMP**

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

|                                       | <b>For the year ended</b> |                       |
|---------------------------------------|---------------------------|-----------------------|
|                                       | <b>March 31, 2022</b>     | <b>March 31, 2021</b> |
| Short-term employee benefits          | 23                        | 22                    |
| Performance linked incentive ('PLI')# | 3                         | 4                     |
| Post-employment benefits              | 1                         | 1                     |
| Share-based payment                   | 0                         | -                     |
|                                       | <b>27</b>                 | <b>27</b>             |

# Value of PLI considered above represents incentive at 100% performance level. However, same will be paid on the basis of actual performance parameters in next year. During the year ended March 31, 2022, PLI of Rs. 4 (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.

*(This space has been intentionally left blank)*



## 29. Leases

### Company as a lessee

#### Right-of-use assets ('ROU')

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

|                                     | Building     | Land         | Total        |
|-------------------------------------|--------------|--------------|--------------|
| <b>Balance as at April 1, 2020</b>  | <b>859</b>   | <b>465</b>   | <b>1,324</b> |
| Additions                           | -            | 310          | 310          |
| Depreciation expenses               | (195)        | (5)          | (200)        |
| <b>Balance as at March 31, 2021</b> | <b>664</b>   | <b>770</b>   | <b>1,434</b> |
| <b>Balance as at April 1, 2021</b>  | <b>664</b>   | <b>770</b>   | <b>1,434</b> |
| Additions                           | 989          | 1,094        | 2,083        |
| Depreciation expenses               | (239)        | (18)         | (257)        |
| Disposals / adjustments             | (45)         | -            | (45)         |
| <b>Balance as at March 31, 2022</b> | <b>1,369</b> | <b>1,846</b> | <b>3,215</b> |

- Building

The company's lease of building comprise of lease of property where data center is built.

- Land

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

#### Amounts recognised in profit or loss

|  | For the year ended |                |
|--|--------------------|----------------|
|  | March 31, 2022     | March 31, 2021 |
| <b>Leases under Ind AS 116</b>   |                    |                |
| Interest on lease liabilities  | 103                | 83             |
| Expenses relating to leases of low-value assets, excluding short-term leases of low value assets | 5                  | 3              |

#### Amounts recognised in statement of cash flows

|                                | For the year ended |                |
|--------------------------------|--------------------|----------------|
|                                | March 31, 2022     | March 31, 2021 |
| <b>Leases under Ind AS 116</b> |                    |                |
| Cash outflow for leases        | 182                | 669            |

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

|   | As of          |                |
|---|----------------|----------------|
|   | March 31, 2022 | March 31, 2021 |
| <b>Leases under Ind AS 116</b>                    |                |                |
| Not later than one year                           | 444            | 308            |
| Later than one year but not later than five years | 1,207          | 698            |
| Later than five years                             | 360            | 66             |
|   | <b>2,011</b>   | <b>1,072</b>   |

### 30. Financial and capital risk

#### 30.1 Financial risk

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

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

#### (i) Foreign currency risk

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

The foreign exchange risk management policy of the Company requires it to manage the foreign exchange risk by transacting as far as possible in the functional currency. Moreover, the Company monitors the movements in currencies in which the vendors are payable and manage any related foreign exchange risk, which inter-alia include entering into foreign exchange derivative contracts as considered appropriate and whenever necessary.

#### Foreign currency sensitivity

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

|  | Change in<br>currency exchange<br>rate | Effect on profit<br>before tax | Effect on<br>equity (OCI) |
|--|--|--------------------------------|---------------------------|
| <b>For the year ended March 31, 2022</b> |  |                                |                           |
| US Dollars                               | +5%                                    | 15                             | -                         |
| US Dollars                               | -5%                                    | (15)                           | -                         |
| <b>For the year ended March 31, 2021</b> |  |                                |                           |
| US Dollars                               | +5%                                    | 13                             | -                         |
| US Dollars                               | -5%                                    | (13)                           | -                         |

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





**Nxtra Data Limited**  
**Notes to Financial Statements**

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

The above sensitivity analysis is based on a reasonably possible change in the underlying foreign currency against the respective functional currency while assuming all other variables to be constant.

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

**(ii) Interest rate risk**

As the Company does not have exposure to any floating interest bearing assets, or any significant long-term fixed-interest bearing assets, its interest income and related cash inflows are not affected by changes in market interest rates. Consequently, the Company's interest rate risk arises mainly from borrowings.

**Borrowings**

Borrowings with floating and fixed interest rates expose the Company to cash flow and fair value interest rate risk respectively. However, the short-term borrowings of the Company do not have a significant fair value or cash flow interest rate risk due to their short tenure. Accordingly, the components of the debt portfolio are determined by the CSM in a manner which enables the Company to achieve an optimum debt-mix basis its overall objectives and future market expectations.

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

**Interest rate sensitivity of borrowings**

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

| Interest rate sensitivity                | Increase / decrease<br>in basis points | Effect on profit<br>before tax |
|--|--|--------------------------------|
| <b>For the year ended March 31, 2022</b> |  |                                |
| INR - borrowings                         | +100                                   | -                              |
|  | -100                                   | -                              |
| <b>For the year ended March 31, 2021</b> |  |                                |
| INR - borrowings                         | +100                                   | (44)                           |
|  | -100                                   | 44                             |

The sensitivity disclosed in the above table is attributable to floating-interest rate borrowings and the interest swaps.

**(iii) Credit risk**

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

The Company is exposed to credit risk mainly with respect to trade receivables, investment in bank deposits and mutual funds.





### **Trade receivables**

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

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

The Company uses a provision matrix to measure the expected credit loss of trade receivables, which comprise a very large numbers of small balances. Refer Note 10 for details on the impairment of trade receivables. Based on the industry practices and the business environment in which the entity operates, management considers that the trade receivables are impaired if the payments are more than 90 days past due.

|  | Neither past due<br>nor impaired | Past due but not impaired |                  |                  |                  | Total |
|--|----------------------------------|---------------------------|------------------|------------------|------------------|-------|
|  |                                  | Less than<br>30 days      | 30 to 60<br>days | 60 to 90<br>days | above<br>90 days |       |
| Trade Receivables as of March 31, 2022 | 1,037                            | 510                       | 925              | 236              | 168              | 2,876 |
| Trade Receivables as of March 31, 2021 | 303                              | 165                       | 127              | 165              | 62               | 822   |

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.

### **Financial Instruments and Cash Deposits**

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

#### **(iv) Price risk**

The Company invests its surplus funds in various mutual funds, 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.

#### **(v) Liquidity risk**

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

**Nextra Data Limited**  
**Notes to Financial Statements**

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

net operating cash flows and maintains an adequate level of cash and cash equivalents to finance the Company's operation and mitigate the effects of fluctuations in cash flows.

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

| Particulars                   | As of March 31, 2022 |           |                    |                |              |              | Total        |
|-------------------------------|----------------------|-----------|--------------------|----------------|--------------|--------------|--------------|
|                               | Carrying amount      | On Demand | Less than 6 months | 6 to 12 months | 1 to 2 years | > 2 years    |              |
| Interest bearing borrowings** | 2,343                | -         | -                  | 2,450          | -            | -            | 2,450        |
| Other financial liabilities ^ | 1,535                | -         | 1,535              | -              | -            | -            | 1,535        |
| Trade payables                | 2,031                | -         | 2,031              | -              | -            | -            | 2,031        |
| Lease liabilities*            | 1,639                | -         | 269                | 176            | 348          | 1,218        | 2,011        |
| <b>Financial liabilities</b>  | <b>7,548</b>         | <b>-</b>  | <b>3,835</b>       | <b>2,626</b>   | <b>348</b>   | <b>1,218</b> | <b>8,027</b> |

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

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

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

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

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:

| Balance sheet caption | Statement of cash flows line items                         | April 1, 2021 | Cash flows | Non cash changes     |                  |       | March 31, 2022 |
|-----------------------|--|---------------|------------|----------------------|------------------|-------|----------------|
|                       |  |               |            | Interest capitalised | Interest expense | Other |                |
| Borrowings            | Proceeds / repayments of borrowings (including short term) | 4,400         | (2,189)    | -                    | -                | 132   | 2,343          |
| Interest accrued      | Interest and other finance charges paid                    | 7             | (101)      | 92                   | 134              | (132) | (0)            |
| Lease liability       | Payment of lease liabilities                               | 906           | (1,408)    | -                    | 103              | 2,038 | 1,639          |



### 30.2 Capital Risk

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

|                                 | <b>As of</b>          |                       |
|---------------------------------|-----------------------|-----------------------|
|                                 | <b>March 31, 2022</b> | <b>March 31, 2021</b> |
| Borrowings                      | 2,343                 | 4,400                 |
| Less: Cash and Cash equivalents | 1,869                 | 124                   |
| <b>Net Debt</b>                 | <b>474</b>            | <b>4,276</b>          |
| Equity                          | 5,230                 | 2,841                 |
| <b>Total Capital</b>            | <b>5,230</b>          | <b>2,841</b>          |
| <b>Capital and Net Debt</b>     | <b>5,704</b>          | <b>7,117</b>          |
| Gearing Ratio                   | 8.31%                 | 60.08%                |

*(This space has been intentionally left blank)*



### 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:

|                                    |         | Carrying value as of |                | Fair value as of |                |
|------------------------------------|---------|----------------------|----------------|------------------|----------------|
|                                    | Level   | March 31, 2022       | March 31, 2021 | March 31, 2022   | March 31, 2021 |
| Financial assets                   |         |                      |                |                  |                |
| Fair value through profit and loss |         |                      |                |                  |                |
| Investments - quoted               | Level 1 | 150                  | 690            | 150              | 690            |
| Investments - unquoted             | Level 2 | 4                    | 4              | 4                | 4              |
| Amortised cost                     |         |                      |                |                  |                |
| Trade receivables                  |         | 2,876                | 822            | 2,876            | 822            |
| Cash and cash equivalents          |         | 1,869                | 124            | 1,869            | 124            |
| Other bank balances                |         | 8                    | 8              | 8                | 8              |
| Other financial assets             |         | 1,294                | 397            | 1,294            | 397            |
|                                    |         | 6,201                | 2,045          | 6,201            | 2,045          |
| Financial liabilities              |         |                      |                |                  |                |
| Fair value through profit and loss |         |                      |                |                  |                |
| Derivative Instruments             | Level 3 | 78                   | 181            | 78               | 181            |
| Amortised cost                     |         |                      |                |                  |                |
| Borrowings - fixed                 | Level 1 | 2,343                | -              | 2,343            | -              |
| Borrowings - floating              |         | -                    | 4,400          | -                | 4,400          |
| Trade payables                     |         | 2,031                | 2,826          | 2,031            | 2,826          |
| Other financial liabilities        |         | 19,337               | 7,354          | 19,337           | 7,354          |
|                                    |         | 23,789               | 14,761         | 23,789           | 14,761         |

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

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

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

The following table describes the key inputs used in the valuation (basis discounted cash flow technique) of Level 2 & Level 3 financial assets / liabilities as of March 31, 2022 and March 31, 2021:

| Financial assets / liabilities | Inputs used  |
|--------------------------------|--|
| Investments                    | Prevailing interest rates in market, inflation rates |
| Derivative Instruments         | Prevailing interest rates in market, inflation rates |

During the year ended March 31, 2022 and March 31, 2021, there were no transfers between Level 1 and Level 2 fair value measurements.



**Nxtra Data Limited**  
**Notes to Financial Statements**  
*(All amounts are in millions of Indian Rupee; unless stated otherwise)*

**32. Ratios**

The following are analytical ratios for the year ended March 31, 2022 and March 31, 2021

| Particulars                                      | Numerator   | Denominator   | March 31, 2022 | March 31, 2021 | % Variance | Reason for variance  |
|--|---|---|----------------|----------------|------------|--|
| Current Ratio - [no. of times]                   | Current Assets  | Current Liabilities   | 0.99           | 0.69           | 43%        | Increase on account of higher trade receivable and cash balance as of date.        |
| Debt-equity Ratio - [no. of times] *             | Non-Current borrowings (+) current borrowings (-) cash and cash equivalents | Equity  | 0.09           | 1.51           | -94%       | Decrease on account of repayment of borrowing during the year.                     |
| 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 | 1.63           | 1.30           | 25%        | Increase on account of higher profit during the year.                              |
| Return on equity ratio - [no. of times]          | Net Profit  | Average Equity  | 0.59           | 0.92           | -36%       | Decrease on account of higher average equity of the company during the year.       |
| Trade receivables turnover ratio - [no. of days] | Average trade receivables   | Revenue from operations / no of days for the period   | 51             | 34             | 49%        | Increase on account of higher debtors coupled with higher revenue from operations. |
| Net capital turnover ratio - [no. of times]      | Revenue from operations   | Working Capital (i.e. current assets - current liabilities)                                   | (140.31)       | (6.88)         | 1941%      | Increase on account of lower working capital during the year.                      |
| Net profit ratio (%)                             | Net Profit  | Revenue from operations   | 17.9%          | 16.1%          | 11%        | Not applicable.  |
| Return on capital employed (%)                   | EBIT  | Average Capital Employed #  | 46.3%          | 32.1%          | 44%        | Increase on account of higher EBIT and lower net debt during the year.             |
| Return on investment (%)                         | Income generated from investments   | Average current Investment (FVTPL)  | 0.9%           | 0.0%           | 3743%      | Increase on account of return on investment in current year.                       |

\* excluding lease liabilities

# Average Capital Employed = Average of (Equity + Net Debt)

Considering the principal activities of the company, inventory turnover ratio and trade payables turnover ratio are not relevant.

**Nxtra Data Limited****Notes to Financial Statements***(All amounts are in millions of Indian Rupee; unless stated otherwise)***33. Relationship with struck off companies**

| S No. | Name of the Struck off company                 | Nature of transactions | Relationship | Balance outstanding as of March 31, 2022 | Balance outstanding as of March 31, 2021 |
|-------|--|------------------------|--------------|--|--|
| 1     | Nature Conservancy Consultancy Private Limited | Payables               | Vendor       | 0  | 0  |
| 2     | Eco E Waste Recyclars India Pvt Ltd            | Payables               | Customer     | -  | 1  |
| 3     | Trackon Ewaste Recyclers Private Limited       | Receivables            | Customer     | 0  | 0  |



## **INDEPENDENT AUDITOR'S REPORT**

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

#### **Opinion**

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

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

#### **Basis for Opinion**

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

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

The Company's Board of Directors is responsible for the other information. The other information comprises the Board's Report including annexure to Board's Report, but does not include the financial statements and our auditor's report thereon.

- Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon
- In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.



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

### **Management's Responsibility for the Financial Statements**

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

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

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

### **Auditor's Responsibility for the Audit of the Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

### **Report on Other Legal and Regulatory Requirements**

1. As required by Section 143(3) of the Act, based on our audit we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c. The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive loss, the Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

- d. In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.
- e. On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164(2) of the Act.
- f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "**Annexure A**". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting
- g. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended,

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

- h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its Financial Statements.
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
    - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

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



**Nilesh H. Lahoti**

Partner  
(Membership No. 130054)  
UDIN: 21130054AAAACT6419

Place: New Delhi  
Date: June 03, 2021

**ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT**

**(Referred to in paragraph 1 (f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Nxtra Data Limited of even date)**

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

We have audited the internal financial controls over financial reporting of Nxtra Data Limited ("the Company") as of March 31, 2021 in conjunction with our audit of the Financial Statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

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

**Auditor's Responsibility**

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

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

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

### **Meaning of Internal Financial Controls Over Financial Reporting**

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

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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

### **Opinion**

In our opinion, to the best of our information and according to the explanations given to us the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, based on the criteria for internal financial control over financial reporting established by the respective Company considering the essential components of internal control stated in the Guidance Note.

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



**Nilesh H. Lahoti**

Partner

(Membership No. 130054)

UDIN: 21130054AAAACT6419

Place: New Delhi  
Date: June 03, 2021

**"ANNEXURE B" TO THE INDEPENDENT AUDITOR'S REPORT**

**(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Nxtra Data Limited of even date)**

- i. In respect of its fixed assets:
  - a) The Company has maintained proper records showing full particulars with respect to most of its fixed assets.
  - b) The Company has a program of verification of fixed assets to cover all the fixed assets items in a phased manner at reasonable intervals over a period of three years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, no fixed assets were physically verified by the Management during the year.
  - c) According to information and explanation given to us, the Company does not have any immovable properties and hence the provisions of the clause 3(i)(c) are not applicable.
- ii. During the year Company did not carried out physical verification of Inventory, considering it is insignificant in absolute value to overall operations of the Company.
- iii. According to information and explanation given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
- iv. In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities granted in respect of which provisions of Section 185 and 186 of the Companies Act, 2013 are applicable.
- v. According to the information and explanations given to us, the Company has not accepted deposits during the year and does not have any unclaimed deposits as at March 31, 2020 and therefore, the provisions of the clause 3 (v) of the Order are not applicable.
- vi. To the best of our knowledge and as explained, the central government has not prescribed maintenance of cost records under clause 148(1) of the Companies Act, 2013 for the services of the Company.
- vii. According to the information and explanations given to us, in respect of statutory dues:
  - (a) The Company is regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Goods and Services Tax, Customs Duty, cess and other material statutory dues applicable to it to the appropriate authorities.

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

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

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

- viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions, banks and government.
- ix. During the current year, the Company has not raised moneys by way of initial public offer or further public offer (including debt instruments). In our opinion and according to the information and explanations given to us, the term loans have been applied by the Company during the year for the purposes for which they were raised, other than temporary deployment pending application of proceeds.
- x. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- xi. In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- xii. The Company is not a Nidhi Company and hence reporting under clause 3 (xii) of the Order is not applicable.
- xiii. In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- xiv. In our opinion and according to the information and explanation given to us, the Company has made preferential allotment of compulsorily convertible preference shares during the year under review.

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

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



- b) the amounts raised have been applied by the Company during the year for the purpose for which the funds were raised i.e. to augment its working capital needs.
- xv. In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its holding company, or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.
- xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

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



**Nilesh H. Lahoti**

Partner  
(Membership No. 130054)  
UDIN: 21130054AAAACT6419

Place: New Delhi  
Date: June 03, 2021

## **Independent Auditor's Report**

**Nxtra Data Limited**

**Ind AS Financial Statements – March 2021**

| <b>Contents</b>   | <b>Page No.</b> |
|---|-----------------|
| <b>1. Independent Auditor's Report</b>  | <b>4</b>        |
| <b>2. Ind AS Financial Statements</b>   |                 |
| - Balance Sheet as of March 31, 2021 and March 31, 2020                               | 9               |
| - Statement of Profit and Loss for the year ended March 31, 2021 and March 31, 2020   | 10              |
| - Statement of Changes in Equity for the year ended March 31, 2021 and March 31, 2020 | 11              |
| - Statement of Cash Flows for the year ended March 31, 2021 and March 31, 2020        | 12              |
| - Notes to Financial Statements   | 13              |

## **Ind AS Financial Statements**

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

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

The accompanying notes 1 to 32 form an integral part of these financial statements.

As per our report of even date  
For Deloitte Haskins & Sells LLP  
Chartered Accountants  
(Firm's Registration No: 117366W / W-100018)



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

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

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

  
**Durgesh Pandey**  
Chief Financial Officer

  
**Harjeet Singh Kohli**  
Director  
DIN: 07575784

  
**Shvanganj Dajal**  
Company Secretary

Place: New Delhi  
Date: June 3, 2021

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

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

The accompanying notes 1 to 32 form an integral part of these financial statements.

As per our report of even date  
For Deloitte Haskins & Sells LLP  
Chartered Accountants  
(Firm's Registration No: 117366W / W-100018)



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

Place: New Delhi  
Date: June 3, 2021

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

  
**Rajesh Taparia**  
WTD & Chief Executive Officer  
DIN: 8391891
  
**Durgesh Pandey**  
Chief Financial Officer
  
**Harjeet Singh Kohli**  
Director  
DIN: 07575784
  
**Shivangni Bajaj**  
Company Secretary

Extra Data 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 | Securities premium                  | Deemed capital contribution | Retained earnings | Capital reserve | Total |              |
| As of April 1, 2019        | 9,018                   | -      | -                                   | 258                         | 186               | (189)           | 255   | 345          |
| Profit for the year        | -                       | -      | -                                   | -                           | 712               | -               | 712   | 712          |
| Other comprehensive loss   | -                       | -      | -                                   | -                           | (1)               | -               | (1)   | (1)          |
| Total comprehensive income | -                       | -      | -                                   | -                           | 711               | -               | 711   | 711          |
| As of March 31, 2020       | 9,018                   | 0      | 0                                   | 258                         | 897               | (189)           | 966   | 1,056        |
| Issue of Shares            | 0                       | 0      | 0                                   | -                           | -                 | -               | 0     | 0            |
| Profit for the year        | -                       | -      | -                                   | -                           | 1,788             | -               | 1,788 | 1,788        |
| Other comprehensive loss   | -                       | -      | -                                   | -                           | (3)               | -               | (3)   | (3)          |
| Total comprehensive income | -                       | -      | -                                   | -                           | 1,785             | -               | 1,785 | 1,785        |
| As of March 31, 2021       | 9,018                   | 0      | 0                                   | 58                          | 2,682             | (189)           | 2,751 | 2,841        |

\*Based on 10.1 lakh equity shares at Rs. 5.260 per share having a nominal value of Rs. 10 per share.

The accompanying notes 1 to 32 form an integral part of these financial statements.

As per our report of even date  
For Deloitte Haskins & Sells LLP  
Chartered Accountants  
(Firm's Registration No: 117366W / W-100018)



Nilesh H. Lahoti  
Partner  
Membership No: 130054

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

  
Rajesh Tapadia  
WTD & Chief Executive Officer  
UDIN: 0341841

  
Durgesh Pandey  
Chief Financial Officer

  
Harjeet Singh Kohli  
Director  
DIN: 07575784

  
Shwagati Bajjal  
Company Secretary

Place: New Delhi  
Date: June 3, 2021



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

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


The accompanying notes 1 to 32 form an integral part of these financial statements.


As per our report of even date  
**For Deloitte Haskins & Sells LLP**  
**Chartered Accountants**  
**(Firm's Registration No: 117366W / W-100018)**



**Nilesh H. Lahoti**  
 Partner  
 Membership No: 130014

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

  
**Rajesh Tapadia**  
 WTD & Chief Executive Officer  
 DIN: 0091201

  
**Durgesh Pandey**  
 Chief Financial Officer

  
**Harjeet Singh Kohli**  
 Director  
 DIN: 02525701

  
**Shivangni Bajaj**  
 Company Secretary

## **1. Corporate information**

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

The Company is principally engaged in the business of data center, managed services and sale of hardware.

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

### **2.1 Basis of preparation**

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

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

The financial statements are based on the classification provisions contained in Ind AS 1, 'Presentation of Financial Statements' and Division II of Schedule III of the Companies Act, 2013. Further, for the purpose of clarity, various items are aggregated in the Statement of Profit and Loss and Balance Sheet. Nonetheless, these items are disaggregated separately in the notes to the financial statements, where applicable or required.

All the amounts included in the financial statements are reported in millions of Indian Rupee ('Rupee' or 'Rs.') and are rounded to the nearest million, except per share data and unless stated otherwise. Further, due to rounding off, certain amounts are appearing as '0'.

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

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

To provide more reliable and relevant information about the effect of certain items in the Balance sheet and Statement of Profit and Loss, the Company has changed the classification of certain items. Previous year

figures have been re-grouped or reclassified, to confirm to such current year's grouping / classifications. There is no impact on Equity or Net Profit to these regrouping / reclassifications.

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

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

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

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

#### **Schedule III Division II**

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

### **2.2 Basis of measurement**

The financial statements have been prepared on the accrual and going concern basis, and the historical cost convention except where the Ind AS requires a different accounting treatment. The principal variations from the historical cost convention relate to financial instruments which are classified as fair value through profit or loss (refer note 2.8) – which are measured at fair value.

#### **Fair value measurement**

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

The Company is required to classify the fair valuation method of the financial / non-financial assets and liabilities, either measured or disclosed at fair value in the financial statements, using a three level

fair-value-hierarchy (which reflects the significance of inputs used in the measurement). Accordingly, the Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

Level 1: Quoted (unadjusted) prices for identical assets or liabilities in active markets

Level 2: Significant inputs to the fair value measurement are directly or indirectly observable

Level 3: Significant inputs to the fair value measurement are unobservable

## **2.3 Foreign currency transactions**

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

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

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

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

## **2.4 Current versus non-current classification**

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

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

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



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

## **2.5 Common control transactions**

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

## **2.6 Property, plant and equipment ('PPE')**

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

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

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

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



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

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

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

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

## **2.7 Impairment of non-financial assets**

### **PPE and Right-of-use assets**

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

For the purpose of impairment testing, the recoverable amount (that is, higher of the fair value less costs to sell and the value-in-use) is determined on an individual asset basis, unless the asset does not generate cash flows that are largely independent of those from other assets, in which case the recoverable amount is determined at the cash-generating-unit ('CGU') level to which the said asset belongs. If such individual assets or CGU are considered to be impaired, the impairment to be recognised in the statement of profit and loss is measured by the amount by which the carrying value of the asset / CGU exceeds their estimated recoverable amount and allocated on pro-rata basis. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets.

### **Reversal of impairment losses**

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



## **2.8 Financial instruments**

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

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

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

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

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

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

### **b. Measurement - Non-derivative financial instruments**

#### **I. Initial measurement**

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

#### **II. Subsequent measurement - financial assets**

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

##### **i. Financial assets measured at amortised cost**

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

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

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





### **Impairment**

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

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

### **III. Subsequent measurement - financial liabilities**

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

#### **c. Measurement – derivative financial instruments**

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

#### **d. Derecognition**

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

### **2.9 Leases**

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



### **Company as a lessee**

The Company recognises a ROU and a corresponding lease liability with respect to all lease agreements in which it is the lessee in the Balance Sheet. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the incremental borrowing rate (as the rate implicit in the lease cannot be readily determined). Lease liabilities include the net present value of fixed payments (including any in-substance fixed payments) and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Subsequently, the lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments including or when the lease contract is modified and the lease modification is not accounted for as a separate lease. The corresponding adjustment is made to the carrying amount of the ROU, or is recorded in profit or loss if the carrying amount of the related ROU has been reduced to zero and there is a further reduction in the measurement of the lease liability.

ROU are measured at cost comprising the amount of the initial measurement of lease liability, any lease payments made at or before the commencement date and any initial direct costs less any lease incentives received.

Subsequent to initial recognition, ROU are stated at cost less accumulated depreciation and any impairment losses and adjusted for certain remeasurements of the lease liability. Depreciation is computed using the straight-line method from the commencement date to the end of the useful life of the underlying asset or the end of the lease term, whichever is shorter. The estimated useful lives of ROU are determined on the same basis as those of the underlying asset.

In the Balance Sheet, the ROU and lease liabilities are presented separately. In the statement of profit and loss, interest expense on lease liabilities are presented separately from the depreciation charge for the ROU. Interest expense on the lease liability is a component of finance costs, which are presented separately in the statement of profit or loss. In the statement of cash flows, cash payments for the principal portion of lease payments and the interest portion of lease liability are presented as financing activities, and short-term lease payments and payments for leases of low-value assets and variable lease payments not included in the measurement of the lease liability, if any, as operating activities.

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



### **Short-term leases and leases of low-value assets**

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

### **Company as a lessor**

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

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

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

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

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

## **2.10 Taxes**

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

### **a. Current tax**

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

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

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

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

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

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

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

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

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

### **2.11 Inventories**

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



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

## **2.12 Cash and cash equivalents**

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

## **2.13 Share capital**

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

## **2.14 Employee benefits**

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

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

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

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

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

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

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

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

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

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

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

**2.15 Provisions**

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

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

**2.16 Contingencies**

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





## **2.17 Revenue recognition**

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

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

### **a) Service revenue**

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

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

### **b) Equipment sales**

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

### **c) Interest income**

The interest income is recognised using the EIR method.

## **2.18 Borrowing costs**

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

## **2.19 Exceptional items**

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





## **2.20 Dividends paid**

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

## **2.21 Earnings per share ('EPS')**

The Company presents the Basic and Diluted EPS.

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

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

## **2.22 Segment reporting**

The Company operates only in one business segment viz. to carry on the business of data centre, managed services, which is the only reportable segment. Accordingly, no further operating segment financial information is disclosed.

## **3. Key sources of estimation uncertainties and critical judgements**

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

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



### **3.1 Key sources of estimation uncertainties**

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

#### **a. Useful lives of PPE**

As described at note 2.6 above, the Company reviews the estimated useful lives of property, plant and equipment at the end of each reporting period. After considering market conditions, industry practice, technological developments and other factors, the Company determined that the current useful lives of its PPE remain appropriate. However, changes in economic conditions of the markets, competition and technology, among others, are unpredictable and they may significantly impact the useful lives of PPE and therefore the depreciation charges.

#### **b. Allowance for impairment of trade receivables**

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

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

#### **Determining the incremental borrowing rate for lease contracts**

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



**4. Significant transactions / new developments**

- a) The Company has entered into an Investment Agreement with CA Cloud Investments (formerly Comfort Investments II) ('investor'). In accordance with the said agreement, the investor will subscribe to 17,880,000 compulsorily convertible preference shares ('CCPS'), each at Rs. 1,000, and 10 equity shares, each at Rs. 5,780 (including securities premium of Rs. 5,770), of Nxtra Data Limited for an aggregate consideration of Rs. 17,880 in three separate tranches. During the year ended March 31, 2021, Nxtra Data Limited has received the first tranche of Rs. 7,000 and has allotted 7,000,000 CCPS and 10 equity shares to the investor. The same has been classified as liabilities (refer note 16).
- b) During the previous year ended March 31, 2020, the Company elected to exercise the option permitted under section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Act, 2019 to pay taxes at a lower rate subject to certain conditions. Accordingly, the Company has recognised provision for income tax and re-measured its deferred tax assets basis the rate prescribed in said section (refer note 8).
- c) The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. The Ministry of Labour and Employment ('Ministry') has issued draft of the Code on Social Security (Central) Rules, 2020 on November 13, 2020 and has invited suggestions from stakeholders which are under active consideration by the Ministry. However, the date on which the Code will come into effect has not been notified. The Company is assessing the impact of the Code and will record any related impact in the period the Code becomes effective.



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

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

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

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

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

**Nxtra Data Limited**  
**Notes to Financial Statements**  
*(All amounts are in millions of Indian Rupee; unless stated otherwise)*

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

|                                 | Building     | Plant and machinery | Office equipment | Total        |
|---------------------------------|--------------|---------------------|------------------|--------------|
| <b>Gross Carrying value</b>     |              |                     |                  |              |
| <b>As of April 1, 2019</b>      | -            | -                   | -                | -            |
| Additions                       | 1,135        | 1,524               | 1                | 2,660        |
| <b>As of March 31, 2020</b>     | <b>1,135</b> | <b>1,524</b>        | <b>1</b>         | <b>2,660</b> |
| Disposals / adjustments         | (10)         | 0                   | -                | (10)         |
| <b>As of March 31, 2021</b>     | <b>1,125</b> | <b>1,524</b>        | <b>1</b>         | <b>2,650</b> |
| <b>Accumulated depreciation</b> |              |                     |                  |              |
| <b>As of April 1, 2019</b>      | -            | -                   | -                | -            |
| Additions                       | 25           | 76                  | -                | 101          |
| <b>As of March 31, 2020</b>     | <b>25</b>    | <b>76</b>           | <b>-</b>         | <b>101</b>   |
| Additions                       | 57           | 169                 | 0                | 226          |
| Disposals / adjustments         | (1)          | -                   | -                | (1)          |
| <b>As of March 31, 2021</b>     | <b>81</b>    | <b>245</b>          | <b>0</b>         | <b>326</b>   |
| <b>Net carrying Amount</b>      |              |                     |                  |              |
| As of March 31, 2020            | 1,110        | 1,448               | 1                | 2,559        |
| As of March 31, 2021            | 1,044        | 1,279               | 1                | 2,324        |

## 6. Investment

### Non- current

#### Investments - FVTPL

Greenery Wind Corporation Pvt. Ltd. : 41,535 shares of Rs. 10 each  
 Aban Green Power Pvt. Ltd. : 47,155 shares of Rs. 10 each  
 Sugnaneshwara Hydel Power Pvt. Ltd. : 32,500 shares of Rs. 100 each

|  | As of          |                |
|--|----------------|----------------|
|  | March 31, 2021 | March 31, 2020 |
|  | 0              | 0              |
|  | 0              | 0              |
|  | 3              | 3              |
|  | <b>4</b>       | <b>4</b>       |

### Current

#### Investments - FVTPL

Mutual funds

|  |            |          |
|--|------------|----------|
|  | 690        | -        |
|  | <b>690</b> | <b>-</b> |

Aggregate book value of unquoted investments

4 4

Aggregate book value of quoted investments

690 -



## 7. Security Deposits

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

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

## 8. Income taxes

The major components of Income tax expense are:

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

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

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



**Nextra Data Limited**  
**Notes to Financial Statements**  
*(All amounts are in millions of Indian Rupee; unless stated otherwise)*

The analysis of deferred tax assets is as follows:

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

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

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





## 9. Other assets

### Non-current

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

### Current

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

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

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

## 10. Trade receivables

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

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

Refer note 30.1(iii) for credit risk

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

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

\*Reclass from other provisions.



## 11. Cash and bank balances

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

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

## 12. Financial Assets – Others

### Non-Current

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

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

### Current

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

## 13. Equity share capital

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



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

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

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

**b. Terms / rights attached to equity shares**

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

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

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

**14. Reserves and surplus**

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

**15. Borrowings**

**Non-current**

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



## Current

### Unsecured

Loan from holding company (refer note 28)

Term Loan

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

## Analysis of borrowings

The details given below are gross of debt origination cost.

### 15.1 Repayment terms of borrowings

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

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

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

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

^ The borrowing is taken at floating rate of interest.

## 16. Financial liabilities – Others

### Non-Current

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

\* Refer Note no 4(a).



**Current**

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

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

**17. Provisions**

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

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

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

**18. Trade payables**

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

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



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

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

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

**19. Other liabilities**

**Current**

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

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

**20. Commitments**

**Capital Commitments**

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



## 21. Revenue from operations

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

### Disaggregation of revenue

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

| Particulars                 | For the year ended |                |
|-----------------------------|--------------------|----------------|
|                             | March 31, 2021     | March 31, 2020 |
| <b>Geographical Markets</b> |                    |                |
| India                       | 10,892             | 10,624         |
| Others                      | 199                | 230            |
|                             | <b>11,091</b>      | <b>10,854</b>  |

### Major Product/ Services lines

|                                  | March 31, 2021 | March 31, 2020 |
|----------------------------------|----------------|----------------|
| Data centre and managed services | 10,572         | 10,537         |
| Others                           | 176            | 165            |
| Lease Rent                       | 343            | 152            |
|                                  | <b>11,091</b>  | <b>10,854</b>  |

### Timing of Revenue Recognition

|   | March 31, 2021 | March 31, 2020 |
|---|----------------|----------------|
| Products transferred at a point in time | 176            | 165            |
| Services transferred over time          | 10,915         | 10,689         |
|   | <b>11,091</b>  | <b>10,854</b>  |

### Contract Balances

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

|                  | As of          |                |
|------------------|----------------|----------------|
|                  | March 31, 2021 | March 31, 2020 |
| Unbilled revenue | 30             | 80             |
| Deferred revenue | 85             | 88             |





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

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

## 22. Data centre operating expenses

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

## 23. Employee benefits expenses

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

The details of significant defined benefit obligations are as follows:

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

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



**Amount recognised in other comprehensive income**

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

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

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

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

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

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

**Sensitivity analysis**

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

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

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

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



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

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

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

## 24. Other expenses

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

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

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

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

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



## 25. Depreciation expense

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

## 26. Finance costs

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

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

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

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

## 28. Related party transactions

List of related parties

### (i) Parent Company

Bharti Airtel Limited

### (ii) Ultimate controlling entity

Bharti Enterprises (Holding) Private Limited. It is held by private trusts of Bharti family, with Mr. Sunil Bharti Mittal's family trust effectively controlling the said company.



**(iii) Fellow Subsidiaries**

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

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

**Joint Venture**

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

**Associate**

Airtel Payments Bank Limited

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

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



Bharti Global Limited  
CA Cloud Investments

**(vii) Key Management Personnel**

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

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

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

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

The significant transactions with fellow subsidiaries are as follows:

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



**Nxtra Data Limited**  
**Notes to Financial Statements**  
*(All amounts are in millions of Indian Rupee; unless stated otherwise)*

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

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

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

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

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

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

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





## 29. Leases

### Company as a lessee

#### Right-of-use assets ('ROU')

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

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

#### Building

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

#### Leasehold Land

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

### Amounts recognised in profit or loss

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

### Amounts recognised in statement of cash flows

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

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

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

### Company as a lessor- operating lease

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



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

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

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

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

### 30. Financial and capital risk

#### 30.1 Financial risk

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

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

##### (i) Foreign currency risk

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



The foreign exchange risk management policy of the Company requires it to manage the foreign exchange risk by transacting as far as possible in the functional currency. Moreover, the Company monitors the movements in currencies in which the vendors are payable and manage any related foreign exchange risk, which inter-alia include entering into foreign exchange derivative contracts as considered appropriate and whenever necessary.

### Foreign currency sensitivity

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

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

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

The above sensitivity analysis is based on a reasonably possible change in the underlying foreign currency against the respective functional currency while assuming all other variables to be constant.

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

### (ii) Interest rate risk

As the Company does not have exposure to any floating interest bearing assets, or any significant long-term fixed-interest bearing assets, its interest income and related cash inflows are not affected by changes in market interest rates. Consequently, the Company's interest rate risk arises mainly from borrowings.

### Borrowings

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



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

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

#### **Interest rate sensitivity of borrowings**

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

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

#### **(iii) Credit risk**

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

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

#### **Trade receivables**

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

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

The Company uses a provision matrix to measure the expected credit loss of trade receivables, which comprise a very large numbers of small balances. Refer Note 10 for details on the impairment of trade receivables. Based on the industry practices and the business environment in which the entity operates, management considers that the trade receivables are credit impaired if the payments are more than 90 days past due.

**Nxtra Data Limited**  
**Notes to Financial Statements**  
*(All amounts are in millions of Indian Rupee; unless stated otherwise)*

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

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

**(iv) Liquidity risk**

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

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

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

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

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

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

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



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

### 30.2 Capital Risk

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

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

The Company monitors capital using a gearing ratio calculated as below:

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

### 31. COVID-19

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

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





Business Continuity Plan to ensure that its operations are not disrupted. The Company has considered a range of possible scenarios to understand potential outcomes on its business and plan appropriately.

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

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

### 32. Fair Value of financial assets and liabilities

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

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

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

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





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

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

During the year ended March 31, 2021 and March 31, 2020, there were no transfers between Level 1 and Level 2 fair value measurements. None of the financial assets and financial liabilities are in Level 3.

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**INDEPENDENT AUDITOR'S REPORT**

**TO THE MEMBERS OF NXTRA DATA LIMITED  
Report on the Audit of Financial Statements**

**Opinion**

We have audited the accompanying financial statements of Nextra Data Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "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, 2020, 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.

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

The Company's Board of Directors is responsible for the other information. The other information comprises the board's report including Annexures to the board's report, but does not include the financial statements and our auditor's report thereon.

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Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

When we read the director's report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance as required under SA 720 'The Auditor's responsibilities Relating to Other Information'

### **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:

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- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

#### **Report on Other Legal and Regulatory Requirements**

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

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- 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 the Ind AS specified under Section 133 of the Act.
- e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "**Annexure A**". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended,  
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 - Refer note 20(b) to the financial statements.
  - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
  - iii. There were no amounts, which were required to be transferred to the Investor Education and Protection Fund by the Company.

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

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



**Niles H. Lahoti**  
Partner  
(Membership No. 130054)

Place: Gurugram  
Date: June 22, 2020

UDIN: 20130054AAAAARS8962

**ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT**

**(Referred to in paragraph 1 (f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Nxtra Data Limited of even date)**

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

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

**Management's Responsibility for Internal Financial Controls**

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

**Auditor's Responsibility**

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

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

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

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### **Meaning of Internal Financial Controls Over Financial Reporting**

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

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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

### **Opinion**

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

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



**Nilesh H. Lahoti**  
Partner  
(Membership No. 130054)

Place: Gurugram  
Date: June 22, 2020

UDIN: 20130054AAAARS8962

**ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT**

**(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Nxtra Data Limited of even date)**

- i. In respect of its fixed assets:
  - (a) The Company has maintained proper records showing full particulars with respect to most of its fixed assets, and is in the process of updating quantitative and situation details with respect to certain fixed assets in the records maintained the Company.
  - (b) The Company has a program of verification of fixed assets to cover all the fixed assets items in a phased manner at reasonable intervals over a period of three years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, no fixed assets were physically verified by the management during the year.
  - (c) According to information and explanation given to us, the Company does not have any immovable properties and hence the provisions of the clause 3(i)(c) are not applicable.
- ii. According to information and explanation given to us, the inventories were physically verified during the year by the management at reasonable intervals and no material discrepancies were noticed on physical verification.
- iii. According to information and explanation given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
- iv. In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities granted in respect of which provisions of Section 185 and 186 of the Companies Act, 2013 are applicable.
- v. According to the information and explanations given to us, the Company has not accepted deposits during the year and does not have any unclaimed deposits as at March 31, 2020 and therefore, the provisions of the clause 3 (v) of the Order are not applicable.
- vi. To the best of our knowledge and as explained, the central government has not prescribed maintenance of cost records under clause 148(1) of the Companies Act, 2013 for the services of the Company.
- vii. According to the information and explanations given to us, in respect of statutory dues:
  - (a) The Company is regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Goods and Services Tax, Customs Duty, cess and other material statutory dues applicable to it to the appropriate authorities.
  - (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Goods and Services Tax, Customs Duty,

*mm*

cess and other material statutory dues in arrears as at March 31, 2020 for a period of more than six months from the date they became payable, except below:

| Name of the statute                   | Nature of dues  | Amount Involved (₹) | Period to which the amount relates |
|---------------------------------------|-----------------|---------------------|------------------------------------|
| Central Sales Tax Act, 1956           | Sales tax       | 566,292             | 2017-18                            |
| Maharashtra Value Added Tax Act, 2002 | Value Added Tax | 51,958              | 2018-19                            |
| Karnataka Value Added Tax Act, 2003   | Value Added Tax | 2,978               | 2018-19                            |

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

- viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions, banks and government.
- ix. During the current year, the Company has not raised moneys by way of initial public offer or further public offer (including debt instruments). In our opinion and according to the information and explanations given to us, the term loans have been applied by the Company during the year for the purposes for which they were raised, other than temporary deployment pending application of proceeds.
- x. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- xi. In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- xii. The Company is not a Nidhi Company and hence reporting under clause 3 (xii) of the Order is not applicable.
- xiii. In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- xiv. In our opinion and according to the information and explanation given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause 3 (xiv) of the Order is not applicable to the Company.
- xv. In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its holding company, or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.

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

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



**Nilesh H. Lahoti**  
Partner  
(Membership No. 130054)

Place: Gurugram  
Date: June 22, 2020

UDIN: 20130054AAAARS8962

**Nxtra Data Limited**

**IND AS Financial Statements**

**March 2020**



**Nxtra Data Limited**

**IND AS Financial Statements – March 2020**

| <b>Contents</b>   | <b>Page No.</b> |
|---|-----------------|
| <b>1. Independent Auditor's Report</b>                                      | <b>4</b>        |
| <b>2. IND AS Financial Statements</b>                                       |                 |
| - Balance Sheet as of March 31, 2020 and 2019                               | 9               |
| - Statement of Profit and Loss for the year ended March 31, 2020 and 2019   | 10              |
| - Statement of Changes in Equity for the year ended March 31, 2020 and 2019 | 11              |
| - Statement of Cash Flows for the year ended March 31, 2020 and 2019        | 12              |
| - Notes to Financial Statements   | 13              |



## **Independent Auditor's Report**













## **Ind AS Financial Statements**



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

|  | Notes | As of          |                |
|--|-------|----------------|----------------|
|  |       | March 31, 2020 | March 31, 2019 |
| <b>Assets</b>  |       |                |                |
| <b>Non-current assets</b>  |       |                |                |
| Property, plant and equipment  | 5     | 8,134          | 5,318          |
| Capital work-in-progress   | 5     | 1,273          | 2,916          |
| Right-of-use assets  | 29    | 1,324          | -              |
| <b>Financial assets</b>  |       |                |                |
| - Investments  | 6     | 4              | 4              |
| - Security deposits  | 7     | 226            | 224            |
| Income tax assets (net)  | 7     | 451            | 346            |
| Deferred tax assets (net)  | 8     | 579            | 435            |
| Other non-current assets   | 9     | 1              | 90             |
|  |       | <b>11,992</b>  | <b>9,333</b>   |
| <b>Current assets</b>  |       |                |                |
| Inventories  |       | 17             | -              |
| <b>Financial assets</b>  |       |                |                |
| - Trade receivables  | 10    | 1,244          | 5,934          |
| - Cash and cash equivalents  | 11    | 46             | 41             |
| - Others   | 12    | 80             | 49             |
| Other current assets   | 9     | 1,303          | 262            |
|  |       | <b>2,690</b>   | <b>6,286</b>   |
| <b>Total assets</b>  |       | <b>14,682</b>  | <b>15,619</b>  |
| <b>Equity and Liabilities</b>  |       |                |                |
| <b>Equity</b>  |       |                |                |
| Equity Share capital   | 13    | 90             | 90             |
| Other equity   |       | 966            | 378            |
|  |       | <b>1,056</b>   | <b>468</b>     |
| <b>Non-current liabilities</b>   |       |                |                |
| <b>Financial liabilities</b>   |       |                |                |
| - Borrowings   | 15    | 3,250          | -              |
| - Lease liabilities  |       | 900            | -              |
| - Others   | 16    | -              | 71             |
| Deferred revenue   | 21    | 25             | 49             |
| Provisions   | 17    | 19             | 15             |
|  |       | <b>4,194</b>   | <b>135</b>     |
| <b>Current liabilities</b>   |       |                |                |
| <b>Financial liabilities</b>   |       |                |                |
| - Borrowings   | 15    | 3,661          | 8,268          |
| - Current maturities of long-term borrowings   | 15    | 500            | -              |
| - Lease liabilities  |       | 213            | -              |
| - Trade payables   | 18    | -              | -              |
| - total outstanding dues of micro enterprises and small enterprises                      |       | 10             | 4              |
| - total outstanding dues of creditors other than micro enterprises and small enterprises |       | 3,351          | 1,654          |
| - Others   | 16    | 1,431          | 4,886          |
| Deferred revenue   | 21    | 63             | 87             |
| Provisions   | 17    | 13             | 12             |
| Other current liabilities  | 19    | 170            | 105            |
|  |       | <b>9,432</b>   | <b>15,016</b>  |
| <b>Total liabilities</b>   |       | <b>9,432</b>   | <b>15,016</b>  |
| <b>Total equity and liabilities</b>  |       | <b>13,626</b>  | <b>15,151</b>  |
|  |       | <b>14,682</b>  | <b>15,619</b>  |

The accompanying notes 1 to 32 form an integral part of these financial statements.

As per our report of even date  
For Deloitte Haskins & Sells LLP  
Chartered Accountants  
(Firm's Registration No: 117366W / W-100018)

*(Signature)*

Nitesh H. Lahoti  
Partner  
Membership No: 130054

Place: Gurugram

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

*(Signature)*  
Rajesh Tapadia  
WTD & Chief Executive Officer  
DIN: 0391891

*(Signature)*  
Durgesh Pandey  
Chief Financial Officer

*(Signature)*  
Badal Bagri  
Director  
DIN: 00367278

*(Signature)*  
Dhirej Arora  
Company Secretary

Date: June 22, 2020

*Certified true copy*



*(Signature)*

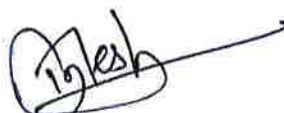
**Nextra Data Limited**  
**Statement of Profit and loss**

(All amounts are in millions of Indian Rupee ; except per share data)

|  | Notes | For the year ended |                |
|--|-------|--------------------|----------------|
|  |       | March 31, 2020     | March 31, 2019 |
| <b>Income</b>  |       |                    |                |
| Revenue from operations  | 21    | 10,854             | 8,518          |
| Other income   |       | 88                 | 39             |
|  |       | <u>10,942</u>      | <u>8,551</u>   |
| <b>Expenses</b>  |       |                    |                |
| Data centre operating expenses   | 22    | 7,353              | 5,880          |
| Employee benefits expense  | 23    | 187                | 137            |
| Other expenses   | 24    | 526                | 503            |
|  |       | <u>8,066</u>       | <u>6,520</u>   |
| <b>Profit from operating activities before depreciation and amortisation</b> |       | <b>2,876</b>       | <b>2,031</b>   |
| Depreciation and amortisation expense  | 25    | 1,798              | 1,242          |
| Finance costs  | 26    | 206                | 0              |
| Finance income   | 26    | (32)               | (2)            |
| <b>Profit before tax</b>   |       | <b>904</b>         | <b>791</b>     |
| <b>Tax expense / (credit)</b>  |       |                    |                |
| Current tax  | 8     | 285                | 441            |
| Deferred tax   | 8     | (93)               | (125)          |
| <b>Profit for the year</b>   |       | <b>712</b>         | <b>475</b>     |
| <b>Other comprehensive income</b>  |       |                    |                |
| Items not to be reclassified to profit or loss :                             |       |                    |                |
| - Re-measurement (loss) / gains on defined benefit plans                     | 23    | (1)                | 1              |
| - Tax credit / (charge)  | 8     | 0                  | (0)            |
| <b>Other comprehensive (loss) / income for the year</b>                      |       | <b>(1)</b>         | <b>1</b>       |
| <b>Total comprehensive income for the year</b>                               |       | <b>711</b>         | <b>476</b>     |
| <b>Earnings per share (Face value: Rs. 10 each)</b>                          |       |                    |                |
| Basic and diluted earnings per share   | 27    | 78.98              | 52.71          |

The accompanying notes 1 to 32 form an integral part of these financial statements.

As per our report of even date  
For Deloitte Haskins & Sells LLP  
Chartered Accountants  
(Firm's Registration No: 117366W / W-100018)




Nilesh H. Lahoti  
Partner  
Membership No: 130054

Place: Gurugram

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

  
Rajesh Tapadia  
WTD & Chief Executive Officer  
DIN: 8391891

  
Durgesh Pandey  
Chief Financial Officer

  
Badal Bagri  
Director  
DIN: 00367278

  
Dhiraaj Arora  
Company Secretary

Date: June 22, 2020



Certified true copy

  
NILESH H. LAHOTI  
NEW DELHI

**Nxtra Data 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<br>(In '000) | Amount | Additional capital<br>contribution  | Retained<br>earnings | Capital<br>reserve | Total |              |
| <b>As of April 1, 2018</b>   | 9,018                      | 90     | 258                                 | (165)                | (189)              | (96)  | (6)          |
| Profit for the year  | -                          | -      | -                                   | 475                  | -                  | 475   | 475          |
| Transfer from retained earnings to capital<br>reserve & working capital movement | -                          | -      | -                                   | (2)                  | 0                  | (2)   | (2)          |
| Other comprehensive income   | -                          | -      | -                                   | 1                    | -                  | 1     | 1            |
| <b>Total comprehensive income</b>  | -                          | -      | -                                   | 474                  | -                  | 474   | 474          |
| <b>As of March 31, 2019</b>  | 9,018                      | 90     | 258                                 | 309                  | (189)              | 378   | 468          |
| Transition impact on adoption of Ind AS 116 (Note 29)                            | -                          | -      | -                                   | (123)                | -                  | (123) | (123)        |
| <b>As of April 01, 2019</b>  | 9,018                      | 90     | 258                                 | 186                  | (189)              | 235   | 345          |
| Profit for the year  | -                          | -      | -                                   | 712                  | -                  | 712   | 712          |
| Other comprehensive loss   | -                          | -      | -                                   | (1)                  | -                  | (1)   | (1)          |
| <b>Total comprehensive income</b>  | -                          | -      | -                                   | 711                  | -                  | 711   | 711          |
| <b>As of March 31, 2020</b>  | 9,018                      | 90     | 258                                 | 897                  | (189)              | 968   | 1,056        |

The accompanying notes 1 to 32 form an integral part of these financial statements.

As per our report of even date  
For Deloitte Haskins & Sells LLP  
Chartered Accountants  
(Firm's Registration No: 117366W / W-100018)

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




Nilesh H. Lahoti  
Partner  
Membership No: 130054

Place: Gurugram

  
Rajesh Tapadia  
WTD & Chief Executive Officer  
DIN: 8391891

  
Durgesh Pandey  
Chief Financial Officer

Date: June 22, 2020

  
Badal Bagri  
Director  
DIN: 00367278

  
Dhiraaj Arora  
Company Secretary

Certified true copy





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

|  | For the year ended |                |
|--|--------------------|----------------|
|  | March 31, 2020     | March 31, 2019 |
| <b>Cash flows from operating activities</b>                                |                    |                |
| Profit before tax  |                    |                |
| Adjustments for:   | 904                | 791            |
| Depreciation and amortisation expense                                      |                    |                |
| Finance costs  | 1,798              | 1,242          |
| Finance income   | 206                | 0              |
| Other non-cash items   | (29)               | (2)            |
|  | 89                 | 59             |
| <b>Operating cash flow before changes in working capital</b>               | <b>2,968</b>       | <b>2,090</b>   |
| <b>Changes in working capital</b>  |                    |                |
| Trade receivables  |                    |                |
| Trade payables   | 4,618              | (4,348)        |
| Inventories  | 1,704              | 950            |
| Other financial and non-financial liabilities                              | (17)               | -              |
| Other financial and non-financial assets                                   | 885                | 2,167          |
|  | (984)              | 129            |
| <b>Net cash generated from operations before tax</b>                       | <b>9,154</b>       | <b>989</b>     |
| Income tax paid- net   | (389)              | (375)          |
| <b>Net cash generated from operating activities (a)</b>                    | <b>8,765</b>       | <b>614</b>     |
| <b>Cash flows from investing activities</b>                                |                    |                |
| Purchase of property, plant and equipment                                  |                    |                |
| Interest received  | (7,550)            | (5,540)        |
| Consideration for common control transaction                               | 12                 | 2              |
|  | -                  | 630            |
| <b>Net cash used in investing activities (b)</b>                           | <b>(7,538)</b>     | <b>(4,908)</b> |
| <b>Cash flows from financing activities</b>                                |                    |                |
| Proceeds from borrowings   | 16,918             | 6,730          |
| Repayment of borrowings  | (17,775)           | (2,403)        |
| Payment of lease liabilities   | (186)              | -              |
| Interest and other finance charges paid                                    | (179)              | -              |
| <b>Net cash (used in) / generated from financing activities (c)</b>        | <b>(1,222)</b>     | <b>4,327</b>   |
| <b>Net increase in cash and cash equivalents during the year (a+b+c)</b>   | <b>5</b>           | <b>33</b>      |
| Add : Cash and cash equivalents as at the beginning of the year            | 41                 | 8              |
| <b>Cash and cash equivalents as at the end of the year (refer note 11)</b> | <b>46</b>          | <b>41</b>      |

The accompanying notes 1 to 32 form an integral part of these financial statements.

As per our report of even date  
For Deloitte Haskins & Sells LLP  
Chartered Accountants  
(Firm's Registration No: 117366W / W-100018)



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

Place: Gurugram

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

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

  
**Durgesh Pandey**  
Chief Financial Officer

  
**Badal Bagri**  
Director  
DIN: 00367278

  
**Dhiraaj Arora**  
Company Secretary

Date: June 22, 2020

*Certified true Copy*



## **1. Corporate information**

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

The principal object of the Company is to carry on the business of data centre, managed services and sale of hardware.

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

### **2.1 Basis of preparation**

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

As at March 31, 2020, the current liabilities exceeded its current assets by Rs. 6,742 Mn (2018-19: Rs. 8,730 Mn) which includes deferred revenue of Rs. 63 Mn (2018-19: Rs. 87 Mn). Management has undertaken key initiatives to improve the profitability and reduce current assets and liability mismatch. These initiatives include rationalization of pass through charges and cost structure, negotiating the credit terms of capex vendors. Given its profile and past experience; Management expects that it will be able to access various source of funds (viz. banks / shareholders as deemed fit) as and to the extent required.

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

These financial statements are approved for issue by the Company's Board of Directors on June 22, 2020.

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

All the amounts included in the financial statements are reported in millions of Indian Rupee ('Rupee' or 'Rs.') and are rounded to the nearest million, except per share data and unless stated otherwise. Further, due to rounding off, certain amounts are appearing as '0'.



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

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

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

#### **New Standards and amendments adopted during the year**

The Company has applied the following Standards and amendments for the first time for their annual reporting period commencing April 1, 2019:

- Ind AS 116, Leases
- Appendix C to Ind AS 12, Uncertainty over Income Tax Treatments

#### **Ind AS 116, Leases**

MCA had notified Ind AS 116 'Leases' effective for annual reporting periods beginning on or after April 01, 2019. The Company has applied Ind AS 116 using the modified retrospective approach. The Company elected to apply the practical expedient included in Ind AS 116 and therefore retained its existent assessment under Ind AS 17 as to whether a contract entered or modified before April 01, 2019 contains a lease. Refer note 29 for impact of adoption of Ind AS 116. Also refer note 2.9 for accounting policy on 'leases'.

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

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

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities



- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

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

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

## **2.2 Basis of measurement**

The financial statements have been prepared on the accrual and going concern basis, and the historical cost convention except where the Ind AS requires a different accounting treatment. The principal variations from the historical cost convention relate to financial instruments which are classified as fair value through profit or loss (refer note 2.8) – which are measured at fair value.

### **Fair value measurement**

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

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

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

Level 1: Quoted (unadjusted) prices for identical assets or liabilities in active markets

Level 2: Significant inputs to the fair value measurement are directly or indirectly observable

Level 3: Significant inputs to the fair value measurement are unobservable



### **2.3 Foreign currency transactions**

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

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

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the closing exchange rate prevailing as at the reporting date with the resulting foreign exchange differences, on subsequent re-statement / settlement, recognised in the statement of profit and loss 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.

### **2.4 Current versus non-current classification**

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

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

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

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





## **2.5 Common control transactions**

Business combinations arising from transfers of interest / business in entities that are under the common control, are accounted at historical cost. The difference, between any consideration paid / received and the aggregate historical carrying amounts of underlying assets and liabilities acquired / disposed (other than impairment, if any), is recorded in capital reserve, a component of equity.

## **2.6 Property, plant and equipment ('PPE')**

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

Subsequent to initial recognition, PPE are stated at cost less accumulated depreciation and any impairment losses. When significant parts of PPE are required to be replaced at regular intervals, the Company recognises such parts as separate component of assets. When an item of PPE is replaced, then its carrying amount is 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 year in which such costs are incurred. However, in situations where the said expenditure can be measured reliably, and is probable that future economic benefits associated with it will flow to the Company, it is included in the asset's carrying value or as a separate asset, as appropriate.

Depreciation on PPE is computed using the straight-line method over the estimated useful lives. The management basis its past experience and technical assessment has estimated the useful life, which is at variance with the life prescribed in Part C of Schedule II of the Companies Act, 2013 and has accordingly, depreciated the assets over such useful life.

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

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



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

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

## **2.7 Impairment of non-financial assets**

### **PPE and Right-of-use assets**

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

For the purpose of impairment testing, the recoverable amount (that is, higher of the fair value less costs to sell and the value-in-use) is determined on an individual asset basis, unless the asset does not generate cash flows that are largely independent of those from other assets, in which case the recoverable amount is determined at the cash-generating-unit ('CGU') level to which the said asset belongs. If such individual assets or CGU are considered to be impaired, the impairment to be recognised in the statement of profit and loss is measured by the amount by which the carrying value of the asset / CGU exceeds their estimated recoverable amount and allocated on pro-rata basis. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets.

### **Reversal of impairment losses**

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

## **2.8 Financial Instruments**

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

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

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



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

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

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

## **b. Measurement - Non-derivative financial instruments**

### **I. Initial measurement**

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

### **II. Subsequent measurement - financial assets**

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

#### **i. Financial assets measured at amortised cost**

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost using the effective-interest rate ('EIR') method (if the impact of discounting / any transaction costs is significant). Interest income from these financial assets is included in 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 FVTPL. Interest (basis EIR method) income from financial assets at FVTPL is recognised in the statement of profit and loss within finance income separately from the other gains/ losses arising from changes in the fair value.

#### **Impairment**

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





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

### **III. Subsequent measurement - financial liabilities**

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

#### **c. Derecognition**

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

### **2.9 Leases**

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

#### **Company as a lessee**

On initial application of Ind AS 116, the Company recognised a lease liability measured at the present value of all the remaining lease payments, discounted using the lessee's incremental borrowing rate at April 1, 2019 whereas the Company has elected to measure ROU at its carrying amount as if Ind AS 116 had been applied since the lease commencement date, but discounted using the lessee's incremental borrowing rate at April 1, 2019.

For new lease contracts, the Company recognises a ROU and a corresponding lease liability with respect to all lease agreements in which it is the lessee in the Balance Sheet. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the incremental borrowing rate (as the rate implicit in the lease cannot be readily determined). Lease liabilities include the net present value of fixed payments (including any in-substance fixed payments) and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.



Subsequently, the lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments including or when the lease contract is modified and the lease modification is not accounted for as a separate lease. The corresponding adjustment is made to the carrying amount of the ROU, or is recorded in profit or loss if the carrying amount of the related ROU has been reduced to zero and there is a further reduction in the measurement of the lease liability.

ROU are measured at cost comprising the amount of the initial measurement of lease liability, any lease payments made at or before the commencement date and any initial direct costs less any lease incentives received.

Subsequent to initial recognition, ROU are stated at cost less accumulated depreciation and any impairment losses and adjusted for certain remeasurements of the lease liability. Depreciation is computed using the straight-line method from the commencement date to the end of the useful life of the underlying asset or the end of the lease term, whichever is shorter. The estimated useful lives of ROU are determined on the same basis as those of the underlying asset.

In the Balance Sheet, the ROU and lease liabilities are presented separately. In the statement of profit and loss, interest expense on lease liabilities are presented separately from the depreciation charge for the ROU. Interest expense on the lease liability is a component of finance costs, which are presented separately in the statement of profit or loss. In the statement of cash flows, cash payments for the principal portion of lease payments and the interest portion of lease liability are presented as financing activities, and short-term lease payments and payments for leases of low-value assets and variable lease payments not included in the measurement of the lease liability, if any, as operating activities.

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

#### **Short-term leases and leases of low-value assets**

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

#### **Company as a lessor**

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



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

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

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

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

## **2.10 Taxes**

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

### **a. Current tax**

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

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

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



accept an uncertain tax treatment, the entity reflects the effect of uncertainty in determining the related taxable profit (tax loss), tax bases, unused tax losses, unused tax credits or tax rates.

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

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying values in the financial statements. 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 Company considers the projected future taxable income and tax planning strategies in making this assessment.

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

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

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

#### **2.11 Inventories**

Inventories are stated at the lower of cost (determined using the first-in-first-out method) and net realisable value. The costs comprise its purchase price and any directly attributable cost of bringing the inventories to its present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

#### **2.12 Cash and cash equivalents**

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

#### **2.13 Share capital**

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



#### **2.14 Employee benefits**

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

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

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

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

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

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

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

The interest expense are calculated by applying the above mentioned discount rate to defined benefit obligations. The interest expense on the net defined benefit liability is recognised in the statement of profit and loss. However, the related re-measurements of the defined benefit obligations 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). Re-measurements are not re-classified to the statement of profit and loss in any of the subsequent periods.

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

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

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





method. The related re-measurements are recognised in the statement of profit and loss in the period in which they arise.

### **2.15 Provisions**

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

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

### **2.16 Contingencies**

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

### **2.17 Revenue recognition**

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

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

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

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

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

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

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



**c) Interest income**

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

**2.18 Borrowing costs**

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

**2.19 Exceptional items**

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

**2.20 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.

**2.21 Segment reporting**

The Company operates only in one business segment viz. to carry on the business of data centre, managed services, which is the only reportable segment. Accordingly, no further operating segment financial information is disclosed.

**3. Key sources of estimation uncertainties and critical judgements**

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



reporting date, or that occurred after that date but provide additional evidence about conditions existing as at the reporting date.

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

### **3.1 Key sources of estimation uncertainties**

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

#### **a. Useful lives of PPE**

As described at note 2.6 above, the Company reviews the estimated useful lives of property, plant and equipment at the end of each reporting period. After considering market conditions, industry practice, technological developments and other factors, the Company determined that the current useful lives of its PPE remain appropriate. However, changes in economic conditions of the markets, competition and technology, among others, are unpredictable and they may significantly impact the useful lives of PPE and therefore the depreciation charges.

#### **b. Allowance for impairment of trade receivables**

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

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

#### **Determining the incremental borrowing rate for lease contracts**

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





**4. Significant transactions / new developments**

The Company elected to exercise the option permitted under section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Act, 2019 to pay taxes at a lower rate subject to certain conditions. Accordingly, the Company has recognised provision for income tax and re-measured its deferred tax assets basis the rate prescribed in said section (refer note 8).

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**Nxtra Data Limited**  
**Notes to Financial Statements**

*(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 years ended March 31, 2020 and 2019:

|   | Leasehold land | Building | Plant and machinery | Furniture and fixtures | Office equipment | Computer | Leasehold improvements | Total  |
|---|----------------|----------|---------------------|------------------------|------------------|----------|------------------------|--------|
| <b>Gross Carrying value</b>                   |                |          |                     |                        |                  |          |                        |        |
| As of April 1, 2018                           | 483            | -        | 11,693              | 12                     | 1,074            | 167      | 419                    | 13,848 |
| Additions / capitalisation                    | -              | -        | 906                 | 1                      | 50               | 21       | 12                     | 990    |
| Disposals/adjustment                          | -              | -        | (114)               | -                      | (12)             | (6)      | (0)                    | (132)  |
| As of March 31, 2019                          | 483            | -        | 12,485              | 13                     | 1,112            | 182      | 431                    | 14,706 |
| As of April 1, 2019                           | 483            | -        | 12,485              | 13                     | 1,112            | 182      | 431                    | 14,706 |
| Transaction impact on adoption of IND AS 116* | (483)          | -        | -                   | -                      | -                | -        | -                      | (483)  |
| Adjusted balance as of April 1, 2019          | -              | -        | 12,485              | 13                     | 1,112            | 182      | 431                    | 14,223 |
| Additions                                     | -              | 1,135    | 3,669               | -                      | 64               | 26       | 2                      | 4,896  |
| Disposals/Adjustments                         | -              | -        | (80)                | -                      | (1)              | (1)      | -                      | (82)   |
| As of March 31, 2020                          | -              | 1,135    | 16,074              | 13                     | 1,175            | 207      | 433                    | 19,037 |
| <b>Accumulated depreciation</b>               |                |          |                     |                        |                  |          |                        |        |
| As of April 1, 2018                           | 8              | -        | 6,838               | 10                     | 876              | 139      | 353                    | 8,224  |
| Charge  | 5              | -        | 1,104               | 3                      | 120              | 38       | 15                     | 1,285  |
| Disposals/adjustment                          | -              | -        | (108)               | 0                      | (11)             | (2)      | (0)                    | (121)  |
| As of March 31, 2019                          | 13             | -        | 7,834               | 13                     | 985              | 175      | 368                    | 9,388  |
| As of April 1, 2019                           | 13             | -        | 7,834               | 13                     | 985              | 175      | 368                    | 9,388  |
| Transaction impact on adoption of IND AS 116* | (13)           | -        | -                   | -                      | -                | -        | -                      | (13)   |
| Adjusted balance as of April 1, 2019          | -              | -        | 7,834               | 13                     | 985              | 175      | 368                    | 9,375  |
| Charge  | -              | 25       | 1,422               | -                      | 106              | 31       | 14                     | 1,598  |
| Disposals/adjustment                          | -              | (0)      | (69)                | (0)                    | (1)              | -        | (0)                    | (70)   |
| As of March 31, 2020                          | -              | 25       | 9,187               | 13                     | 1,090            | 206      | 382                    | 10,903 |
| <b>Net carrying Amount</b>                    |                |          |                     |                        |                  |          |                        |        |
| As of March 31, 2019                          | 470            | -        | 4,651               | 0                      | 127              | 7        | 63                     | 5,318  |
| As of April 1, 2019                           | -              | -        | 4,651               | 0                      | 127              | 7        | 63                     | 4,848  |
| As of March 31, 2020                          | -              | 1,110    | 6,887               | 0                      | 85               | 1        | 51                     | 8,134  |

\* Refer note 2.1 & 29



**Nextra Data Limited**  
**Notes to Financial Statements**

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

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

|                                 | Building | Plant and machinery | Office Equipment | Total |
|---------------------------------|----------|---------------------|------------------|-------|
| <b>Gross Carrying value</b>     |          |                     |                  |       |
| As of March 31, 2019            | -        | -                   | -                | -     |
| Additions                       | 1,135    | 1,524               | 1                | 2,660 |
| Disposals/adjustment            | -        | -                   | -                | -     |
| As of March 31, 2020            | 1,135    | 1,524               | 1                | 2,660 |
| <b>Accumulated depreciation</b> |          |                     |                  |       |
| As of March 31, 2019            | -        | -                   | -                | -     |
| Charge                          | 25       | 76                  | 0                | 101   |
| Disposals/adjustment            | -        | -                   | -                | -     |
| As of March 31, 2020            | 25       | 76                  | 0                | 101   |
| <b>Net carrying Amount</b>      |          |                     |                  |       |
| As of March 31, 2019            | -        | -                   | -                | -     |
| As of March 31, 2020            | 1,110    | 1,448               | 1                | 2,559 |

The carrying value of capital work-in-progress as at March 31, 2020 and March 31, 2019 is Rs 1,273 and Rs. 2,916, which mainly pertains to construction of plant and machinery and building.



**Nextra Data Limited**  
**Notes to Financial Statements**

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

**6. Investment**

|  | As of          |                |
|--|----------------|----------------|
|  | March 31, 2020 | March 31, 2019 |
|  | Amount         | Amount         |
| <b>Non- current</b>  |                |                |
| Greenery Wind Corporation Pvt. Ltd: 41,535 shares of Rs. 10 each | 0              | 0              |
| Aban Green Power Pvt Ltd : 47,155 shares of Rs. 10 each          | 0              | 0              |
| Sugnaneshwara Hydel Power Pvt Ltd :32,500 shares of Rs. 100 each | 3              | 3              |
|  | <u>4</u>       | <u>4</u>       |
| Aggregate book value of unquoted investment                      | 4              | 4              |

**7. Security deposits**

|                   | As of          |                |
|-------------------|----------------|----------------|
|                   | March 31, 2020 | March 31, 2019 |
| Security deposits | 226            | 224            |
|                   | <u>226</u>     | <u>224</u>     |

\* Security deposit includes amount due from related parties (refer note 28)

**8. Income taxes**

The major components of Income tax expense are:-

|   | For the year ended |                |
|---|--------------------|----------------|
|   | March 31, 2020     | March 31, 2019 |
| <b>Current income tax</b>                           |                    |                |
| - For the year                                      | 307                | 412            |
| - Adjustments for prior periods                     | (22)               | 29             |
|   | <u>285</u>         | <u>441</u>     |
| <b>Deferred tax</b>                                 |                    |                |
| - Origination and reversal of temporary differences | (77)               | (122)          |
| - Effect of change in tax rate (refer note 4)       | 137                | (3)            |
| - Adjustments for prior periods                     | (153)              | -              |
|   | <u>(93)</u>        | <u>(125)</u>   |
| <b>Income tax expense</b>                           | <u>192</u>         | <u>316</u>     |



**Nxtra Data Limited**  
**Notes to Financial Statements**

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

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

|   | <b>For the year ended</b> |                       |
|---|---------------------------|-----------------------|
|   | <b>March 31, 2020</b>     | <b>March 31, 2019</b> |
| Profit before tax                                       | 904                       | 791                   |
| Tax expense @ 25.168% / 34.944%                         | 227                       | 277                   |
| Effect of:  |                           |                       |
| Net deduction claimed in respect of donation            | (3)                       | -                     |
| Changes in tax rate (refer note 4)                      | 137                       | (3)                   |
| Adjustment in respect to current tax of previous years  | (22)                      | 29                    |
| Adjustment in respect to deferred tax of previous years | (153)                     | -                     |
| Expense not deductible (net)                            | 6                         | 13                    |
| <b>Income tax expense</b>                               | <b>192</b>                | <b>316</b>            |

The analysis of deferred tax assets is as follows:-

|  | <b>As of</b>          |                       |
|--|-----------------------|-----------------------|
|  | <b>March 31, 2020</b> | <b>March 31, 2019</b> |
| <b>Deferred tax asset</b>                              |                       |                       |
| Provision for impairment of debtors / advance          | 117                   | 143                   |
| Post employment benefits                               | 3                     | 3                     |
| Lease rent equalization                                | -                     | 26                    |
| Depreciation / amortisation on PPE / intangible assets | 459                   | 263                   |
| <b>Net deferred tax asset</b>                          | <b>579</b>            | <b>435</b>            |

|  | <b>For the year ended</b> |                       |
|--|---------------------------|-----------------------|
|  | <b>March 31, 2020</b>     | <b>March 31, 2019</b> |
| <b>Deferred tax income</b>                             |                           |                       |
| Provision for impairment of debtors / advance          | (27)                      | 31                    |
| Post employment benefits                               | -                         | 8                     |
| Lease rent equalization                                | (5)                       | 3                     |
| Depreciation / amortisation on PPE / intangible assets | 125                       | 89                    |
| Others   | -                         | (6)                   |
| <b>Net deferred tax income</b>                         | <b>93</b>                 | <b>125</b>            |

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

|   | <b>As of</b>          |                       |
|---|-----------------------|-----------------------|
|   | <b>March 31, 2020</b> | <b>March 31, 2019</b> |
| <b>Opening balance</b>  | <b>435</b>            | <b>310</b>            |
| Tax credit recognised in statement of profit or loss                              | 93                    | 125                   |
| Tax income recognised in equity on transition impact of ind as 116(refer note 29) | 51                    | -                     |
| Tax credit/ (charge) recognised in OCI  | 0                     | (0)                   |
| <b>Closing balance</b>  | <b>579</b>            | <b>435</b>            |



**Nxtra Data Limited**  
**Notes to Financial Statements**

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

**9. Other assets**

**Non-current**

|                  | As of          |                |
|------------------|----------------|----------------|
|                  | March 31, 2020 | March 31, 2019 |
| Capital advance  | -              | 83             |
| Prepaid expenses | 1              | -              |
| Others           | -              | 7              |
|                  | <b>1</b>       | <b>90</b>      |

**Current**

|                               | As of          |                |
|-------------------------------|----------------|----------------|
|                               | March 31, 2020 | March 31, 2019 |
| Taxes recoverable*            | 273            | 132            |
| Advances to suppliers (net)** | 218            | 119            |
| Prepaid expenses              | 798            | 9              |
| Others                        | 14             | 2              |
|                               | <b>1,303</b>   | <b>262</b>     |

\*Taxes recoverable include customs duty and goods and services tax (GST).

\*\* Advance to Suppliers are disclosed net of provision of Rs. 19 and Rs. 43 as of March 31, 2020 and March 31, 2019, respectively.

**10. Trade receivables**

|   | As of          |                |
|---|----------------|----------------|
|   | March 31, 2020 | March 31, 2019 |
| Trade receivable considered good - Unsecured* | 1,637          | 6,244          |
| Less: Allowances for doubtful receivables     | (393)          | (310)          |
|   | <b>1,244</b>   | <b>5,934</b>   |

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

Refer note 30.1 (iii) for credit risk



**Nextra Data Limited**  
**Notes to Financial Statements**

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

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

|                 | As of          |                |
|-----------------|----------------|----------------|
|                 | March 31, 2020 | March 31, 2019 |
| Opening balance | 310            | 247            |
| Additions       | 83             | 63             |
|                 | <b>393</b>     | <b>310</b>     |

**11. Cash and cash equivalents**

|                     | As of          |                |
|---------------------|----------------|----------------|
|                     | March 31, 2020 | March 31, 2019 |
| Balances with banks | 46             | 41             |
|                     | <b>46</b>      | <b>41</b>      |

**12. Financial Assets – Others**

**Current**

|                    | As of          |                |
|--------------------|----------------|----------------|
|                    | March 31, 2020 | March 31, 2019 |
| Unbilled revenue   | 80             | 49             |
| Claims recoverable | 0              | 0              |
|                    | <b>80</b>      | <b>49</b>      |

**13. Equity share capital**

|  | As of          |                |
|--|----------------|----------------|
|  | March 31, 2020 | March 31, 2019 |
| <b>Authorized shares</b>                           |                |                |
| 10,000,000 (March 31, 2019- 10,000,000)            |                |                |
| equity shares of Rs 10 each                        | 100            | 100            |
| <b>Issued, Subscribed and fully paid-up shares</b> |                |                |
| 9,017,857 (March 31, 2019- 9,017,857)              |                |                |
| equity shares of Rs 10 each                        | 90             | 90             |
|  | <b>90</b>      | <b>90</b>      |

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

|                                    | For the year ended    |           |                       |           |
|------------------------------------|-----------------------|-----------|-----------------------|-----------|
|                                    | March 31, 2020        |           | March 31, 2019        |           |
|                                    | No. of shares in '000 | Amount    | No. of shares in '000 | Amount    |
| At the beginning of the year       | 9,018                 | 90        | 9,018                 | 90        |
| Issued during the year             | -                     | -         | -                     | -         |
| Outstanding at the end of the year | <b>9,018</b>          | <b>90</b> | <b>9,018</b>          | <b>90</b> |





**Nxtra Data Limited****Notes to Financial Statements***(All amounts are in millions of Indian Rupee; 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 cast one vote per share.

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

|   | As of                 |           |                       |           |
|---|-----------------------|-----------|-----------------------|-----------|
|   | March 31, 2020        |           | March 31, 2019        |           |
|   | No. of shares in '000 | % holding | No. of shares in '000 | % holding |
| Equity shares of Rs 10 each fully paid up |                       |           |                       |           |
| Bharti Airtel Limited ( Holding Company)  | 5,050                 | 56%       | 5,050                 | 56%       |
| Nettle Infrastructure Investment Limited  | 3,968                 | 44%       | 3,968                 | 44%       |

**14. Reserves and surplus**

- a) **Retained earnings:** Retained earnings represent the amount of accumulated earnings of the Company, re-measurement differences on defined benefits plans and gains / (losses) on common control transactions.
- b) **Additional capital contribution:** Additional capital contribution represents the fair valuation impact of the off-market loans provided by the parent company.
- c) **Capital reserve:** Capital reserve represent excess of amount paid over cost of assets acquired under common control.

**15. Borrowing****Non-current**

|   | As of          |                |
|---|----------------|----------------|
|   | March 31, 2020 | March 31, 2019 |
| <b>Unsecured</b>                                  |                |                |
| Term loan   | 3,777          | -              |
|   | <b>3,777</b>   | -              |
| Less: Interest accrued but not due(refer note 16) | (27)           | -              |
| Less: Current maturities of long term borrowings  | (500)          | -              |
|   | <b>3,250</b>   | -              |



**Nxtra Data Limited**  
**Notes to Financial Statements**  
*(All amounts are in millions of Indian Rupee; unless stated otherwise)*

**Current**

|   | <b>As of</b>          |                       |
|---|-----------------------|-----------------------|
|   | <b>March 31, 2020</b> | <b>March 31, 2019</b> |
| <b>Unsecured</b>                          |                       |                       |
| Loan from holding company (refer note 28) | 3,661                 | 8,268                 |
|   | <b>3,661</b>          | <b>8,268</b>          |

**Analysis of borrowings**

The details given below are gross of debt origination cost.

**15.1.1 Repayment terms of borrowings**

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

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

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

^ The borrowing is taken at floating rate of interest.

**15.1.2 Unused line of credit**

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

|                   | <b>As of</b>          |                       |
|-------------------|-----------------------|-----------------------|
|                   | <b>March 31, 2020</b> | <b>March 31, 2019</b> |
| <b>Unsecured*</b> | 12,339                | 7,732                 |

\*Excludes non-fund based facilities

**16. Financial liabilities – Others**

**Non-current**

|                         | <b>As of</b>          |                       |
|-------------------------|-----------------------|-----------------------|
|                         | <b>March 31, 2020</b> | <b>March 31, 2019</b> |
| Lease rent equalisation | -                     | 71                    |
|                         | -                     | 71                    |



**Nxtra Data Limited**  
**Notes to Financial Statements**

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

**Current**

|                                       | <b>As of</b>          |                       |
|---------------------------------------|-----------------------|-----------------------|
|                                       | <b>March 31, 2020</b> | <b>March 31, 2019</b> |
| Payables against capital expenditure# | 557                   | 4,863                 |
| Employee payables                     | 27                    | 22                    |
| Interest accrued but not due          | 27                    | -                     |
| Others**                              | 840                   | 1                     |
|                                       | <b>1,451</b>          | <b>4,886</b>          |

# It includes due to related party (refer note 28).

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

**17. Provisions**

|                         | <b>As of</b>          |                       |
|-------------------------|-----------------------|-----------------------|
|                         | <b>March 31, 2020</b> | <b>March 31, 2019</b> |
| <b>Non current</b>      |                       |                       |
| Gratuity                | 18                    | 15                    |
| Long term service award | 1                     | 0                     |
|                         | <b>19</b>             | <b>15</b>             |

|                     | <b>As of</b>          |                       |
|---------------------|-----------------------|-----------------------|
|                     | <b>March 31, 2020</b> | <b>March 31, 2019</b> |
| <b>Current</b>      |                       |                       |
| Gratuity            | 4                     | 4                     |
| Compensated absence | 9                     | 8                     |
|                     | <b>13</b>             | <b>12</b>             |

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

**18. Trade payables**

|                                    | <b>As of</b>          |                       |
|------------------------------------|-----------------------|-----------------------|
|                                    | <b>March 31, 2020</b> | <b>March 31, 2019</b> |
| Due to Micro and Small enterprises | 10                    | 4                     |
| Others**                           | 3,351                 | 1,654                 |
|                                    | <b>3,361</b>          | <b>1,658</b>          |

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



**Micro, small & medium enterprises development act, 2006 ('MSMED') disclosure**

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

| Sr No | Particulars  | For the year ended |                |
|-------|--|--------------------|----------------|
|       |  | March 31, 2020     | March 31, 2019 |
| 1     | Principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year   | 10                 | 4              |
| 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   | 52                 | 0              |
| 3     | Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED ACT 2006.   | -                  | -              |
| 4     | Amount of interest accrued and remaining unpaid at the end of each accounting year;  | -                  | -              |
| 5     | Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED ACT 2006. | -                  | -              |

**19. Other liabilities**

**Current**

|                 | As of          |                |
|-----------------|----------------|----------------|
|                 | March 31, 2020 | March 31, 2019 |
| Taxes Payable * | 170            | 105            |
|                 | 170            | 105            |

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

**20. Guarantees, contingencies and commitments**

**Contingent liabilities and guarantees**

(a) Guarantees outstanding as of March 31, 2020 and March 31, 2019 amounting to Rs. 23 and Rs. 51 respectively have been issued by banks and financial institutions on behalf of the Company.

(b) Contingent liabilities as of March 31, 2020 and 2019 are Rs. Nil and Rs. 0.20 respectively.

**Capital Commitments**

The Company has contracted commitments towards capital expenditure (net of related advance) of Rs 5,114 and Rs 1,260 as of March 31, 2020 and March 31, 2019, respectively.



**Nxtra Data Limited**  
**Notes to Financial Statements**

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

**21. Revenue from operations**

|                                | For the year ended |                |
|--------------------------------|--------------------|----------------|
|                                | March 31, 2020     | March 31, 2019 |
| <b>Revenue from service</b>    |                    |                |
| Service revenue                | 10,537             | 8,447          |
| Sale of products               | 165                | 71             |
| <b>Other operating revenue</b> |                    |                |
| Lease rental income            | 152                | -              |
|                                | <b>10,854</b>      | <b>8,518</b>   |

**Disaggregation of Revenue**

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

| Particulars                                 | For the year ended |                |
|---|--------------------|----------------|
|   | March 31, 2020     | March 31, 2019 |
| <b>Geographical Markets</b>                 |                    |                |
| India                                       | 10,472             | 8,406          |
| Others                                      | 230                | 112            |
|   | <b>10,702</b>      | <b>8,518</b>   |
| <b>Major Product/ Services lines</b>        |                    |                |
| Data centre and managed services            | 10,537             | 8,447          |
| Others                                      | 165                | 71             |
|   | <b>10,702</b>      | <b>8,518</b>   |
| <b>Timing of Revenue Recognition</b>        |                    |                |
| Products transferred at a point in time     | 165                | 71             |
| Products and services transferred over time | 10,537             | 8,447          |
|   | <b>10,702</b>      | <b>8,518</b>   |

**Contract Balances**

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

|                                  | As of          |                |
|----------------------------------|----------------|----------------|
|                                  | March 31, 2020 | March 31, 2019 |
| Unbilled Revenue (refer note 12) | 80             | 49             |
| Deferred Revenue                 | 88             | 136            |



**Nxtra Data Limited**  
**Notes to Financial Statements**

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

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

|   | For the year ended |                  |
|---|--------------------|------------------|
|   | March 31, 2020     |                  |
|   | Unbilled revenue   | Deferred revenue |
| Revenue recognised that was included in deferred revenue at the beginning of the year   |                    | 117              |
| Increases due to cash received, excluding amounts recognised as revenue during the year |                    | 69               |
| Transfers from unbilled revenue recognised at the beginning of the year to receivables  | 49                 |                  |

**22. Data centre operating expenses**

|                        | For the year ended |                |
|------------------------|--------------------|----------------|
|                        | March 31, 2020     | March 31, 2019 |
| Electricity and water  | 5,794              | 4,673          |
| Rent                   | 270                | 392            |
| Repair and maintenance | 717                | 501            |
| Others                 | 572                | 314            |
|                        | <b>7,353</b>       | <b>5,880</b>   |

**23. Employee benefits expenses**

|  | March 31, 2020 | March 31, 2019 |
|--|----------------|----------------|
| Salaries, wages and bonus                      | 160            | 119            |
| Contribution to provident and other funds      | 8              | 7              |
| Staff welfare expenses                         | 12             | 8              |
| Defined benefit plan/ other long term benefits | 7              | 3              |
|  | <b>187</b>     | <b>137</b>     |



**Nxtra Data Limited**  
**Notes to Financial Statements**

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

The details of significant defined benefit obligations are as follows:

|  | For the Year Ended |                     |                |                     |
|--|--------------------|---------------------|----------------|---------------------|
|  | March 31, 2020     |                     | March 31, 2019 |                     |
|  | Gratuity           | Compensated absence | Gratuity       | Compensated absence |
| <b>Obligation:</b>                     |                    |                     |                |                     |
| Obligation as at beginning of the year | 19                 | 8                   | 12             | 5                   |
| Current service cost                   | 3                  | 2                   | 2              | 2                   |
| Interest cost                          | 1                  | 1                   | 1              | 0                   |
| Benefits paid                          | (3)                | (1)                 | (2)            | (1)                 |
| Transfer                               | 1                  | 1                   | 7              | 4                   |
| Remeasurements                         | 1                  | (2)                 | (1)            | (2)                 |
| <b>Present value of obligation</b>     | <b>22</b>          | <b>9</b>            | <b>19</b>      | <b>8</b>            |
| <b>Current portion</b>                 | <b>4</b>           | <b>9</b>            | <b>4</b>       | <b>8</b>            |
| <b>Non-current portion</b>             | <b>18</b>          | <b>-</b>            | <b>15</b>      | <b>-</b>            |

As at March 31, 2020, expected contribution for the next annual reporting period is Rs. 5

**Amount recognised in other comprehensive income**

|   | For the year ended |                |
|---|--------------------|----------------|
|   | March 31, 2020     | March 31, 2019 |
|   |                    |                |
| Losses / (gains) from change in actuarial assumptions | 1                  | (1)            |
| <b>Remeasurements of Liability</b>                    | <b>1</b>           | <b>(1)</b>     |

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

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

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

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

|                         | March 31, 2020 | March 31, 2019 |
|-------------------------|----------------|----------------|
| Discount Rate           | 6.90%          | 7.65%          |
| Rate of salary increase | 7.50%          | 7%             |
| Rate of attrition       | 10% to 29%     | 21% to 36%     |
| 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:

| For the year ended March 31, 2020 | Change in assumption | As of                      |                            |
|-----------------------------------|----------------------|----------------------------|----------------------------|
|                                   |                      | March 31, 2020<br>Gratuity | March 31, 2019<br>Gratuity |
| Discount Rate                     | +1%                  | (0)                        | (1)                        |
|                                   | -1%                  | 0                          | 1                          |
| Salary Growth Rate                | +1%                  | 0                          | 1                          |
|                                   | -1%                  | (0)                        | (1)                        |

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.

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

|                                      | As of          |                |
|--------------------------------------|----------------|----------------|
|                                      | March 31, 2020 | March 31, 2019 |
| Within one year                      | 4              | 4              |
| Within one - three years             | 8              | 7              |
| Within three - five years            | 7              | 5              |
| Above five years                     | 2              | 2              |
|                                      | <b>21</b>      | <b>18</b>      |
| Weighted average duration (in years) | 5.29           | 3.68           |

### 24. Other expenses

|                               | March 31, 2020 | March 31, 2019 |
|-------------------------------|----------------|----------------|
| Legal & professional charges# | 28             | 29             |
| Sales & marketing expense     | 20             | 18             |
| Provision for doubtful debts  | 89             | 59             |
| Cost of goods sold            | 154            | 100            |
| Bad debt written off          | 12             | 0              |
| Repair and maintenance        | 113            | 171            |
| Security expenses             | 46             | 27             |
| Charity & donation^           | 28             | -              |
| Others*                       | 36             | 99             |
|                               | <b>526</b>     | <b>503</b>     |



**Nxtra Data Limited****Notes to Financial Statements***(All amounts are in millions of Indian Rupee; unless stated otherwise)*

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

|                           | As of          |                |
|---------------------------|----------------|----------------|
|                           | March 31, 2020 | March 31, 2019 |
| Audit fee                 | 2              | 1              |
| Reimbursement of expenses | 0              | 0              |
|                           | <b>2</b>       | <b>1</b>       |

^As per the requirements of section 135 of the Companies Act, 2013, the Company is required to spend an amount of Rs. 9 and Rs. 2 for the year ended March 31, 2020 and 2019 on corporate social responsibility expenditure. During the year ended March 31, 2020 and 2019 the company has spent in cash Rs. 11.3 and Nil towards education.

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

**25. Depreciation and amortisation expense**

|                                 | For the year ended |                |
|---------------------------------|--------------------|----------------|
|                                 | March 31, 2020     | March 31, 2019 |
| Depreciation (including on ROU) | 1,798              | 1,241          |
| Amortisation                    | -                  | 1              |
|                                 | <b>1,798</b>       | <b>1,242</b>   |

**26. Finance costs and income**

|                         | For the year ended |                |
|-------------------------|--------------------|----------------|
|                         | March 31, 2020     | March 31, 2019 |
| <b>Finance costs</b>    |                    |                |
| Interest expense        | 104                | -              |
| Interest expense- lease | 99                 | -              |
| Other finance charges   | 3                  | 0              |
|                         | <b>206</b>         | <b>0</b>       |
| <b>Finance income</b>   |                    |                |
| Net exchange gain       | 20                 | 2              |
| Interest income         | 12                 | -              |
|                         | <b>32</b>          | <b>2</b>       |

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

|  | For the year ended |                |
|--|--------------------|----------------|
|  | March 31, 2020     | March 31, 2019 |
| Weighted average shares outstanding ('000) for basic / diluted EPS | 9,018              | 9,018          |
| Profit for the year  | 712                | 475            |



## **28. Related Party Transactions**

List of related parties

### **(i) Parent Company**

Bharti Airtel Limited

### **(ii) Ultimate controlling entity**

Bharti Enterprises (Holding) Private Limited. It is held by private trusts of Bharti family, with Mr. Sunil Bharti Mittal's family trust effectively controlling the said company.

### **(iii) Fellow Subsidiaries**

Bharti Airtel (HK) Limited  
Bharti Airtel International (Netherlands) B.V.  
Bharti Airtel Services Limited  
Bharti Hexacom Limited  
Bharti Infratel Limited  
Bharti Telemedia Limited  
Indo Teleports Limited  
Airtel Digital Limited (formerly known as Wink Limited)  
Airtel Congo S.A  
Airtel Network Kenya Limited  
Airtel Networks Limited  
Airtel Tanzania Limited  
Airtel Uganda Limited  
Airtel Madagascar S.A.  
Airtel Malawi Limited  
Airtel Congo (RDC) S.A  
Airtel Gabon S.A.  
Celtel Niger S.A.  
Airtel Networks Zambia Plc  
Airtel (Seychelles) Limited  
Airtel Rwanda Limited  
Airtel Tchad S.A.

### **(v) Entities where parent have significant influence**

#### **Joint Venture**

Indus Tower Limited

#### **Associate**

Airtel Payments Bank Limited (w.e.f from October 25, 2018)

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

Bharti Realty Limited (formerly Bharti Realty Private Limited)

Bharti Realty Holdings Limited

Bharti Axa Life Insurance Company Limited

Nile Tech Limited (merged with Bharti Realty Limited w.e.f. 4 December 2019)



**Nxtra Data Limited**  
**Notes to Financial Statements**

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

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BSB Portal Limited  
Hike Private Limited  
Brightstar Telecommunication India Limited  
Deber Technologies Private Limited  
Bharti Land Limited

**(vii) Key Management Personnel**

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

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

*(This space has been intentionally left blank)*



**Nxtra Data Limited**  
**Notes to Financial Statements**  
*(All amounts are in millions of Indian Rupee; unless stated otherwise)*

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

|  | For the Year ended |                     |  |                |                     |  |
|--|--------------------|---------------------|--|----------------|---------------------|--|
|  | March 31, 2020     |                     |  | March 31, 2019 |                     |  |
|  | Parent Company     | Fellow Subsidiaries | Entities where parent have significant influence and Other related party | Parent Company | Fellow Subsidiaries | Entities where parent have significant influence and Other related party |
| Rendering of services  | 9,907              | 292                 | 65   | 7,833          | 208                 | 46   |
| Receiving of services  | 551                | 2                   | 94   | 362            | -                   | -  |
| Fund transferred/Expenses incurred on behalf of others                                     | -                  | -                   | -  | 8              | -                   | -  |
| Expenses incurred on behalf of the Company   | 3,761              | -                   | 78   | 48             | -                   | 118  |
| Loans taken  | 13,167             | -                   | -  | 6,730          | -                   | -  |
| Repayment of loans taken   | 17,774             | -                   | -  | 2,403          | -                   | -  |
| Purchase of business   | -                  | -                   | -  | 3,245          | 1                   | -  |
| Purchase of assets   | -                  | -                   | -  | 1,033          | -                   | -  |
| Guarantees and collaterals given on behalf of others<br>(Including Performance guarantees) | 11                 | -                   | -  | -              | -                   | -  |

The significant transactions with fellow subsidiaries are as follows: -

|                              | As of          |                |
|------------------------------|----------------|----------------|
|                              | March 31, 2020 | March 31, 2019 |
| <b>Rendering of services</b> |                |                |
| <b>Fellow Subsidiaries</b>   |                |                |
| Bharti Hexacom Limited       | 94             | 55             |
| Bharti Telemedia Limited     | 55             | 58             |
| Bharti Infratel Limited      | 35             | 27             |



**Nxtra Data Limited**  
**Notes to Financial Statements**  
*(All amounts are in millions of Indian Rupee; unless stated otherwise)*

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

|                             | Parent Company | Fellow Subsidiaries | Entities where parent have significant influence and Other related party |
|-----------------------------|----------------|---------------------|--|
| <b>As of March 31, 2020</b> |                |                     |  |
| Trade Payables              | 1,159          | -                   | 19   |
| Trade receivables           | -              | 445                 | 43   |
| Borrowings                  | 3,661          | -                   | -  |
| Other financial liabilities | -              | -                   | -  |
| Security deposit (asset)    | -              | -                   | 58   |
| <b>As of March 31, 2019</b> |                |                     |  |
| Trade payables              | -              | 0                   | -  |
| Trade receivables           | 4,609          | 328                 | 5  |
| Borrowings                  | 8,268          | -                   | -  |
| Other financial liabilities | 4,278          | -                   | -  |
| Security deposit (asset)    | -              | -                   | 51   |

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

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

|                                       | For the year ended |                |
|---------------------------------------|--------------------|----------------|
|                                       | March 31, 2020     | March 31, 2019 |
| Short-term employee benefits          | 12                 | 5              |
| Performance linked incentive ('PLI')# | 2                  | 2              |
| Post-employment benefits              | 1                  | 0              |
|                                       | <b>15</b>          | <b>7</b>       |

# Value of PLI considered above represents incentive at 100% performance level. However, same will be paid on the basis of actual performance parameters in next year. During the year ended March 31, 2020, PLI of Rs. 2 (March 31, 2019: Rs 2) pertaining to previous year has been paid.

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



## 29. Leases

### Impact of adoption of Ind AS 116 where the Company is a lessee

The adoption of the said change in accounting policy affected the following items in the Balance Sheet on April 1, 2019:

|                               | <b>As of<br/>April 1, 2019</b> |
|-------------------------------|--------------------------------|
| Leasehold land                | (470)                          |
| Right-of-use assets           | 1,524                          |
| Deferred tax assets           | 51                             |
| Lease liabilities             | (1,299)                        |
| Other non-current liabilities | 71                             |
| <b>Decrease in equity</b>     | <b>(123)</b>                   |

### Impact of adoption of Ind AS 116 where the Company is a lessor

The Company did not have any material Impact due to transition to Ind AS 116.

### Company as a lessee

#### Right-of-use assets ('ROU')

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

|                                     | <b>Building</b> | <b>Leasehold<br/>land</b> | <b>Total</b> |
|-------------------------------------|-----------------|---------------------------|--------------|
| Balance as at April 1, 2019         | 1,054           | 470                       | 1,524        |
| Additions                           | -               | -                         | -            |
| Depreciation / amortisation expense | (195)           | (5)                       | (200)        |
| <b>Balance as at March 31, 2020</b> | <b>859</b>      | <b>465</b>                | <b>1,324</b> |

- Building

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

- Leasehold land

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

### Amounts recognised in profit or loss

#### Leases under Ind AS 116

**For the year ended  
March 31, 2020**

|                               |    |
|-------------------------------|----|
| Interest on lease liabilities | 99 |
|-------------------------------|----|





**Amounts recognised in statement of cash flows**

**Leases under Ind AS 116**

**For the year ended  
March 31, 2020**

|                               |     |
|-------------------------------|-----|
| Total cash outflow for leases | 186 |
|-------------------------------|-----|

The reconciliation of operating lease commitments disclosed as at March 31, 2019 to lease liabilities recognised as at April 1, 2019 is given below.

|  |       |
|--|-------|
| Operating lease commitment at March 31, 2019                     | 1,638 |
| Discounted using the incremental borrowing rate at April 1, 2019 | 1,299 |
| Lease liabilities recognised at April 1, 2019                    | 1,299 |

When measuring lease liabilities for leases that were classified as operating leases, the Company discounted lease payments using its incremental borrowing rate at April 01, 2019. The weighted-average pre-tax rate applied is 8.3%.

The Company has made use of the following practical expedients available on transition to Ind AS 116: (a) used a single discount rate to a portfolio of leases of similar assets in similar economic environment, (b) relied on previous assessments that none of the leases were onerous and concluded that there is no need for impairment review and (c) used hindsight in determining the lease term where the contracts contained options to extend or terminate the lease.

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

**Leases under Ind AS 116**

**For the year ended  
March 31, 2020**

|   |       |
|---|-------|
| Not later than one year                           | 289   |
| Later than one year but not later than five years | 927   |
| Later than five years                             | 138   |
|   | 1,354 |

**Company as a lessor- operating lease**

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



**Nxtra Data Limited**  
**Notes to Financial Statements**

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

**Amount recognised in profit or loss**

**Leases under Ind AS 116**

**March 31, 2020**

Not later than one year

**152**

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

**Operating leases under Ind AS 116**

**As at March 31, 2020**

Less than one year

**343**

One to two years

**354**

Two to three years

**364**

Three to four years

**375**

Four to five years

**387**

More than five years

**4,318**

**6,141**

**30. Financial and capital risk**

**30.1 Financial risk**

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

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

**(i) Foreign currency risk**

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

The foreign exchange risk management policy of the Company requires it to manage the foreign exchange risk by transacting as far as possible in the functional currency. Moreover, the Company monitors the movements in currencies in which the vendors are payable and manage any related foreign exchange risk,



which inter-alia include entering into foreign exchange derivative contracts - as considered appropriate and whenever necessary.

### **Foreign currency sensitivity**

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

|  | <b>Change in currency<br/>exchange rate</b> | <b>Effect on profit<br/>before tax</b> | <b>Effect on<br/>equity (OCI)</b> |
|--|---|--|-----------------------------------|
| <b>For the year ended March 31, 2020</b> |   |  |                                   |
| US Dollars                               | +5%   | 14                                     | -                                 |
| US Dollars                               | -5%   | (14)                                   | -                                 |
| <b>For the year ended March 31, 2019</b> |   |  |                                   |
| US Dollars                               | +5%   | 14                                     | -                                 |
| US Dollars                               | -5%   | (14)                                   | -                                 |

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

The above sensitivity analysis is based on a reasonably possible change in the underlying foreign currency against the respective functional currency while assuming all other variables to be constant.

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

### **(ii) Interest rate risk**

As the Company does not have exposure to any floating-interest bearing assets, or any significant long-term fixed-interest bearing assets, its interest income and related cash inflows are not affected by changes in market interest rates. Consequently, the Company's interest rate risk arises mainly from borrowings.

### **Borrowings**

Borrowings with floating and fixed interest rates expose the Company to cash flow and fair value interest rate risk respectively. However, the short-term borrowings of the Company do not have a significant fair value or cash flow interest rate risk due to their short tenure. Accordingly, the components of the debt portfolio are determined by the CSM in a manner which enables the Company to achieve an optimum debt-mix basis its overall objectives and future market expectations.



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

#### **Interest rate sensitivity of borrowings**

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

| <b>Interest rate sensitivity</b>         | <b>Increase / decrease<br/>in basis points</b> | <b>Effect on profit<br/>before tax</b> |
|--|--|--|
| <b>For the year ended March 31, 2020</b> |  |  |
| INR - borrowings                         | +100   | (38)                                   |
|  | -100   | 38                                     |
| <b>For the year ended March 31, 2019</b> |  |  |
| INR - borrowings                         | +100   | -                                      |
|  | -100   | -                                      |

#### **(iii) Credit risk**

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

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

#### **Trade receivables**

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

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

The Company uses a provision matrix to measure the expected credit loss of trade receivables, which comprise a very large numbers of small balances. Refer Note 10 for details on the impairment of trade receivables. Based on the industry practices and the business environment in which the entity operates, management considers that the trade receivables are credit impaired if the payments are more than 90 days past due.



**Nextra Data Limited**  
**Notes to Financial Statements**

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

|  | Neither past due<br>nor impaired<br>(excluding unbilled) | Past due but not impaired |                  |                  |                  | Total |
|--|--|---------------------------|------------------|------------------|------------------|-------|
|  |  | Less than<br>30 days      | 30 to 60<br>days | 60 to 90<br>days | above 90<br>days |       |
| Trade Receivables as of March 31, 2020 | 139  | 459                       | 122              | 173              | 351              | 1,244 |
| Trade Receivables as of March 31, 2019 | 1,407  | 1,116                     | 856              | 385              | 2,170            | 5,934 |

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

**(iv) Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. Accordingly, as a prudent liquidity risk management measure, the Company closely monitors its liquidity position and deploys a robust cash management system. To manage liquidity risk, the company monitors its net operating cash flows and maintains an adequate level of cash and cash equivalents to finance the Company's operation and mitigate the effects of fluctuations in cash flows. Refer note 15.1.2 for unused line of credit.

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

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

| Particulars                  | As of March 31, 2019 |              |                       |                   |                 |              | Total         |
|------------------------------|----------------------|--------------|-----------------------|-------------------|-----------------|--------------|---------------|
|                              | Carrying<br>amount   | On<br>Demand | Less than<br>6 months | 6 to 12<br>months | 1 to 2<br>years | > 2<br>years |               |
| Borrowings                   | 8,268                | 8,268        | -                     | -                 | -               | -            | 8,268         |
| Other financial liabilities  | 4,957                | -            | 4,886                 | -                 | -               | 71           | 4,957         |
| Trade payables               | 1,658                | -            | 1,658                 | -                 | -               | -            | 1,658         |
| <b>Financial liabilities</b> | <b>14,883</b>        | <b>8,268</b> | <b>6,544</b>          | <b>-</b>          | <b>-</b>        | <b>71</b>    | <b>14,883</b> |



**Nxtra Data Limited**  
**Notes to Financial Statements**

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

\*It includes contractual interest payment based on interest rate prevailing at the end of the reporting period.

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

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 '2019 | Cash flows | Interest exp | Non cash changes | March 31' 2020 |
|------------------------------|---------------|------------|--------------|------------------|----------------|
| Borrowings                   | 8,268         | (857)      | -            | -                | 7,411          |
| Interest accrued but not due | -             | (179)      | 206          | -                | 27             |

|            | April 1 '2018 | Cash flows | Interest exp | Non cash changes | March 31' 2019 |
|------------|---------------|------------|--------------|------------------|----------------|
| Borrowings | 3,941         | 4,327      | -            | -                | 8,268          |

### 30.2 Capital Risk

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

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

The Company monitors capital using a gearing ratio calculated as below:

|                                 | As of          |                |
|---------------------------------|----------------|----------------|
|                                 | March 31, 2020 | March 31, 2019 |
| Borrowings                      | 7,411          | 8,268          |
| Less: Cash and Cash Equivalents | 46             | 41             |
| <b>Net Debt</b>                 | <b>7,365</b>   | <b>8,227</b>   |
| Equity                          | 1,056          | 468            |
| <b>Total Capital</b>            | <b>1,056</b>   | <b>468</b>     |
| <b>Capital and Net Debt</b>     | <b>8,421</b>   | <b>8,695</b>   |
| Gearing Ratio                   | 87%            | 95%            |

### 31. COVID-19

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





**Nxtra Data Limited**  
**Notes to Financial Statements**

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

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

The Company has also re-assessed its financial risk management policies and impact of any change on the related disclosures in the financial statements, on counterparty credit risk, liquidity risk and foreign currency risk and no material impact has been noted.

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

**32. Fair Value of financial assets and liabilities**

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

| Level                        | Carrying value as of |               | Fair value as of |               |
|------------------------------|----------------------|---------------|------------------|---------------|
|                              | 31 March 2020        | 31 March 2019 | 31 March 2020    | 31 March 2019 |
| <b>Financial assets</b>      |                      |               |                  |               |
| <b>FVTPL</b>                 |                      |               |                  |               |
| Investments                  | Level 2              | 4             | 4                | 4             |
| <b>Amortised cost</b>        |                      |               |                  |               |
| Security deposits            |                      | 226           | 226              | 224           |
| Trade receivables            |                      | 1,244         | 1,244            | 5,934         |
| Cash and cash equivalents    |                      | 46            | 46               | 41            |
| Other financial assets       |                      | 80            | 80               | 49            |
|                              |                      | <u>1,600</u>  | <u>1,600</u>     | <u>6,252</u>  |
| <b>Financial liabilities</b> |                      |               |                  |               |
| <b>Amortised cost</b>        |                      |               |                  |               |
| Borrowings                   |                      | 7,411         | 7,411            | 8,268         |
| Trade payables               |                      | 3,361         | 3,361            | 1,658         |
| Other financial liabilities  |                      | 1,451         | 1,451            | 4,957         |
|                              |                      | <u>12,223</u> | <u>12,223</u>    | <u>14,883</u> |

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





**Nxtra Data Limited**  
**Notes to Financial Statements**

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

The following table describes the key inputs used in the valuation (basis discounted cash flow technique) of level 2 financial assets as of March 31, 2020 and March 31, 2019:

| Financial assets | Inputs used   |
|------------------|---|
| Investments      | prevailing interest rates in market , interest rate |

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

